BLACKGOLD
Natural Resources Limited

FORGING AHEAD SUSTAINABLY

ANNUAL REPORT
2020

CONTENTS

CORPORATE PROFILE

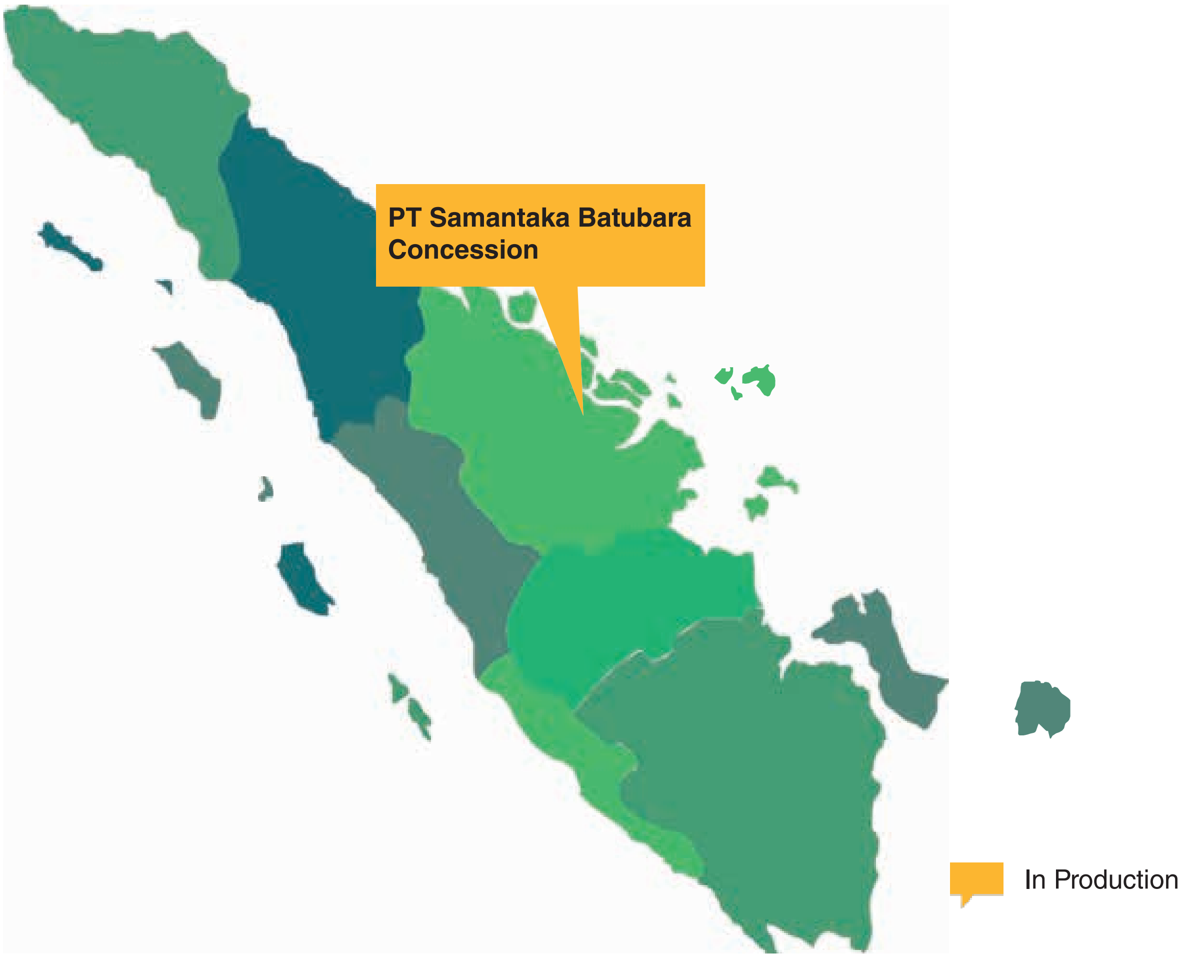
BlackGold Natural Resources Limited ("**BlackGold**" or the "**Company**", and together with its subsidiaries, the "**Group**") is an Indonesia-focused coal mining company targeting Indonesia's rapidly-growing power plant industry, with a specific focus on supplying coal to power plants located in Riau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

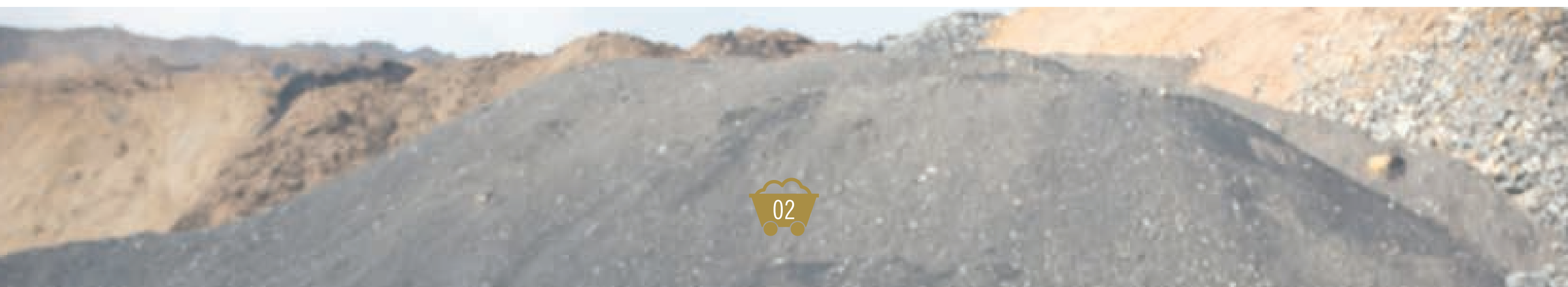
The Group holds the mining rights to a coal concession in Sumatra, PT Samantaka Batubara ("**PT SB**"), as presented in the diagram below, covering approximately 15,000 hectares in acreage ("**PT SB Concession**"). The Group has, to date, explored a total area of approximately 10,000 hectares in the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

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

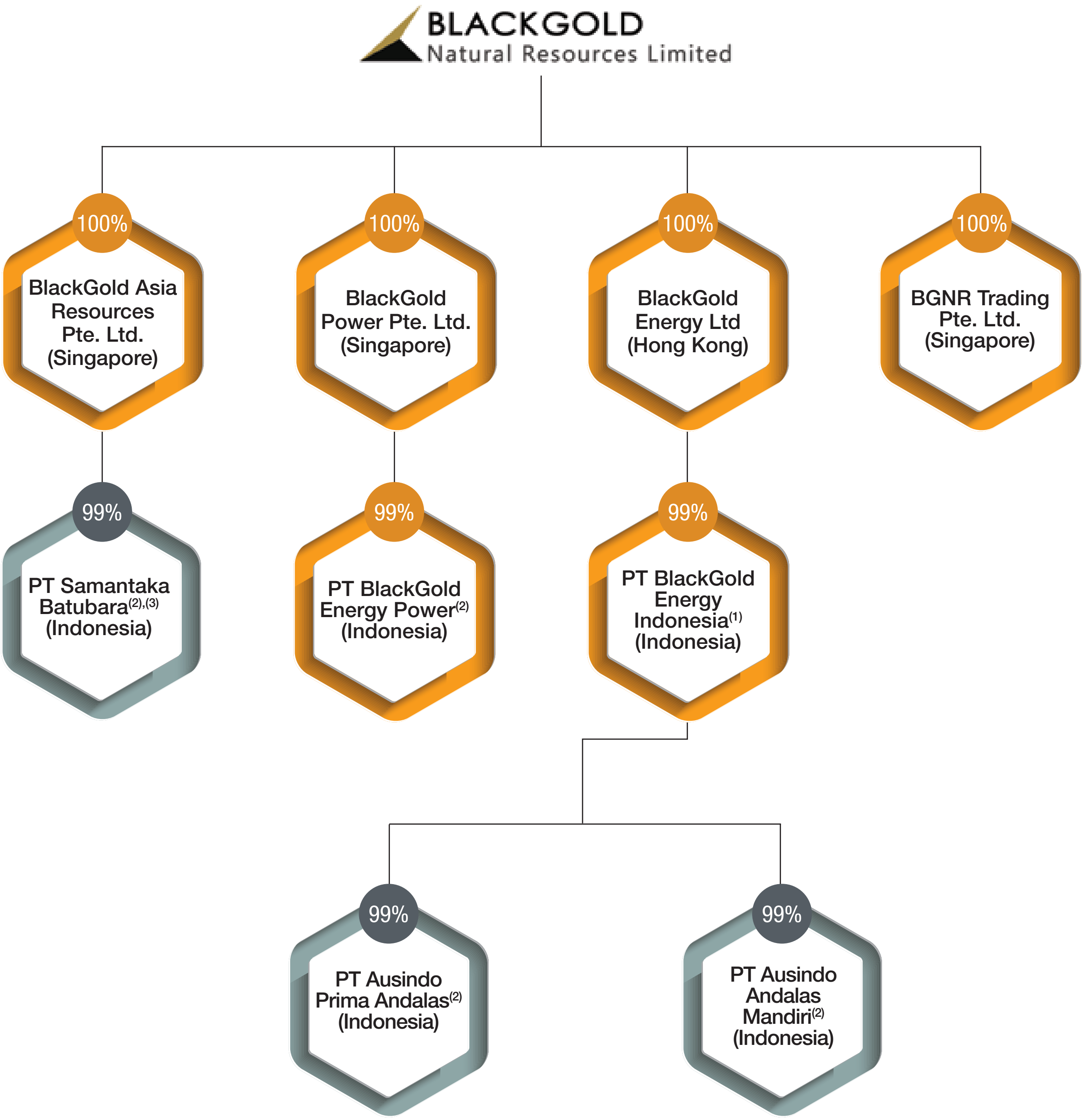
The listing was subsequent to the acquisitions of the entire issued and paid up share capital of BlackGold Asia Resources Pte. Ltd. and BlackGold Energy Limited as well as their respective subsidiaries, which was completed on 10 March 2015.

As of 31 December 2020, through its subsidiary PT SB, the Group has an estimated total of 111 million tonnes (FY2019: 110 million tonnes) of Coal Resources and 13.3 million tonnes (FY2019: 12.5 million tonnes) of Coal Reserves (reported in compliance with JORC 2012).





GROUP STRUCTURE



Notes:

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

(2) PT Serasi Duta Pratama (Indonesia), an investment holding company incorporated in Indonesia, holds 1.0% of non-controlling interest in PT Samantaka Batubara, PT Ausindo Andalas Mandiri, PT Ausindo Prima Andalas, and PT BlackGold Energy Power to comply with the Indonesian laws, which require a minimum of 2 shareholders in a limited liability company. For further information on PT Serasi Duta Pratama, please refer to the circular dated 30 December 2014 issued in connection with the Reverse Takeover of NH Ceramics Ltd.

(3) PT Samantaka Batubara is the asset holding entity that holds the mining concession covering an area of 15,000 hectares in Riau Province, Indonesia.

Listed Parent and Issuer

CORPORATE MILESTONES

2014

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

2015

- NH Ceramics Ltd successfully completes the Reverse Takeover of BlackGold Group and listed on the Catalist board of the SGX-ST

2016

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

2017

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

CORPORATE MILESTONES

2018

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

2019

- Produced approximately 346,000 metric tonnes of coal
- Recorded gross profit of approximately US$2,195,585
- Increased sales volume by 95% in FY2019 as compared to FY2018
- New offtake agreement signed with a pulp and paper plant located in Riau province

2020

- Produced approximately 299,300 metric tonnes of coal
- Recorded gross profit of approximately US$1,375,000
- Signed 2 (two) separate convertible bond agreements in relation to proposed issue of bonds of up to an aggregate S$10,000,000 in 2 (two) tranches, namely Series A Bonds (S$2,000,000) and Series B Bonds (S$8,000,000)
- Completed the issuance of Series A Bonds whereby an aggregate of S$2,000,000 of Series A Bonds were issued to the subscribers
- Signed a binding memorandum of understanding with Sany Intelligent Mining Technology Co., Ltd (三一智矿科技有限公司) ("**Sany**") to cooperate on, inter alia, the expansion of, and utilisation of Sany's smart mining technology in, markets comprising ASEAN, Papua New Guinea, and Australia
- Signed a memorandum of cooperation agreement with a stated-owned Chinese enterprise to supply of 4.8 million tonnes of coal per year at an average of 400,000 tonnes of coal per month
- Signed a mining collaboration agreement with a global multi-industries company for an exclusive cooperation to operate mining concessions in Kalimantan

CHAIRMAN'S STATEMENT

"Capitalising on new opportunities within the resource industry, the Group has developed a 4-prong strategy to build strategic partnerships, establishing offtake agreements, harness growth opportunities and strengthen its financial foundation."

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors (the "**Board**" or "**Directors**"), I am pleased to present the 6th annual report of BlackGold Natural Resources Limited (the "**Company**" or "**BlackGold**" and, together with its subsidiaries, the "**Group**") for the financial year ended ("**FY**") 31 December 2020.

OVERVIEW

FY2020 was an unprecedented year with the outbreak of the COVID-19 pandemic which has impacted countries and economic worldwide. With so many uncertainties and disruptions, COVID-19 pandemic has certainly presented challenges to the economic environment globally. While we understand that it is currently difficult to predict how long the situation would take to normalize given the lingering uncertainties surrounding the pandemic, the Group will continue to monitor the situation closely and respond decisively.

Amid of the COVID-19 outbreak, the Group made it a top priority to ensure that our employees' health and safety are protected as they are the key assets of the Group. Management of the Group has devised strategic plans and implemented series of a precautionary measures in the Group's businesses in Indonesia and Singapore, which were in accordance with the requirements of the various local governments as part of the preventive measures implemented to curb the spread of the virus. During 2020, the Group's mining activities remained in operation. At the mining concessions, strict precautionary measures were implemented to safeguard employee and vendor safety.

We are pleased to see that the Group has surmounted the challenges posed by the Covid-19 pandemic, under the leadership of our management, coupled with the resilience demonstrated by our employees.

At the beginning of 2020, the Group had also taken decisive actions to reshape its strategy within the resource industry, fundamentally positioning the Group towards new growth areas in the thermal coal industry, which will diversify the Group's revenue base and strengthen its business foundation. Capitalising on new opportunities within the resource industry, the Group has developed a 4-prong strategy to build strategic partnerships, establishing offtake agreements, harness growth opportunities and strengthen its financial foundation.

PERFORMANCE

The Group's revenues and gross profits have decreased by 13% and 37% respectively. This has arisen from reduced customer demand and depressed commodity prices during the year.

Nevertheless, the Group has taken this period of lower production activity to enhance its production capacities and embarked on new strategic collaborations with various partners. They include: a binding memorandum of understanding to cooperate with Sany Intelligent Mining Technology Co. Ltd (三一智矿科技有限公司), a mining collaboration with Kho Industries Pte. Ltd. and an offtake agreement with Xiamen Runpu Import and Export Co., Ltd (厦门市润璞进出有限公司).

As at 31 December 2020, PT DMT Exploration Engineering Consulting Indonesia, an independent mining consultant commissioned by the Group to perform an assessment of the PT Samantaka Batubara concession, has prepared a summary of mineral reserves and resources which recorded 13.3 million tonnes of reserves and 111 million tonnes of resources. A +6.4% changes of Reserves is calculated after re-estimation of Resources and taking into account production of approximately 300,000 tonnes from 1 January 2020 to 31 December 2020. A +0.91% changes of Resources is derived subsequent to re-estimation of Resources and application of geostatistics on the Resources boundary.

CHAIRMAN'S STATEMENT

LOOKING FORWARD

The global outbreak of COVID-19 has altered the trajectory of the supply and demand trend for coal during 2020, including Indonesia, the largest thermal coal exporter. Miners are facing increased volatility on coal price and risk ever than before. Subsequent to COVID-19 outbreak, many mineral commodities have seen their prices hits its lowest level in years. In spite of this, there were certain positive regulatory changes enacted by the Indonesian government, including the 2020 New Mining Law and the Omnibus Law amidst the pandemic. This sheds optimism on the industry in 2021 as much of the world's economies seem poised to enter into a recovery phase. The Indonesia Omnibus Law with the Law Number 11 of 2020 on Job Creation (the "**Omnibus Law**") was ratified and enacted on 2 November 2020[1]. The Omnibus Law comprehensively amends various sectoral laws with an aim to improve the investment ecosystem in Indonesia, attracting investors, and in turn, create job opportunities.

Key changes made under amended Omnibus Law includes amongst others, the simplification of mining licenses, fiscal incentives for coal mining business, and relaxation to the forestry permit regulations. These regulatory enhancements translate into ease of operations for the Group in the course of its mining business.

Indonesia's Ministry of Energy and Mineral Resources projected the country's coal export volume would be in the range of 406.3 million – 427 million this year with coal export to the China market is estimated to range from 185 million tons to 202.3 million tons.[2] The Indonesian government has set a coal production target of 550 million tons this year, or the same as last year's target in a bid to help revive the price of the commodity. Mining businesses in Indonesia are to adjust their 2021 production plans in accordance with the government's increased output target.

The International Energy Agency (IEA) forecasts a 2.6 percent rise in global coal demand in 2021, mostly driven by higher electricity demand and industrial output. China, India, and Southeast Asian economies account for most of the growth, and the United States and Europe may also both see their first increases in coal consumption in nearly a decade.[2]

Moving forward, the Group remains focused on strengthening our core business and accelerating growth. At the same time, Management with the guidance of the Board is also exploring new business opportunities with prospective partners and investors, to bring maximum value to the shareholders and ensuring sustainability for the longer term.

APPRECIATION

On behalf of the Board of Directors, I wish everyone good health as we look towards returning to normalcy in FY2021.

I would like to express our gratitude to our employees, management, and business partners for their dedication and support which have helped the Group to overcome the challenging and tough business environment. We have witnessed incredible mutual support across the Group and it has been inspiring to see the differences our people have sought to make during these unprecedented times.

In addition, I also would like to thank our shareholders for their unwavering support toward the Group and for believing in our ability to create sustainable growth and value. Last but not least, I would like to extend my utmost gratitude to our dedicated Board of Directors for their continued guidance and support.

SOH SAI KIANG
Independent Non-Executive Chairman

1 https://www.lexology.com/library/detail.aspx?g=24ad22e4-0a77-4c7c-b7a7-13d64313f49f
2 https://www.petromindo.com/events/detail/webinar-series-2021-indonesia-coal-outlook

BOARD OF DIRECTORS

SOH SAI KIANG
(Independent Non-Executive Chairman)

Mr Soh Sai Kiang was appointed as an Independent Director of the Company on 17 September 2019, and was re-designated to Independent Non-Executive Chairman on 29 November 2019. Mr Soh was the Head of Internet Trading in Lum Chang Securities Pte Ltd (subsequently known as DBS Vickers Securities Pte Ltd) where he was responsible for managing the internet trading business for the company. In 2001, Mr Soh joined UOB Kay Hian Pte Ltd as the Head of Business Development and subsequently, rose to the rank of Director of Capital Markets (Singapore) where he now handles capital fund raising and debt financing for listed and non-listed companies. Mr Soh is also the independent director of Sin Heng Heavy Machinery Ltd, which is listed on the Mainboard of the Singapore Exchange Securities Trading Limited. Mr Soh graduated with a Bachelor of Arts (Merit) degree in Economics and Political Science from the National University of Singapore in 1993.

ANDREAS RINALDI
(Executive Director and Chief Executive Officer)

Mr Andreas Rinaldi was appointed as CEO Designate of the Group on 16 October 2019, and was subsequently re-designated as Executive Director and Chief Executive Officer on 29 November 2019. Mr Rinaldi has been with the Group since 2005, where he assumed the role as Executive Director of the Company's Indonesian subsidiaries, PT Samantaka Batubara, PT Ausindo Prima Andalas, and PT Ausindo Andalas Mandiri. Prior to joining the Group Mr Rinaldi held the position of Director at Sarmi Papua Asia Oil Ltd and PT Inti Nickelindo Resources where he led and oversaw the companies' strategic direction and business plan. Mr Rinaldi graduated from Atma Jaya University with an Associate Degree in English Education.

BANGUN MADONG PARULIAN SAMOSIR
(Independent Director)

Mr Bangun Madong Parulian Samosir was appointed as an Independent Director of the Company on 10 March 2015 and brings to the Group an extensive mining and entrepreneurial experience from a portfolio of senior positions held in the Indonesian mining and construction industry.

Mr Samosir has been the adviser of PT Pamapersada Nusantara since 2007. Prior to his appointment as adviser, from 1994 to 2007, he had been engineering division head and operational auditor in PT Pamapersada Nusantara. From 1983 to 1994, he began his career at PT Freeport Indonesia Inc. as a mine engineer trainee, gradually rising through the ranks to assistant chief engineer, serving in both the surface and mining divisions of the organisation. From 2017 to 2020, Mr Samosir was appointed as an advisor to a gold project in Papua province, PT Unitras Energy. Mr Samosir graduated with a Bachelor of Mine Engineering from Bandung Institute of Technology in 1982.

BOARD OF DIRECTORS

LIM CHEE SAN

(Independent Director)

Mr Lim Chee San was appointed as a Lead Independent Director of the Company on 31 July 2019, and was subsequently re-designated to Independent Director on 29 November 2019. Mr Lim has been an accountant, a banker and a lawyer at different times during the last 36 years. He has since 2004 been running his own law firm, TanLim Partnership which specializes in litigation, corporate law and conveyancing. Before he started his current law practice, he was the Head of Banking Operations in a large regional bank. He also has many years of experience as an auditor in large international accounting firms. He is a barrister-at-law, a chartered certified accountant, and a chartered information technology practitioner. He was among the top candidates in his accountancy and law examinations.

CHNG HEE KOK

(Independent Director)

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

KEY MANAGEMENT

SUHERMAN BUDIONO

Chief Financial Officer

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

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

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

RISA HERISANA

Head of Sales and Marketing

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

Mr Herisana graduated with a Bachelor of Management from Widyatama University, Bandung in 2004.

HANGGONO SAKTI

Head of Mining and Exploration

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

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

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

BUSINESS REVIEW

INCOME STATEMENT

Revenue & Gross Profit

In 2020, revenue decreased by US$1.4 million due to lower price and reduced demand by the customers. Due to the factors mentioned above, the Group's sales volumes had decreased by 13% from 2019.

In 2020, gross margin has decreased to 14% as compared to 20% in 2019. The Group recorded a gross profit of US$1.4 million in FY2020, down from US$2.2 million in FY2019, which was mainly due to reduction in selling prices.

Key Expenses

Administrative expenses increased by US$0.9 million. This increase was mainly attributable to an increase in maintenance costs and license fees at the Group's mining concessions and one-off mining contractors costs to mobilize additional machinery for higher production capacity.

Finance costs increased by US$0.5 million from US$0.7 million in 2019 to US$1.2 million in 2020, which was mainly due to interest expenses from valuation of the Group's convertible bonds and shareholders' loan.

Other expenses had decreased by US$0.1 million in 2020. In 2019, there was an impairment charge on mining properties, and properties, plant and equipment, which did not recur in 2020.

Loss after tax

As a result of the above factors, the Group recorded a net loss of US$4.0 million during the year.

BUSINESS REVIEW

BALANCE SHEET

The Group's current assets in 2020 decreased by US$0.4 million compared to 2019, mainly due to the following:

(i) A decreased in trade and other receivables of approximately US$0.7 million from lower revenues and faster collection of debts from the Group's customers;

(ii) A decrease in deposits and prepayment of approximately US$0.1 million from utilisation of advances to pay vendors during 2020;

(iii) An increase in inventories of US$0.1 million due to lower sales in the last quarter of 2020

(iv) An increase in cash and cash equivalents of US$0.3 million, mainly due to proceeds received from the Series A Convertible Bonds.

Non-current assets decreased by US$0.1 million, due to decrease in property, plant and equipment from depreciation, which were partially negated by increases from renewed leases capitalized as right-of-use assets

Current liabilities increased by US$3.0 million, mainly due to (i) an increase of US$1.1 million in trade and other payables to increase production capacity; (ii) an increase in accrued operating expenses of US$2.4 million for the Group's activities; and (iii) an increase in financial liabilities of US$2.1 million in relation to the issuance of Series A Bonds. These were partially offset by US$2.5 million from repayment of borrowings.

Non-current liabilities decreased by US$0.2 million, from US$4.3 million in 2019 to US$4.1 million in 2020. The decrease was mainly due to reduction of US$0.3 million on fair valuation of shareholders loans and reduction on employee retirement benefits by US$0.1 million. The decrease was partially offset by an increase in provision for land rehabilitation of US$0.3 million.

CASH FLOW

In 2020, the net cash flow used in operating activities was US$1.5 million. It comprises operating losses of US$2.3 million, adjusted for net outflows from changes in working capital of approximately US$0.8 million.

Net cash provided by investing activities amounting to US$0.01 million mainly due to receipt of interest income.

Net cash provided by financing activities in 2020 amounting to approximately US$1.8 million was mainly due to proceeds from issuance of convertible bonds amounting to US$1.4 million and proceeds from borrowings of US$0.3 million, offset by repayment of lease liabilities, repayment of interest and placement of restricted cash.

COAL RESERVES AND RESOURCES

The following should be read in accordance with the Independent Summary Qualified Person's Report ("**ISQPR**") dated 6 May 2021, released on the SGXNet. Hard copies of the ISQPR will be furnished to shareholders upon their request.

Date of report: 6 May 2021
Date of previous report: 29 June 2020

Mineral Resources and Reserves Summary Table

Name of Asset/Country: PT SB Concession/Indonesia

		Gross Attributable to Licence(1)		Net Attributable to Issuer		
Category	**Mineral Type**	**Tonnes (millions)(3)**	**Grade/Rank**	**Tonnes (millions)(3)**	**Grade/Rank**	**Change from Previous Update (%)(5 & 6)**
RESERVES(4)						
Proved	Coal	4.1	Lignite	4.1	Lignite	+17.1
Probable	Coal	9.2	Lignite	9.2	Lignite	+3.4
Total	**Coal**	**13.3**	**Lignite**	**13.3**	**Lignite**	**+6.4**
RESOURCES(2 & 4)						
Measured	Coal	24	Lignite	24	Lignite	0
Indicated	Coal	51	Lignite	51	Lignite	-16.39
Inferred	Coal	36	Lignite	36	Lignite	+56.52
Total	**Coal**	**111**	**Lignite**	**111**	**Lignite**	**+0.91**

Effective date of Resources and Reserves estimates: 31 December 2020

Notes:
(1) Licence refers to PT SBB's Operation Production (IUP OP) licence.
(2) Reported Resources are inclusive of those Coal Resources converted to Coal Reserves.
(3) The Coal Resource estimates are rounded to two significant figures while Coal Reserves presented are rounded to the nearest one hundred thousand to reflect the accuracy of the estimates. Minor discrepancies are due to rounding and are not considered material by PT DMT Exploration Engineering Consulting Indonesia.
(4) Resources and Reserves are reported in accordance with the JORC Code (2012).
(5) Resource was estimated after using Geostatistics for arriving the boundaries for different category.
(6) Estimation of Resource & Reserve were done afresh.
(7) The date of previous update was for an effective date of 31 December 2019.
(8) PT DMT Exploration Engineering Consulting Indonesia was engaged by the Company on 22 January 2021.

A total of approximately 0.3 million tonnes of coal was produced during FY2020.

Name of Independent Qualified Person for Resources: Sonny Yudhistira
Date: 31 December 2020 (effective date of Resources estimate)
Professional Society Affiliation/Membership: BSc (Geology), MAusIMM

Name of Independent Qualified Person for Reserves: Yosef Mahardinata
Date: 31 December 2020 (effective date of Reserves estimate)
Professional Society Affiliation/Membership: BE(Mining), MAusIMM

*The information in this report that relates to Coal Resources is based on information compiled by Mr Sonny Yudhistira ("**Mr Yudhistira**"), a qualified person who is a Member of The Australasian Institute of Mining and Metallurgy. The information in this report that relates to Coal Reserves is based on information compiled by Mr Yosef Mahardinata ("**Mr Mahardinata**"), a qualified person who is a Member of The Australasian Institute of Mining and Metallurgy.*

*Mr Yudhistira and Mr Mahardinata are employed by PT DMT Exploration Engineering Consulting Indonesia ("**PT DMT**") and undertake the annual reporting of Coal Resources and Reserves for the Company. Mr Yudhistira is a Director of PT DMT.*

Mr Yudhistira and Mr Mahardinata will be paid a consulting fee for the preparation of the statement of coal Resources and coal Reserves by BlackGold Natural Resources Limited. No other relationship which could create a potential for conflict of interest exists.

Both Mr Yudhistira and Mr Mahardinata have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Yudhistira and Mr Mahardinata also satisfy the requirements for an independent qualified person as per Catalist Rules 704(35)(a). Mr Yudhistira and Mr Mahardinata consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "**Board**" or "**Director**") of BlackGold Natural Resources Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to the highest standards of corporate governance and supports the principles of transparency, integrity and accountability advocated by the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Underlying this commitment is the belief that good corporate governance will help to enhance corporate performance and protect the interests of the Company's shareholders (the "**Shareholders**").

This report outlines the corporate governance practices adopted by the Group during the financial period from 1 January 2020 to 31 December 2020 ("**FY2020**") with specific reference to each of the principles and provisions set out in the Code of Corporate Governance 2018 ("**Code**") ("**Report**"). The Board confirms that, for FY2020, the Group has complied with the principles of the Code and in respect of any deviations from provisions of the Code, it has explicitly stated the provisions from which it has varied, explained the reason for variation, and explained how the practices it had adopted are consistent with the intent of the relevant principle.

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

THE BOARD'S CONDUCT OF ITS AFFAIRS

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

(1) Provisions 1.1 (Principal functions of the Board)

The Board comprises five (5) directors, which consists of one executive director and four independent directors, all of whom are from different disciplines and bring with them diversity of experience which will enable them to contribute effectively to the Company. The Board is accountable to the Shareholders and oversees the overall management of the business and affairs of the Group, including providing leadership and supervision to the management of the Group (the "**Management**") so as to protect and enhance long-term value and returns for its Shareholders.

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

Besides carrying out its statutory responsibilities, the principal functions of the Board include:–

- Guiding and formulating the Group's overall long-term strategic plans, performance objectives as well as operational initiatives which include ensuring that the required financial and human resources are available for the Group to meet its objectives;
- Establishing a framework of prudent and effective controls to assess the adequacy of internal controls, risk management, financial reporting and compliance;
- Constructively challenge Management and review Management's performance and the Group's financial performance;
- Setting the Company's values and standards (including ethical standards and code of conduct), and ensuring proper accountability within the Group such that obligations to Shareholders and other stakeholders are understood and duly met;

CORPORATE GOVERNANCE REPORT

- Considering sustainability issues relating to the environmental, social and governance aspects of the Group's business and strategy; and
- Assuming responsibility for corporate governance and ensuring compliance with the Catalist Rules, Companies Act (Chapter 50) of Singapore and other relevant statues and regulations.

The Board adopted a set of ethical values and standards which establishes the fundamental principles of professional and ethical conduct expected of the Directors in the performance of their duties.

Each Director is required to promptly disclose any conflict or potential conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with the Group as soon as it is practicable after the relevant fact has come to his/her knowledge. Where a Director has a conflict or potential conflict of interest in relation to any matter, he/she should immediately declare his/her interest when the conflict-related matter is discussed, unless the Board is of the opinion that his/her presence and participation is necessary to enhance the efficacy of such discussion. Nonetheless, he/she is abstained from voting in relation to the conflict-related matters.

(2) Provision 1.2 (Directors' orientation and training)

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

Pursuant to Rule 406(3)(a) of the Catalist Rules, the Nominating Committee will ensure that any new director appointed by the Board, who has no prior experience as a director of an issuer listed on the SGX-ST, must undergo mandatory training in the roles and responsibilities of a director as prescribed by the SGX-ST. The Company will arrange for first-time Directors to attend relevant training in relation to the roles and responsibilities of a director of a listed company, organized by the Singapore Institute of Directors ("**SID**") as required under Rule 406(3)(a) of the Catalist Rules.

During FY2020, Mr Andreas Rinaldi, who did not have prior experience as a director of listed issuers on the SGX-ST had attended the relevant training organised by SID within 1 year from his appointment as Executive Director on 29 November 2019.

All Directors are encouraged to keep themselves abreast of the latest developments relevant to the Company through the attendance of seminars, conferences and training courses such as those organised by SID, Accounting and Corporate Regulatory Authority ("**ACRA**") and/or the SGX-ST. The Company makes arrangements for and funds the Directors to attend such training. Management (with the assistance of external consultants, where considered appropriate) provides the Directors with information relevant to the Group's business including information to keep them apprised of issues and developments, both locally and in other jurisdictions, pertinent to the Group's businesses, changes in laws, listing rules or accounting matters and regulatory and compliance issues. Additionally, Directors are at liberty to request for further explanations, briefings or information from Management, the sponsor as and when required.

CORPORATE GOVERNANCE REPORT

(3) *Provision 1.3 (Matters requiring Board approval)*
Provisions 1.4 (Delegation by the Board)

The Group has adopted internal guidelines governing matters that require the Board's approval which has been clearly communicated to Management. The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those prescribed limits to the respective Board Committees and specific members of the key management.

Matters specifically reserved for the Board's approval include material acquisitions and disposal of assets, corporate or financial restructuring, capital expenditure budgets, review of performance, share issuances, dividends to Shareholders and interested person transactions. Clear directions have been imposed on Management that such matters must be approved by the Board.

In delegating the functions of the Board, the Board has established the following Board Committees: Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**") (collectively, the "**Board Committees**"). Each Board Committee has written terms of reference which includes the authority to examine issues relevant to its terms of reference and to approve and/or make recommendations to the Board for consideration. A summary of the terms of reference and the activities of the Board Committees are more particularly described in their respective sections of this Report.

The Board accepts that while these Board Committees have the authority to examine particular issues within their terms of reference and report back to the Board with a fair recommendation, the ultimate responsibility for the final decision on all matters lies with the Board. The effectiveness of each Board committee is constantly reviewed.

More details on each of the Board Committees, including the names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions and a summary of their activities, are set out in the further sections of this report.

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

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

(4) *Provisions 1.5 (Board meetings, attendance and multiple commitments)*

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

CORPORATE GOVERNANCE REPORT

The attendance by each Director at the Board and Board Committees meetings held during FY2020 are disclosed as follows:–

	Board		**Audit Committee**		**Nominating Committee**		**Remuneration Committee**	
Number of meetings held in FY2020	**4**		**4**		**2**		**2**	
Name of Director	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**
Soh Sai Kiang (“**Mr Soh**”)	4	4	4	4	2	2	2	2
Lim Chee San (“**Mr Lim**”)	4	4	4	4	2	2	2	2
Chng Hee Kok (“**Mr Chng**”)	4	4	4	4	2	2	2	2
Bangun Madong Parulian Samosir (“**Mr Samosir**”)	4	4	4	3*	2	–	2	–
Andreas Rinaldi (“**Mr Rinaldi**”)	4	4	4	3*	2	–	2	–
Wahyu Mahadi (“**Mr Mahadi**”)	4	2	4	1	2	–	2	–

Note:–

* By invitation

During FY2020, the Company experienced the following changes to the Board:

- Mr Mahadi had relinquished his position as member of the AC with effect from 25 February 2020 and subsequently retired as Independent Director of the Company with effect from 14 July 2020; and
- Mr Samosir had relinquished his position as member of the AC, NC, and RC with effect from 25 February 2020. Mr Samosir remains as Independent Director of the Company.

All Directors are required to declare their board appointments. When a Director has multiple board representations, the NC will consider whether the Director is able to adequately carry out his/her duties as a director of the Company, taking into consideration the director’s number of listed company board representations and other principal commitments. The NC has reviewed and is satisfied that notwithstanding multiple board appointments, the Directors with multiple board appointments, namely Mr Lim, Mr Soh and Mr Chng, have been able to devote sufficient time and attention to the affairs of the Company to adequately discharge their duties as Director of the Company.

CORPORATE GOVERNANCE REPORT

(5) *Provision 1.6 (Access to information)*
Provision 1.7 (Access to Management, Company Secretary and External Advisers)

Management acknowledges the importance of the complete, adequate and timely supply of information. Agenda, board papers and related materials, background or explanatory information relating to matters to be discussed at the quarterly, full year, and/or ad-hoc Board meeting and Board Committee meetings are distributed to all Directors in advance to allow sufficient time for Directors to prepare for meetings and facilitate the effective discussion during meetings. Directors are at liberty to request from Management additional information as and when required to make an informed decision.

All Directors have separate and independent access to the advice and services of the Company Secretary through electronic mail, telephone, smart electronic device and face-to-face meetings. The Company Secretary's responsibilities include among other things, assisting in ensuring that Board procedures are observed and also ensures that the requirements under the Companies Act (Chapter 50 of Singapore), the Constitution and all regulations of the SGX-ST are complied with.

Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows within the Board and its Board Committees, and between Management and the Independent Non-Executive Directors, advising the Board on all governance matters.

The appointment and the removal of the Company Secretary are subject to the Board's approval.

In the furtherance of their duties, the Directors, whether individually or as a group, may obtain professional advice and assistance from the Company Secretary or independent professionals, if necessary, and the cost of such advice and assistance will be borne by the Company.

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

(1) *Provisions 2.1 (Board Independence)*
Provisions 2.2 (Majority independent Directors where Chairman is not independent)
Provisions 2.3 (Majority non-executive Directors in a Board)
Provisions 2.4 (Board composition and diversity)

As at the date of this Report, the Board currently comprises five Directors, of whom four (constituting more than half of the Board) are Independent Non-Executive Directors. The composition of the Board is as follow:–

Name of Director	Designation	Audit Committee	Nominating Committee	Remuneration Committee
Soh Sai Kiang	Independent Non-Executive Chairman	Member	Chairman	Member
Andreas Rinaldi	Executive Director and Chief Executive Officer	–	–	–
Lim Chee San	Independent Director	Chairman	Member	Member
Bangun Madong Parulian Samosir	Independent Director	–	–	–
Chng Hee Kok	Independent Director	Member	Member	Chairman

CORPORATE GOVERNANCE REPORT

The current Board, with Independent Non-Executive Directors making up more than one half of the Board provides for a strong and independent element on the Board, capable of exercising objective and independent judgement on the Group's corporate affairs. No individual or small group of individuals dominates the Board's decision-making.

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

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

The Company currently does not have a formal Board Diversity Policy. However, the Company recognises the benefits of having an effective and diverse Board, and views diversity at the Board Level as an essential element in supporting the attainment of its strategic objectives and sustainable development. In reviewing the Board composition and succession planning, the NC reviews, on a yearly basis the size and composition of the Board and the Board Committees and the skills and competencies of its members to ensure a balance of skills, competencies and diversity, including diversity of background, experience, gender, age and other relevant factors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately.

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

The Board is of the view that, given the scope and nature of the Group's operations, the present Board has an appropriate level of independence and diversity of thought and background to enable it to make decisions in the best interests of the Group and the Group's current practices are consistent with the aim of Principle 2 of the Code.

All Independent Directors are required to confirm their independence by completing a declaration of Independence Form which is drawn up in accordance with the Code's definitions, Catalist Rules and Practice Guidance to the Code, and submitted to the NC for its assessment of the independence of each Director.

Based on the confirmation of independence submitted by the Independent Directors, the NC considers Mr Soh, Mr Chng, Mr Lim, and Mr Samosir are independent on the following basis:

(a) The Independent Directors: (i) are not employed by the Company or any of its related corporations for the current or any of the past three (3) financial years; and (ii) do not have an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three (3) financial years, and whose remuneration on is determined by the RC.

(b) None of the Independent Directors has served on the Board for more than nine (9) years from the date of first appointment.

CORPORATE GOVERNANCE REPORT

(c) None of the Independent Directors and their immediate family member had in the current or immediate past financial year (i) provided or received significant payments or material services to and/or from the Group when aggregated over any financial year in excess of S$50,000 for services other than compensation for board service; or (ii) was a substantial shareholder, partner, executive officer or a director of any organization which provided or received significant payments or material services to and/or from the Group when aggregated over any financial year in excess of S$200,000 for services rendered.

(d) None of the Independent Directors are directly associated with a substantial shareholder of the Company.

As at the date of this Report, none of the Independent Director has served on the Board for more than nine years from the date of his first appointment. Effective from 1 January 2022, pursuant to Rule 406(3)(d)(iii) of the Catalist Rules, any Independent Director who has served on the Board for more than nine years will be subjected to a two-tier shareholders voting in order to be considered independent. In addition, his independence will be subject to a more rigorous review by the NC, taking into account the need for progressive refreshing of the Board.

As at the date of this Report, the Company has not appointed any alternate Director on the Board.

(2) Provisions 2.5 (Meeting of non-executive Directors without Management)

The Non-Executive Directors, led by Mr Soh, communicate at Board Committee meetings as and when necessary without the presence of Management and are also provided with the opportunity annually to meet without Management's presence. From time to time, they review and provide feedback to Management of their views including on the Group's operations and processes. The Independent Directors of the Company may communicate periodically without the presence of the other Directors as and when they see the fit for issues to be discussed separately from the entire Board.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

(1) Provisions 3.1 (Separation of the role of the Chairman and the CEO)
Provisions 3.2 (Role of the Chairman and the CEO)

The roles of Chairman and Chief Executive Officer of the Company are separate. Mr Soh is the Chairman of the Board and is an Independent Non-Executive Director. Mr Rinaldi holds the role of CEO. Both Mr Soh and Mr Rinaldi are independent of each other and do not hold any immediate family member relationship.

Mr Soh performs his duties as Chairman and Independent Director of the Company and is responsible for, inter alia, leading the Board to ensure its effectiveness, setting agenda for Board meetings, and ensuring adequate time for discussion, promoting openness and discussion during Board meetings, ensuring that Directors receive complete, adequate and timely information, ensuring effective communication with the Shareholders, encouraging constructive relations within the Board and between the Board and Management, facilitating effective contributions from the Directors and promoting high standards of corporate governance.

As CEO of the Company, Mr Rinaldi is responsible for the leadership and overall management of the affairs of the Company and overall oversight of the Group in accordance with the business considerations and strategies set out by the Board. He oversees execution of the Group's corporate and business strategies and is responsible for the day-to-day running of the business. All major proposals and decisions made by the CEO are discussed and reviewed by the Board. Mr Rinaldi's performance and appointment to the Board is reviewed periodically by the NC and his remuneration is reviewed periodically by the RC.

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The Board believes that the current composition of the Board is able to make precise objective and prudent judgement on the Group's corporate affairs. As the AC, NC, and RC consist of all Independent Directors, the Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and are based on collective decisions without any individual exercising any considerable concentration of power or influence. No one individual director has unfettered powers of decision making, as reflected in the disclosure under Principle 1.

(2) *Provision 3.3 (Lead Independent Director)*

No Lead Independent Director has been appointed as the Chairman of the Board, Mr Soh is independent and not conflicted.

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

(1) *Provisions 4.1 and 4.2 (Roles and composition of the NC)*

As at the date of this Report, the NC is led by Mr Soh, and comprises three Directors, all of whom are independent.

The NC is scheduled to meet at least once a year, or as and when necessary. Under its written terms of reference, the NC's duties and functions include:–

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

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

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(2) *Provisions 4.3 (Board renewal)*

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

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

In accordance with Rule 720(4) of the Catalist Rules, all Directors need to submit themselves for re-nomination and re-appointment at least once every three (3) years. Each member of the Board holds office pursuant to the provisions of the Company's Constitution and will be eligible for re-election unless disqualified from holding office. Article 94 of the Constitution provides that at least one-third of the Board shall retire and are subject to re-election at every annual general meeting of the Company ("**AGM**"). In addition, pursuant to Article 95 of the Constitution, any vacancy occurring in the Board of Directors may be filled up by the Directors or the Members in the general meeting. A newly appointed Director must retire and submit himself for re-election at the next AGM following his appointment. This will enable all Shareholders to exercise their rights in selecting all the Board members of the Company.

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

Name of Director	Date of Initial Appointment	Date of Last Re-election	Directorships in Other Listed Companies		Other Principal Commitments
			Present	Past (Last 5 Years)	
Soh Sai Kiang	17 September 2019	29 November 2019	• Sin Heng Heavy Machinery Ltd • Republic Healthcare Limited	Artivision Technologies Ltd	UOB Kay Hian Pte Ltd (Director of Capital Markets Group)
Lim Chee San	31 July 2019	29 November 2019	Colex Holdings Limited	• Hupsteel Limited • Soon Lian Holdings Limited	TanLim Partnership (Partner) Pan Services Pte Ltd (Director)
Bangun Madong Parulian Samosir	10 March 2015	14 July 2020	Nil	Nil	PT Pamapersada Nusantara (Advisor)
Andreas Rinaldi	29 November 2019	14 July 2020	Nil	Nil	Nil

CORPORATE GOVERNANCE REPORT

Name of Director	Date of Initial Appointment	Date of Last Re-election	Directorships in Other Listed Companies		Other Principal Commitments
			Present	Past (Last 5 Years)	
Chng Hee Kok	17 September 2019	29 November 2019	• Ellipsiz Ltd • Full Apex Holdings Ltd • Luxking Group Holdings Ltd • United Food Holdings Ltd • The Place Holdings Ltd • Metech International Limited • KTL Global Ltd	• Infinio Group Ltd (currently known as Rich Capital Holdings Limited) • China Flexible Packaging Holdings Limited • LH Group Ltd (currently known as Pacific Star Development Limited) • Pacific Century Regional Developments Limited • Chaswood Resources Holdings Ltd • Samudera Shipping Line Ltd	

Mr Lim and Mr Chng shall retire at the forthcoming AGM in accordance with Article 94 of the Constitution. Mr Lim and Mr Chng have offered themselves for re-election at the forthcoming AGM. In this regard, the NC, having considered the Mr Lim and Mr Chng's overall contributions and performance as well as the attendance and participation of these Directors at the Board and Board Committee Meetings, has recommended their re-election and the Board has concurred with the NC's recommendation. Details of the Directors seeking re-election pursuant to Rule 720(5) of the Catalist Rules are found in Table A set out on pages 41-43 of this Report.

(3) *Provisions 4.4 (Independence review of Directors)*

The independence of each Director is reviewed annually by the NC and, as and when circumstances require, whether there is a change to the independent status previously accorded to the relevant Directors. For the NC's review on the independence of Directors in FY2020, please refer to the section dealing with Principle 2 in this Report.

(4) *Provisions 4.5 (Duties and obligations of Directors)*

The NC is also responsible for ascertaining if a Director, holding multiple directorships, is able and has been adequately carrying out his duties as a Director. A review is conducted annually by the NC and takes into consideration results of the assessment of the effectiveness of the individual Director, actual conduct on the Board, and the Director's portfolio of directorships and principal commitments. Each of the Directors updates the Company of any changes in his external appointments and these changes are noted at the Board meetings for review.

CORPORATE GOVERNANCE REPORT

The NC has not set a limit to the number of directorships that a Director may hold. The NC is of the view that the effectiveness of each of the Directors is best assessed by a qualitative assessment of the Director's contributions, after taking into account his other listed company board directorships and other principal commitments. The NC and the Board believes that each individual director is best placed to determine and ensure that he is able to devote sufficient time and attention to discharge his duties and responsibilities as a Director of the Company, bearing in mind his other commitments. The NC does not wish to omit from consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as members as the Board.

The considerations in assessing the capacity of the Directors include expected and/or competing time commitments of the Directors, competencies of Directors, size and composition of the Board, capacity, complexity and expectations of the other listed directorships and principal commitments held and nature and scope of the Group's operations and size.

The NC has reviewed and is satisfied that in FY2020, where Directors had other listed company board representations, the Directors have been able to devote sufficient time, resources and attention to the affairs of the Company to adequately carry out their duties as Directors of the Company.

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

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

(1) Provisions 5.1 and 5.2 (Board Evaluation Process)

The Board, through the NC, conducts a formal assessment annually on the effectiveness of the Board, the Board Committees and on each Director through annual assessment of Board's effectiveness. The NC recommends to the Board the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole as well as each individual Director. Where appropriate, the Board will review and make changes to the performance criteria to align with prevailing regulations and requirements. The performance criteria shall not be changed from year to year without justification. Recommendations based on these assessments would be tabled to the Board for discussion and/or adoption. The Board will act on the results of the performance evaluation and the recommendation of the NC, and where appropriate, in consultation with the NC, new members may be appointed or resignation of Directors may be sought.

The Board has not engaged any external facilitator for this annual assessment of Board's effectiveness. The Board Evaluation Form aims to assess effectiveness of the Board based on board size and composition, Board's processes and participation in meetings, Board's accountability, discharge of Board's functions as well as Board's access to information. The performance criteria for evaluation of the individual Directors focuses on whether the Directors, both individually and collectively, bring to the Board independent and objective perspectives to enable sound, balanced and well-considered decisions to be made.

For FY2020, the Board evaluation process is conducted in November 2020 through the completion of a Board Evaluation Form by each Director, which were collated and submitted to the NC for review to assess the overall effectiveness of the Board and the Board Committees.

The results of the evaluation and the NC's recommendations were presented to the Board for discussion. Subsequent to the review, the NC is satisfied that the Board has been effective as a whole and that each and every Director has contributed to the effective functioning of the Board. In addition, the NC is also satisfied that sufficient time and attention has been given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations.

CORPORATE GOVERNANCE REPORT

Each member of the NC shall abstain from voting on any resolutions and making any recommendation and/or participating in any deliberations of the NC in respect of the assessment of his/her own performance or re-nomination as director.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies/Level and Mix of Remuneration/Disclosure on Remuneration

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

(1) Provisions 6.1 and 6.2 (Composition of the RC)
Provision 6.3 (Remuneration framework)
Provision 6.4 (Remuneration consultant)

The RC consist of three Directors, all of whom are Independent Non-Executive Directors as at the date of this Report, and are responsible for reviewing the remuneration policy and framework of the Directors and Management. The Chairman of the RC is Mr Chng. The RC will meet at least once a year or when necessary.

Pursuant to its written terms of reference, the responsibility of the RC amongst others are:–

(a) Reviewing and recommending a framework of remuneration policies to determine specific remuneration packages and terms of employments for the Directors and key executives;

(b) Reviewing the service agreements of the Executive Directors and key executives;

(c) Performing an annual review of the remuneration packages (including remuneration, bonuses, pay increases or promotions) of the employees of the Group who are immediate family members or related to a director or CEO or substantial Shareholders of the Company so as to ensure that their remuneration packages are in line with the Group's remuneration guidelines and commensurate with their respective job scope and level of responsibility;

(d) Functioning as the committee to administer the BlackGold Employee Share Option Scheme as set out in the "Directors' Statement" section in this Annual Report; and

(e) Functioning as the committee to administer and implement the BlackGold Employee Share Award Scheme.

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

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

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(2) *Provisions 7.1, 7.2 and 7.3 (Remuneration of executive and non-executive Directors and KMPs)*

Annual reviews of the compensation and remuneration packages are conducted by the RC to ensure that the remuneration of the Executive Directors and key management are commensurate with their performance, giving due regard to the size, complexity, financial health and current stage of production of the Group, and are competitive to recruit, retain and motivate the personnel. The remuneration packages are also designed to support the implementation of the Group's Strategy and to enhance Shareholders value. The guiding principles for remuneration framework are (i) alignment with Shareholders' interest; (ii) fair and appropriate; and (iii) pay for performance.

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

Executive Directors are remunerated as members of Management, and do not receive Directors' fees. The Company has entered into a Service Agreement with Mr Rinaldi for an initial term of three years from 29 November 2019. Upon expiry of the initial term of three years, the employment of Mr Rinaldi shall be automatically renewed on a year-to-year basis on such terms and conditions as the parties may agree. Pursuant to the Service Agreement, the remuneration package of the Executive Director comprises a basic salary component. The Executive Director and/or his associates will abstain from voting in respect of any resolution or decision to be made by the Board in relation to their terms and renewal of his respective Service Agreements. Each member of the RC shall abstain from voting on any resolutions, making recommendations and/or participating in any deliberations of the RC in respect of his remuneration package or that of employees related to him (if any).

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

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

(3) *Provisions 8.1 and 8.3 (Disclosure of remuneration and details of employee share schemes)*

The Code recommends that companies fully disclose the remuneration of each individual director and the CEO on a named basis. The Board is of the opinion that it is not in the best interest of the Company to disclose the exact details of the Directors' remuneration due to competitiveness in the industry for talent. As such, the Board has deviated from complying with the relevant guideline of the Code and has provided a breakdown, showing the level and mix of each Director and the CEO in bands of S$250,000 for FY 2020:

CORPORATE GOVERNANCE REPORT

A breakdown showing the level and mix of remuneration paid/payable to each individual Director and the top 5 management personnel for the financial year ended 31 December 2020 is as follows:–

Name of Director/CEO	Base Salary	Directors' Fee	Bonus	Provident Fund Contribution	Total
Below S$250,000	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**
Andreas Rinaldi[(1)]	100	–	–	–	100
Bangun Madong Parulian Samosir	–	100	–	–	100
Soh Sai Kiang	–	100	–	–	100
Lim Chee San	–	100	–	–	100
Chng Hee Kok	–	100	–	–	100
Wahyu Mahadi[(2)]	–	100	–	–	100

Notes:

(1) Mr Rinaldi is the Company's Executive Director and Chief Executive Officer.

(2) Mr Wahyu Mahadi retired as an Independent Director with effect from 14 July 2020. The Director's fees paid to Mr Wahyu Mahadi in the year ended 31 December 2020 was prorated for his service from 1 January 2020 to 14 July 2020.

For FY2020 the aggregate total remuneration paid to the top five management personnel (who are not Directors or CEO) was approximately S$343,186.

The Company supports and is aware of the need for transparency. However, the Company does not believe it to be in its best interest to disclose the remuneration of the top five management personnel (who are not Directors or CEO) on an individually named basis as recommended by the Code, as such disclosure may affect its ability to motivate, retain and nurture employees. In view of the highly competitive human resource environment and limited talent pool in the industry that the Group operates in, the Company is of the opinion that such disclosure should be on a no-name basis. There would be negative impact to the Company if members of the experienced and qualified senior management team are poached, which may affect the ability to both nurture a sustainable talent pool and ensure the smooth continuity in leadership needed for the achievement of the strategic objectives of the Company.

Name of Top 5 Management Personnel (who are not Directors or CEO)	Base Salary	Directors' Fee	Bonus	Provident Fund Contribution	Total
Below S$250,000	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**
Executive A	92	–	8	–	100
Executive B	92	–	8	–	100
Executive C	92	–	8	–	100
Executive D	92	–	8	–	100
Executive E	92	–	8	–	100

The Group has in place an Employee Share Option Scheme ("**ESOS**") which had been approved by Shareholders at an extraordinary general meeting of the Company in 2015. No share options have been issued since the commencement of the ESOS up to the date of this Report.

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The BlackGold Share Award Scheme ("**ESAS**") was approved by Shareholders at an extraordinary general meeting held in 2017 by the Group. Under the ESAS, participants are granted fully-paid shares, free of charge, provided that certain conditions are met. The ESAS seeks to motivate employees and non-executive directors of the Group to optimise and recognise key contributions made to the Group, instill loyalty to, and retain key employees whose work are essential to the long-term prosperity of the Group. Since the commencement of the ESAS, 9,950,000 share awards has been granted by the Company of which 9,550,000 have vested while 400,000 has lapsed following the resignation of certain employee. More details can be found on the Company's announcement dated 21 June 2018 and 21 June 2019.

Further information on the ESOS and the ESAS are set out in the "Directors' Statement" section of this Annual Report and the Company's Circular dated 30 December 2014 and 15 August 2017 respectively. The RC and the Board will constantly evaluate and assess the implementation of long-term incentive schemes, or any other appropriate incentive plans, with the aim of enhancing the link between rewards and corporate and individual performance.

(4) *Provisions 8.2 (Remuneration of related employees)*

There are no employees who are substantial Shareholders of the Company, or are immediate family members of a Director, CEO or substantial shareholder of the Company, or CEO of the Company, and whose remuneration exceeded S$100,000 during FY2020.

ACCOUNTABILITY AND AUDIT

Risk management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

(1) *Provisions 9.1 (Nature and extent of risks)*
Provision 9.2 (Assurance from the CEO, Group CFO and KMPs)

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

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

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

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

CORPORATE GOVERNANCE REPORT

The system of internal controls in place is reviewed by the AC annually to ensure its adequacy, effectiveness and integrity in addressing financial, operational, compliance and information technology controls, and risk management systems. The Board acknowledges that no cost-effective internal control system will preclude all errors and irregularities. The system is designed to manage rather than to eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss. The CEO and the Chief Financial Officer ("**CFO**") have also provided assurance to the Board (i) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (ii) the Group's risk management and internal control systems are adequate and effective.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by Management, the Board, with the concurrence of the AC, is of the opinion that the internal controls of the Group are adequate and effective in addressing the financial, operational, information technology controls, compliance risks and risk management systems as at 31 December 2020.

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

The Group's financial performance and operations are influenced by a wide range of risk factors and some of these risks are beyond the Group's control. There may also be risks that are either presently unknown or not currently assessed as significant, which may later prove to be material. The Group aims to mitigate these risks through appropriate risk management strategies and internal controls.

Management will continue to review and strengthen the Group's control environment and devote resources and expertise towards improving its internal policies and procedures to maintain a high level of governance and internal controls.

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

(1) Provisions 10.1, 10.2, and 10.3 (Composition of the AC)

As at the date of this report, the AC consists Mr Lim, as the Chairman, as well as Mr Soh, and Mr Chng as members. All three are Independent Non-Executive Directors. No former partner or director of the Company's existing audit firm or auditing corporation is a member of the AC.

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

Under its written terms of reference, the AC duties and functions include:–

- Reviewing with the internal and external auditors the audit plan, scope of work, their evaluation of the system of internal accounting controls, their management letter and Management's response and results of the audits conducted by the internal and external auditors;
- Reviewing the internal control and procedures and ensure coordination between the external auditors and Management;
- Monitoring the integrity of the financial information provided by the Company, assessing, and challenging, where necessary, the correctness, completeness, and consistency of financial information before submission to the Board for approval;
- Assessing the adequacy and effectiveness of the internal control systems established by Management to identify, assess, manage, and disclose financial, operational, compliance and information technology controls (including those relating to compliances with existing legislation and regulation);

CORPORATE GOVERNANCE REPORT

- Monitoring and assessing the role and effectiveness of the internal audit function in the overall context of the Company's risk management system, including review of the internal auditors' reports on the effectiveness of the systems for internal control, financial reporting and risk management;
- In connection with the terms of engagement to the external auditors, making recommendations to the Board on the selection, appointment, re-appointment, and resignation of the external auditors based on a thorough assessment of the external auditors' functioning, and approve the remuneration and terms of engagement of the external audit;
- Monitoring and assessing the external auditors' independence annually and keep the nature and extent of non-audit services provided by the external auditors under review to ensure the external auditors' independence or objectivity is not impaired, and to nominate them for re-appointment;
- Reviewing the interested person transactions on a quarterly basis;
- Assessing, at the end of the audit cycle, the effectiveness of the audit process; and
- Reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company publicly discloses, and clearly communicates to employees, the existence of whistle-blowing policy and procedures for raising such concerns.

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

During the year, the AC reviewed the quarterly and full year results of FY2020, including the adequacy of disclosures as well as the key changes in accounting policies applied. Management is kept abreast of changes in the accounting standards by both internal and external auditors; the information is then relayed to the AC. Each year, Management would review the changes or updates in accounting standards or any other issues that are applicable to the Group's financial statements, if any and brief the AC and Board on such changes.

(2) Provision 10.4 (Internal audit function)

The Board recognizes that it is responsible for maintaining a system of internal controls to safeguard Shareholders' investments and the Company's businesses and assets while Management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner. For the financial year under review, as the size of the Group does not warrant an in-house internal audit function, the Company has outsourced its internal audit function to Nexia TS Risk Advisory Pte Ltd ("**Nexia TS**"). Ms Pamela Chen ("**Ms Chen**") is a Director in the Risk Advisory division of Nexia TS and is assigned as the internal audit engagement partner of the Group. Audit work performed by the internal auditors is guided by International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. The internal auditors' primary line of reporting would be to the chairman of the AC, although the internal auditors would also report administratively to the CEO. Nexia TS is an international well-established firm with vast experience in areas, including internal audit. The engagement team assigned comprises 3 members and Ms Chen has more than 14 years of experience performing internal audits for listed companies in Singapore. The AC has assessed and is satisfied that the IA function of the Group is independent and the internal auditors have adequate resources to perform its function effectively and is staffed by qualified and experienced professionals with the relevant experience. Accordingly, the Company is in compliance with Rule 1204(10C) of the Catalist Rules.

CORPORATE GOVERNANCE REPORT

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

For FY2020, the internal audit review focused on revenue, receivables and collection, procurement, payables and payment, mining operations, as well as inventory and facility management. Management is responsible for the implementation of the various recommendations and will report the progress of implementation to the AC. Management has rectified all major points as instructed by the AC. The AC has reviewed the adequacy and effectiveness of the internal audit function of the Company, and is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience. The AC also reviews the internal audit reports as well as the remedial measures recommended by the internal auditors and adopted by Management to address any issues or inadequacies identified.

The appointment of PKF-CAP LLP as the external auditors of the Company was approved by Shareholders on 5 February 2021. Mr Lee Eng Kian is the partner and head of the assurance and advisory division of PKF-CAP LLP that is assigned as the audit engagement partner of the Group. The fees paid to the external auditors in 2020 for audit services amounted to S$120,000. The AC noted that there was no non-audit related work carried out by the external auditors for FY2020. The AC was satisfied that the external auditors had been objective and independent in the audit of the Group. After considering the adequacy of the resources and experience of the external auditors' firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and the experience of supervisory and professional staff assigned to the Group's audit, the AC has recommended to the Board that, PKF-CAP LLP be nominated for re-appointment as external auditors at the forthcoming AGM.

The Group has established a whistleblowing policy since 2015 to provide a defined and accessible channel for employees and any persons outside of the employment of the Group to report any actual or suspected wrongdoings in matters of business activities, financial reporting or other matters. During FY2020, no whistleblowing reports were received.

(3) Provisions 10.5 (AC activities during the year)

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

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

(1) Provisions 11.1 and 11.2 (Conduct of general meetings)

The Board strongly encourages Shareholders to communicate their views and direct questions to Directors or Management regarding the Company and the Group as well as to participate and vote at general meetings. Shareholders of the Company will receive the annual report for the financial reporting year as well as the notices for general meetings will be accompanied with a report/circular, disseminated as an announcement via SGXNET and advertised in the local newspapers.

CORPORATE GOVERNANCE REPORT

The Company tables separate resolutions at general meetings on each distinct issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation or circular in respect of the proposed resolution. A proxy form is sent with the notice of general meeting to the Shareholders. The resolutions will be put to vote by poll and an announcement of the results showing the number of votes cast for and against each resolution and the respective percentages for general meetings will be made subsequent to the meeting.

(2) *Provisions 11.3 (Director and External Auditors' attendance in AGMs)*

At the Company's general meetings, all Directors are usually present and Shareholders are given the opportunity to voice their views and ask Directors, in particular the Chairman of the Board or Management questions regarding the Company's business activities or financial performance. The external auditors are also invited to attend the AGMs to assist the Directors in addressing Shareholders' queries about the conduct of audit and the preparation and contents of the auditors' report.

At the AGM for FY2019 held on 14 July 2020, all Directors, Management, Company's Sponsor, the external auditors and the Company Secretary attended and were present at the AGM.

(3) *Provisions 11.4 (Absentia voting)*

The Company's Constitution allows all Shareholders to appoint proxies to attend and vote on their behalf at the general meetings. Shareholders can appoint up to two proxies to attend, vote and voice any questions relating to the resolutions tabled in a general meeting and/or company affair, for and on behalf of those Shareholders, in the event that such Shareholders are not able to attend the said general meeting personally. Shareholders who are relevant intermediaries (as defined under Section 181(6) of the Companies Act) are allowed to appoint more than two proxies to attend, speak and vote at general meetings. As the authentication of shareholder's identity information and other related security issues still remain a concern, the Company has decided, for the time being not to implement voting in absentia by mail, email or fax. Voting in absentia may only be possible following careful study to ensure the integrity of the information and authentication of Shareholders' identities through the web or other means are not compromised.

(4) *Provisions 11.5 (Minutes of general meetings)*

At general meetings, the Company welcomes Shareholders' participation and to raise any concerns regarding the Group which they may have to the Directors, chairpersons of the AC, NC and RC as well as the Company's external auditors, whom will be present and available to the shareholders at these meetings. The proceedings of the AGM will be properly recorded by the Company Secretary. The Company Secretary prepares minutes of the general meetings which include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board and Management. These minutes are subsequently approved by the Board and published on the corporate website of the Company. On receipt of any request from Shareholders, the minutes will also be made available to them at the registered office of the Company during office hours.

An announcement on the detailed results of the general meetings, which include the number of votes cast for and against each resolution and the respective percentages will be made via SGXNET on the same day of the general meeting held.

Consistent with intent of Principle 11, the Shareholders have a right to attend general meetings either in person or by proxy, including those who did not attend the relevant general meeting, have a statutory right to be furnished copies of minutes of general meetings in accordance with the Companies Act and that shareholders are treated fairly and equitably by the Company.

CORPORATE GOVERNANCE REPORT

(5) *Provisions 11.6 (Dividend Policy)*

The Company does not have a fixed dividend policy. The Board has reviewed and has not declared any dividend for FY2020 as the Company requires the existing cash to fund its operating activities.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

(1) *Provisions 12.1 (Shareholder engagement)*

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

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

Communication between the Company and its Shareholders is made principally through:

– annual reports to Shareholders issued before the Annual General Meeting. The annual report, which contains the notice of annual general meeting, includes key relevant information about the Company and the Group including a review of the Group's major operations and their general outlook, disclosures required by the Companies Act, Listing Manual and the Accounting Standards;

– quarterly financial announcements on the financial performance of the Group for the period in question;

– circulars for extraordinary general meetings where applicable ("**EGM**");

– announcements and disclosures to the SGX-ST via SGXNET; and

– the Company's website at www.blackgold-group.com at which our Shareholders can access information on the Group.

(2) *Provisions 12.2 and 12.3 (Investor relation policy and shareholder queries)*

The Company has an investor policy which encourages Shareholders to regularly communicate with it including through the Company's designated email address, contactus@blackgold-group.com, provided in the Company's corporate website. The Company's objective is to encourage constructive comments and exchange of views so that it may take into account or address such comments and concerns when preparing its quarterly results announcements and annual report. In addition, where necessary, the Company may issue announcement(s) in response to comments and concerns raised, so that the information is available to all Shareholders.

CORPORATE GOVERNANCE REPORT

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

(1) Provisions 13.1 (Stakeholder engagement)

The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups. This is done by the different business units on an on-going basis (for example, with their suppliers, customers and the local community in which they operate) as such matters have to be tailored to their differing needs, and on an annual basis in conjunction with the Company's preparation for its sustainability reporting. For more information on the Company's stakeholder engagement, please refer to the Company's Sustainability Report which will be released in due course.

(2) Provisions 13.2 (Strategy and key areas of focus in managing stakeholders)

The Group's strategy and key area focus in relation to the management of stakeholder relationships during FY2020 will be disclosed in the Company's Sustainability Report to be released on the SGXNET in due course.

(3) Provisions 13.3 (Corporate website)

The Company maintains a current corporate website (www.blackgold-group.com) to fairly communicate and engage with its stakeholders. The website provides all publicly disclosed financial information, corporate announcements, press releases, and the annual report

MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts entered into by the Company or any of its subsidiaries involving the interests of any Director or controlling Shareholders, either still subsisting at the end of financial year, or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2019:–

1. Service Agreements entered into between the Executive Directors and the Company.

2. Loan agreement dated 20 December 2012 between Twin Gold Ventures S.A. ("**Twin Gold Ventures**") and BlackGold Energy Limited ("**BGE**") for a loan facility from Twin Gold Ventures to BGE for up to US$10 million. The loan is interest-free and unsecured.

3. Loan agreement dated 20 December 2012 between Twin Gold Ventures and BlackGold Asia Resources Pte. Ltd. ("**BGA**") for a loan facility from Twin Gold Ventures to BGA for up to US$10 million. The loan is interest-free and unsecured.

4. Loan agreement dated 20 December 2012 between Twin Gold Ventures and PT Samantaka Batubara ("**PT SB**") for a loan facility from Twin Gold Ventures to PT SB for up to US$10 million. The loan is interest-free and unsecured.

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5. Loan agreement dated 26 March 2013 between Novel Creation Holdings Limited ("**Novel Creation**") and PT SB for a loan facility from Novel Creation to PT SB for up to US$10 million. The loan is interest-free and unsecured.

6. First Supplemental Deed dated 29 September 2014 between Twin Gold Ventures, Novel Creation (collectively, the "**Lenders**") and BGA, BGE and PT SB (collectively, the "**Subsidiaries**") to extend the Non-Repayment Period to 9 September 2016.

7. Second Supplemental Deed dated 31 March 2016 between the Lenders and the Subsidiaries to extend the Non-Repayment Period to 9 March 2018.

8. Third Supplemental Deed dated 12 May 2017 between the Lenders and the Subsidiaries to extend the Non-Repayment Period to 31 March 2019.

9. Fourth Supplemental Deed dated 29 March 2018 between the Lenders and the Subsidiaries to extend the Non-Repayment Period to 31 March 2020.

10. Fifth Supplemental Deed dated 20 March 2019 between the Lenders and the Subsidiaries to extend the Non-Repayment Period to 31 March 2021.

11. Sixth Supplemental Deed dated 20 March 2020 between the Lenders and the Subsidiaries to extend the Non-Repayment Period to 31 March 2022.

12. Seventh Supplemental Deed dated 31 March 2021 between the Lenders and the Subsidiaries to extend the Non-Repayment Period to 31 March 2023.

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

INTERESTED PERSON TRANSACTIONS ("IPT")

The Company has established procedures to ensure all transactions with interested persons are properly reviewed and/or approved by the AC quarterly, and that such transactions are conducted at arm's length basis and will not be prejudicial to the interest of the Company and its minority Shareholders. The Company does not have any general mandate from Shareholders for interested person transactions pursuant to Rule 920 of the Catalist Rules for FY2020.

Save for interested person transactions with a value of less than S$100,000 each, there were no interested persons transactions entered into by the Group in FY2020. As at 31 December 2020, the total outstanding amount of the shareholders' loans (the "**Shareholders' Loans**") is US$3,550,667. The Shareholders' Loans are non-interest bearing, unsecured, have no fixed terms of repayment but shall be repayable upon demand from the Lenders. On 31 March 2021, the Lenders signed a seventh supplemental deed to the Shareholder's Loan to extend the Non-Repayment period to 31 March 2023.

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UTILISATION OF PROCEEDS

As at the date of this Annual Report, the net proceeds of approximately S$1,920,000 from the issuance of Series A Bonds have been utilised as follows:

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 Report (S$)	Balance of the Net Proceeds as at the date of this Report (S$)
Payment of outstanding professional fees due to Group's auditors, legal counsel and Sponsor	795,000	561,000	561,000	–
Payment of outstanding director's fees	167,000	185,000	185,000	–
Working capital	958,000	1,174,000	1,174,000[2]	–
Total	1,920,000[1]	1,920,000	1,920,000	–

Notes:–

(1) An aggregate of S$2,000,000 was received from the completion of the Series A Bonds issuance to 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$421,000; (b) other professional fees of S$629,000, current year director fees S$78,000 and (d) other operating expenses of S$46,000.

On 14 August 2020, it was decided that S$18,000 originally intended for repayment of outstanding professional fees be used for payment of outstanding director's fees instead. As of 1Q2021, on continued review of the Group's cash flow and working capital requirements, it was decided that a further S$216,000 originally intended for repayment of outstanding professional fees be used for working capital instead.

DEALINGS IN SECURITIES

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

The Group confirms that it has adhered to its internal securities code of compliance for FY2020.

CORPORATE GOVERNANCE REPORT

SUSTAINABILITY REPORT

The Group views sustainability as integral parts of our business. At BlackGold, we believe in building sustainable businesses that deliver long-term Shareholders' value and growth. The Group believes that a truly sustainable business not only creates economic value, but performs so in a way that benefits its stakeholders.

In line with the concerns of global warming, the Group has undertaken environmentally-friendly measures to reduce energy usage and office consumables. We endeavor to reduce paper usage by encouraging employees to print on both sides of the paper. We also encourage employees to recycle all used paper and use recycled materials where possible. Employees are also encouraged to reduce power consumption. Electrical devices are required to be turned off when not in use and lights in the premises switched off after office hours. We are working to increase the level of awareness of good environmental practices amongst employees and will continue to step up energy conservation and recycling efforts within our operations and business.

In line with the Group's commitment to keep our Shareholders and the market abreast of the Group's progress on the sustainability front and in accordance with the Catalist Rules, the Group will issue its Sustainability Report on or before 31 May 2021 and upload the Sustainability Report on SGXNET and on the Company's website.

NON-SPONSOR FEE

With reference to Rule 1204(21) of the Catalist Rules, there were no non-sponsorship fee paid to SAC Capital Private Limited in FY2020.

TABLE A

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

	Mr Lim Chee San	**Mr Chng Hee Kok**
Date of appointment	31 July 2019	17 September 2019
Date of last re-appointment	29 November 2019	29 November 2019
Age	61 years	72 years
Country of principal residence	Singapore	Singapore
The Board's comments on the NC's recommendation for re-election	The Board of Directors of the Company has considered the recommendation of the NC and has reviewed and considered the qualification, work experience, his multiple board directorships and suitability of Mr Lim for re-appointment as Independent Director of the Company. The Board has concluded that Mr Lim possesses the business experience, expertise, knowledge and skills and has been able to dedicate sufficient time to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered the recommendation of the NC and has reviewed and considered the qualification, work experience, his multiple board directorships and suitability of Mr Chng for re-appointment as Independent Director of the Company. The Board has concluded that Mr Chng possesses the business experience, expertise, knowledge and skills and has been able to dedicate sufficient time to contribute towards the core competencies of the Board.

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	Mr Lim Chee San	Mr Chng Hee Kok
	Mr Lim is considered independent for the purpose of Rule 704(7) of the Catalist Rules of the SGX-ST.	Mr Chng is considered independent for the purpose of Rule 704(7) of the Catalist Rules of the SGX-ST.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job title	Independent Director	Independent Director
Professional qualifications	Barrister-at-law, England & Wales Advocate & Solicitor, Singapore FCCA – Fellow of the Association of Chartered Certified Accountants, UK CAS – Chartered Accountant, Singapore MBCS/CITP – Chartered Information Technology Professional	Bachelor's Degree in Engineering (1st Class Hon) National University of Singapore: MBA PED IMD Lausanne Switzerland
Working experience, occupation(s) during the past 10 years and Principal Commitments Including Directorships	2004 to Present: Director of Panaudit Business Services Pte Ltd 2005 to Present: Partner of TanLim Partnership 2010 to Present: Director of Pan Services Pte Ltd <u>Past Directorship (for the last 5 years)</u> – Fujiyama Pte. Ltd. – Hupsteel Limited – Soon Lian Holdings Limited <u>Present Directorship and Other Principal Commitments</u> – Panaudit Business Services Pte Ltd – Pan Services Pte Ltd – Rees Consultancy Pte Ltd – 4Ward Pte Ltd – Colex Holdings Limited	2012 to 2016: Executive Director and Managing Director of LH Group Ltd 2010 to 2011: Executive Director of HG Metal Manufacturing Ltd 2008 to 2010: Executive Director and CEO of Hartawan Holdings Ltd <u>Past Directorship (for the last 5 years)</u> – China Flexible Packaging Ltd – LH Group Ltd (currently known as Pacific Star Development Limited) – Pacific Century Regional Developments Limited – Sino American Tours Corp Pte Ltd – Infinio Group Ltd (currently known as Rich Capital Holdings Limited) – Samudera Shipping Line Ltd – Chaswood Resources Holdings Ltd

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	Mr Lim Chee San	Mr Chng Hee Kok
		Present Directorship and Other Principal Commitments – Ellipsiz Ltd – Full Apex Holdings Ltd (PRC) – Luxking Group Holdings Ltd – United Food Holdings Ltd (PRC) – The Place Holdings Ltd – Metech International Ltd – KTL Global Ltd – Rational Pricing Technologies Pte Ltd
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issue or of any of its principal subsidiaries	None	None
Conflict of interest (including any competing business)	None	None

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

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

The Retiring Directors had responded negative to items (a) to (k) listed in Appendix 7F of the Catalist Rules of SGX-ST, except for the following:

Item (k): Mr Lim has been the subject of a past complaint to the Law Society Singapore about conflict of interest. The complaint was dismissed at the Inquiry Committee Stage in May 2018. Save for the above, there has been no investigation against Mr Lim. Hence, Mr Lim has not been the subject of any current or past disciplinary proceeding and he has not been reprimanded or issued any warnings by the Monetary Authority of Singapore or any other regulatory authority, SGX-ST, professional body or government agency, whether in Singapore or elsewhere

Items (b) and (k): Mr. Chng is an independent director of Full Apex (Holdings) Limited ("**FAHL**"), a company listed on the Mainboard of SGX-ST. A winding up petition was filed against FAHL on 8 February 2018 (the "**Petition**") by certain creditors. The Petition was subsequently withdrawn on 3 November 2020 and an order dated 5 January 2021 was issued by the Supreme Court of Bermuda Companies (Winding Up) Commercial Court. On 14 September 2020, FAHL received a notification of delisting from SGX-ST as announced on 29 September 2020.

For more details, please refer to FAHL's announcements.

Mr. Chng was fined S$5,000 in August 2007 under section 156 of the Companies Act, Chapter 50 and was given a warning under section 28(B)(b) of the Prevention of Corruption Act, Chapter 241.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2020 and the balance sheet of the Company as at 31 December 2020.

Opinion of the directors

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 48 to 97 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements and

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

Directors

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

Bangun Madong Parulian Samosir
Lim Chee San
Soh Sai Kiang
Chng Hee Kok
Andreas Rinaldi

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

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

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2020	**At 1.1.2020**	**At 31.12.2020**	**At 1.1.2020**
BlackGold Natural Resources Limited				
(Ordinary shares)				
Bangun Madong Parulian Samosir	**750,000**	750,000	**–**	–

The directors' interests in the ordinary shares of the Company as at 21 January 2021 were the same as those as at 31 December 2020.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of financial year.

Audit Committee

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

Lim Chee San (Chairman)
Soh Sai Kiang
Chng Hee Kok

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

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

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2020 before their submission to the Board of Directors.

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

Independent Auditor

The independent auditor, PKF-CAP LLP, has expressed their willingness to accept re-appointment.

On behalf of the directors

Andreas Rinaldi Director	Bangun Madong Parulian Samosir Director

6 May 2021

INDEPENDENT AUDITOR'S

Report to the Members of Blackgold Natural Resources Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of BlackGold Natural Resources Limited (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company. Because of the significance of the matters described in the "Basis for Disclaimer of Opinion" section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We were engaged to audit the financial statements of the Company and the Group comprising:

- the consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2020;
- the balance sheet of the Group as at 31 December 2020;
- the balance sheet of the Company as at 31 December 2020;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Disclaimer of Opinion

Going concern

As stated in Note 2.1 to the financial statements, the Group reported a loss after tax of US$4,039,537 (2019: US$1,541,866) for the financial year ended 31 December 2020. In addition, as at 31 December 2020, the Group's current liabilities exceeded the current assets by US$5,839,259 (2019: US$2,553,899) and the Company's current liabilities exceeded its current assets by US$3,611,453 (2019: US$1,943,481). These and the other matters described in Note 2.1 to the financial statements indicate the existence of material uncertainties that cast significant doubt about the ability of the Group and of the Company to operate as going concerns.

The directors have prepared the financial statements on a going concern basis based on the assumptions as disclosed in Note 2.1 to the financial statements. The validity of the going concern basis on which the financial statements are prepared is dependent on certain assumptions and the successful outcome of the Group's various efforts as disclosed in Note 2.1 to the financial statements. The assumptions are premised on future events, the outcome of which are inherently uncertain. Notwithstanding the availability of the shareholders' loan facility, based on the information available to us, we were unable to obtain sufficient appropriate audit evidence regarding the financial ability of the shareholders in providing the financial support required to ensure that the Group and the Company are able to pay their debts as and when they fall due. We were therefore unable to conclude whether the use of the going concern assumption, which has been adopted for the preparation of the accompanying financial statements, is appropriate.

If the Group and the Company are unable to obtain the necessary funding to continue in operational existence for the foreseeable future, several adjustments would have to be made to the accompanying financial statements to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities. The accompanying financial statements do not reflect these adjustments.

INDEPENDENT AUDITOR'S

Report to the Members of Blackgold Natural Resources Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act (the "Act"), Chapter 50 and Singapore Financial Reporting Standards (International), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the "Basis for Disclaimer of Opinion" section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Matter

The financial statements for the financial year ended 31 December 2019 were audited by another auditor whose report dated 29 June 2020 expressed a disclaimer opinion on those financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In view of the significance of the matters referred to in the "Basis for Disclaimer of Opinion" section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by the subsidiary corporations incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lee Eng Kian.

PKF-CAP LLP
Public Accountants and
Chartered Accountants

Singapore

6 May 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2020

	Note	2020 US$	2019 US$
Revenue	3	**9,648,646**	11,033,991
Cost of sales	6	**(8,272,861)**	(8,838,406)
Gross profit		**1,375,785**	2,195,585
Other income	4	**28,233**	14,587
Other gains/(losses)			
– Impairment loss on receivables	10	**–**	(3,370)
– Impairment loss on prepayments		**(5,819)**	–
– Others	4	**22,257**	125,601
Fair value losses, financial liabilities at FVPL	21	**(378,665)**	–
Expenses			
– Administrative	6	**(3,869,238)**	(3,008,579)
– Finance	5	**(1,208,281)**	(720,552)
– Others	6	**–**	(145,035)
Loss before tax		**(4,035,728)**	(1,541,763)
Income tax expense	7	**(3,809)**	(103)
Loss for the financial year		**(4,039,537)**	(1,541,866)
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		**(177,700)**	(165,414)
Items that will not be reclassified subsequently to profit or loss:			
– Provision for employee benefits		**71,980**	–
– Currency translation differences arising from consolidation		**(4,519)**	(4,399)
Other comprehensive loss, net of tax		**(110,239)**	(169,813)
Total comprehensive loss, net of tax		**(4,149,776)**	(1,711,679)
Loss attributable to:			
Equity holders of the Company		**(4,021,046)**	(1,542,349)
Non-controlling interests		**(18,491)**	483
		(4,039,537)	(1,541,866)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(4,127,486)**	(1,707,763)
Non-controlling interests		**(22,290)**	(3,916)
		(4,149,776)	(1,711,679)
Losses per share for loss attributable to equity holders of the Company (US cents per share)			
Basic losses per share	8(a)	**(0.40)**	(0.16)
Diluted losses per share	8(b)	**(0.40)**	(0.16)

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

BALANCE SHEET – GROUP

As at 31 December 2020

	Note	2020 US$	2019 US$
ASSETS			
Current assets			
Cash and cash equivalents	9	**440,015**	89,132
Restricted cash	13	**8,796**	171
Trade and other receivables	10	**4,081,802**	4,865,841
Inventories	11	**510,147**	405,659
Deposits and prepayments	12	**384,823**	469,855
		5,425,583	5,830,658
Non-current assets			
Property, plant and equipment	16	**76,679**	106,716
Mining properties	14	**–**	–
Restricted cash	13	**66,631**	185,363
		143,310	292,079
Total assets		**5,568,893**	6,122,737
LIABILITIES			
Current liabilities			
Trade and other payables	18	**2,806,829**	1,642,951
Accrued operating expenses	19	**5,998,840**	3,832,025
Borrowings	25	**404,936**	2,909,188
Financial liabilities, at amortised cost	20	**937,417**	–
Financial liabilities, at FVPL	21	**1,113,028**	–
Current income tax liabilities		**3,792**	393
		11,264,842	8,384,557
Non-current liabilities			
Borrowings	25	**11,173**	38,592
Loans from shareholders	23	**3,550,667**	3,895,589
Provisions	22	**497,955**	221,465
Other non-current liabilities	24	**98,501**	153,542
		4,158,296	4,309,188
Total liabilities		**15,423,138**	12,693,745
NET ASSETS		**(9,854,245)**	(6,571,008)
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	26	**56,453,281**	56,312,822
Currency translation reserve		**(2,709,427)**	(2,531,727)
Other reserve	27	**2,410,416**	1,614,648
Accumulated losses		**(65,739,333)**	(61,718,287)
		(9,585,063)	(6,322,544)
Non-controlling interests		**(269,182)**	(248,464)
Total equity		**(9,854,245)**	(6,571,008)

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

BALANCE SHEET – COMPANY

As at 31 December 2020

	Note	2020 US$	2019 US$
ASSETS			
Current assets			
Cash and cash equivalents	9	**301,122**	1,528
Other receivables	10	**131,286**	31,938
Deposits and prepayments	12	**20,229**	13,231
		452,637	46,697
Non-current assets			
Property, plant and equipment	16	**45,903**	76,852
Investments in subsidiaries	15	**1,415**	707
		47,318	77,559
Total assets		**499,955**	124,256
LIABILITIES			
Current liabilities			
Other payables	18	**1,260,427**	1,465,217
Accrued operating expenses	19	**712,906**	487,699
Lease liabilities	25	**36,591**	36,941
Financial liabilities, at amortised cost	20	**937,417**	–
Financial liabilities, at FVPL	21	**1,113,028**	–
Current income tax liabilities		**3,721**	321
		4,064,090	1,990,178
Non-current liabilities			
Lease liabilities	25	**–**	35,936
Total liabilities		**4,064,090**	2,026,114
NET ASSETS		**(3,564,135)**	(1,901,858)
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	26	**171,550,476**	171,410,017
Currency translation reserve		**381,478**	481,364
Other reserve	27	**296,169**	296,169
Accumulated losses	28	**(175,792,258)**	(174,089,408)
Total equity		**(3,564,135)**	(1,901,858)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

	Attributable to equity holders of the Company						
	Share capital US$	Other reserve US$	Currency translation reserve US$	Accumulated losses US$	Total US$	Non-controlling interests US$	Total equity US$
2020							
Beginning of financial year	56,312,822	1,614,648	(2,531,727)	(61,718,287)	(6,322,544)	(248,464)	(6,571,008)
Loss for the year	–	–	–	(4,021,046)	(4,021,046)	(18,491)	(4,039,537)
Other comprehensive loss for the year	–	71,260	(177,700)	–	(106,440)	(3,799)	(110,239)
Total comprehensive loss for the year	–	71,260	(177,700)	(4,021,046)	(4,127,486)	(22,290)	(4,149,776)
Fair value of interest free loan	–	724,508	–	–	724,508	1,572	726,080
Issuance of referral shares (Note 26)	140,459	–	–	–	140,459	–	140,459
Total transactions with owners, recognised directly in equity	140,459	724,508	–	–	864,967	1,572	866,539
End of financial year	56,453,281	2,410,416	(2,709,427)	(65,739,333)	(9,585,063)	(269,182)	(9,854,245)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

	Attributable to equity holders of the Company						
	Share capital US$	Other reserve US$	Currency translation reserve US$	Accumulated losses US$	Total US$	Non-controlling interests US$	Total equity US$
2019							
Beginning of financial year	55,619,594	1,358,065	(2,366,313)	(60,175,938)	(5,564,592)	(245,030)	(5,809,622)
Loss for the year	–	–	–	(1,542,349)	(1,542,349)	483	(1,541,866)
Other comprehensive loss for the year	–	–	(165,414)	–	(165,414)	(4,399)	(169,813)
Total comprehensive loss for the year	–	–	(165,414)	(1,542,349)	(1,707,763)	(3,916)	(1,711,679)
Fair value of interest free loan	–	206,286	–	–	206,286	482	206,768
Employee share awards							
– Value of employee services	–	50,297	–	–	50,297	–	50,297
Issuance of placement shares	693,228	–	–	–	693,228	–	693,228
Total transactions with owners, recognised directly in equity	693,228	256,583	–	–	949,811	482	950,293
End of financial year	56,312,822	1,614,648	(2,531,727)	(61,718,287)	(6,322,544)	(248,464)	(6,571,008)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020

	Note	2020 US$	2019 US$
Cash flows from operating activities			
Loss for the financial year		**(4,039,537)**	(1,541,866)
Adjustments for:			
– Depreciation of property, plant and equipment	6	**58,207**	123,095
– Impairment of property, plant and equipment	6	**–**	4,865
– Impairment of mining properties	6	**–**	139,455
– Impairment of accounts receivable		**–**	3,370
– Impairment of prepayments		**5,819**	–
– Share-based compensation expense	6	**–**	50,297
– Fair value losses, financial liabilities, at FVPL	21	**378,665**	–
– Loss on disposal of property, plant and equipment	4	**486**	885
– Interest income	4	**(8,861)**	(11,142)
– Interest expense	5	**1,208,281**	720,552
– Income tax expense	7	**3,809**	103
– Provision for mine reclamation and rehabilitation	6	**277,489**	105,761
– Unrealised currency translation gains		**(194,308)**	(121,485)
		(2,309,950)	(526,110)
Changes in working capital:			
– Inventories		**(106,318)**	1,557,225
– Deposits and prepayments		**78,848**	(263,833)
– Trade and other receivables		**(2,614,652)**	(3,709,621)
– Trade and other payables		**3,540,500**	461,615
– Other non-current liabilities		**(54,348)**	66,710
Cash used in operations		**(1,465,920)**	(2,414,014)
Tax paid		**–**	–
Net cash used in operating activities		**(1,465,920)**	(2,414,014)
Cash flows from investing activities			
Addition of property, plant and equipment		**(1,903)**	(4,932)
Addition of mining properties		**–**	(139,455)
Interest received	4	**8,861**	11,142
Net cash provided by/(used in) investing activities		**6,958**	(133,245)
Cash flows from financing activities			
Proceeds from issuance of placement shares		**–**	693,228
Proceeds from issuance of convertible bonds		**1,404,593**	–
Proceeds from borrowings		**340,925**	11,548,388
Repayment of borrowings		**–**	(9,889,824)
Principal repayment of lease liabilities		**(42,889)**	(124,256)
Interest paid		**(1,693)**	(186,707)
Withdrawal of restricted cash		**109,270**	25,371
Net cash provided by financing activities		**1,810,206**	2,066,200
Net increase/(decrease) in cash and cash equivalents		**351,244**	(481,059)
Cash and cash equivalents			
Beginning of financial year	9	**89,132**	547,816
Effects of currency translation on cash and cash equivalents		**(361)**	22,375
End of financial year	9	**440,015**	89,132

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020

Reconciliation of liabilities arising from financing activities

	1 January 2020 US$	Proceeds from borrowing/ convertible bonds US$	Principal and interest payments US$	Non-cash changes US$ Adoption of SFRS(I) 16	Net addition and disposal during the year	Interest Expenses	Foreign exchange movement	Fair value of interest free loan/ Fair value losses, financial liabilities at FVPL	31 December 2020 US$
Lease liabilities	104,098	–	(44,582)	–	11,898	1,693	2,077	–	75,184
Borrowings	2,843,682	340,925	(2,843,682)	–	–	–	–	–	340,925
Loans from shareholders	3,895,589	–	–	–	–	389,416	(8,258)	(726,080)	3,550,667
Convertible bonds	–	1,404,593	–	–	–	283,913	(16,726)	378,665	2,050,445

	1 January 2019 US$	Proceeds from borrowing US$	Principal and interest payments US$	Non-cash changes US$ Adoption of SFRS(I) 16	Net addition and disposal during the year	Interest Expenses (Note 5)	Foreign exchange movement	Fair value of interest free loan	31 December 2019 US$
Lease liabilities	–	–	(127,995)	133,519	86,444	3,739	8,391	–	104,098
Borrowings	1,141,421	11,548,388	(9,889,824)	–	–	–	43,697	–	2,843,682
Loans from shareholders	3,900,221	–	–	–	–	206,288	(4,152)	(206,768)	3,895,589

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

1. GENERAL INFORMATION

BlackGold Natural Resources Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 7 Temasek Boulevard, Suntec Tower One, #08-07, Singapore 038987.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The preparation of financial statements in conformity with SFRS(I)s requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

Going concern basis

The Group reported a loss after tax of US$4,039,537 (2019: US$1,541,866) for the financial year ended 31 December 2020. In addition, as at 31 December 2020, the Group's current liabilities exceeded the current assets by US$5,839,259 (2019: US$2,553,899). Furthermore, the Company's current liabilities exceeded its current assets by US$3,611,453 (2019: US$1,943,481) at that date. 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:

(a) its projection of profits and cash flows for the next 12 months from the reporting date;

(b) the ability to draw-down from the shareholders' loans facility (Note 23); and

(c) the ability to raise additional capital through issuance of convertible bonds (Note 20).

The projection was developed based on management's best estimate of revenue and costs and includes cash inflows from secured and unsecured contracts from existing and new customers. The Group has continually explored opportunities to expand into other resource segments such as thermal coal resource with the goal of diversifying its revenue base. While management is actively negotiating for contracts with new customers and there are some uncertainties relating to future contracts, management remains confident that sufficient profitable contracts will be secured. The profitability and cash flow projection for the next 12 months from the reporting date prepared by management resulted in net cash inflows. On 26 March 2020, the Company has successfully issued convertible bonds of S$2,000,000. Also, as set out in Note 34 to the financial statements, management was successful in negotiating for an extension to the Non-Repayment Period of the loans from shareholders.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

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

Interpretations and amendments to published standards effective in 2020

On 1 January 2020, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

Effective for annual periods beginning on or after 1 January 2020:

Amendments to:

- SFRS(I) 1-1 Presentation of Financial Statements and SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)
- SFRS(I) 3 Business Combinations (Definition of a Business)
- SFRS(I) 9 Financial Instruments, SFRS(I) 1-39 Financial Instruments: Recognition and Measurement and SFRS(I) 7 Financial Instruments: Disclosures (Interest Rate Benchmark Reform)
- Conceptual Framework for Financial Reporting

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2.2 Revenue recognition

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

(a) Sale of goods – coal

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition (continued)

(b) Provision for freight services

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

(c) Interest income

Interest income is recognised using the effective interest method.

2.3 Government grants

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

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

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

2.4 Group accounting

(a) Subsidiaries

(i) Consolidation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

(iii) Disposals

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

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

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

(b) Transactions with non-controlling interests

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment

(a) Measurement

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

Freehold land is stated at cost and is not depreciated.

(b) Depreciation

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Motor vehicles	5 years
Furniture and fittings	3 – 5 years
Equipment	3 – 20 years
Leasehold properties	2 – 3 years

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

(c) Subsequent expenditure

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

(d) Disposal

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

2.6 Mining properties

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Investments in subsidiaries

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

2.8 Impairment of non-financial assets

Property, plant and equipment, mining properties and investments in subsidiaries

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

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

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

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

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

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

2.9 Financial assets

(a) *Classification and measurement*

The Group classifies its financial assets as amortised cost.

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

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

(i) *At initial recognition*

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (continued)

(a) Classification and measurement (continued)

(ii) At subsequent measurement

Debt instrument

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

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

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

(b) Impairment

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

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

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

2.10 Borrowing costs

Borrowing costs are recognised in profit or loss using effective interest rate method.

2.11 Borrowings

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Convertible bonds with embedded derivative

The total proceeds from the convertible bonds with an embedded derivative liability are allocated to the embedded derivative liability first and the residual amounts are assigned to the debt host liability component.

On issuance of the convertible bonds, the embedded derivative liability is recognised at its fair value and is subsequently remeasured to the fair value at the end of each reporting period. Changes in fair value of the embedded derivative liability are recognised in profit or loss.

The liability component is recognised initially at its fair value, determined using a market interest rate for expected non-convertible bonds. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the bonds.

When the conversion option is exercised, the carrying amounts of the liability component and the embedded derivative liability are derecognised with a corresponding recognition of share capital. When the conversion option lapses, the carrying amounts of the liability component and the embedded derivative liability are recognised in profit or loss.

Transaction costs attributable to the convertible bonds are apportioned between the liability and the embedded derivative liability of the convertible bonds based on the allocation of proceeds to the liability and embedded derivative liability when the instruments are initially recognised.

At initial recognition, the transaction costs of the financial instrument are that carried at fair value through profit and loss ("FVPL") are immediately recognised in profit or loss. The liability component is recognised initially at its fair value, determined using a market interest rate for expected non-convertible bonds. It is subsequently carried at amortised cost using the effective interest method.

When the transaction costs that are directly attributable to the liability component become payable, they are derecognised immediately in profit or loss with a corresponding recognition of share capital.

2.13 Trade and other payables

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

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

2.14 Fair value estimation of financial assets and liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Leases

a. *When Group is a lessee:*

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

  The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

  These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

  Right-of-use assets (except for those which meets the definition of an investment property) are presented within "Property, plant and equipment".

- Lease liabilities

  The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

  Lease payments include the following:

  – Fixed payment (including in-substance fixed payments), less any lease incentives receivables;

  – Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;

  – Amount expected to be payable under residual value guarantees;

  – The exercise price of a purchase option if is reasonably certain to exercise the option; and

  – Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Leases (continued)

a. *When Group is a lessee: (continued)*

- Lease liabilities (continued)

  For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

  Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

  – There is a change in future lease payments arising from changes in an index or rate;

  – There is a change in the Group's assessment of whether it will exercise an extension option; or

  – There are modification in the scope or the consideration of the lease that was not part of the original term.

  Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short term and low value leases

  The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

2.16 Inventories

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

2.17 Income taxes

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Income taxes (continued)

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

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

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

Deferred income tax is measured:

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

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

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

2.18 Provisions

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

2.19 Mine reclamation and rehabilitation

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Employee compensation

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

(a) *Pension benefits*

The Group operates both defined benefit and defined contribution post-employment benefit plans.

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

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Defined benefit plans typically defined the amount of benefit that an employee will receive on or after retirement, usually dependent on one or more factor such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of a defined benefit pension plan is present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using market yields of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have tenures approximating to that of the related post-employment benefit obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive loss in the period where they arise. The experience adjustments are not to be reclassified to profit or loss in a subsequent period.

Past service costs are recognised immediately in profit or loss.

(b) *Share-based compensation*

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Employee compensation (continued)

(b) Share-based compensation (continued)

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

2.21 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in United States Dollar as the comparable companies in the industry in which the Group operates in also present its financial statements in United States Dollar. The functional currency of the Company is Singapore Dollar.

(b) Transactions and balances

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Currency translation (continued)

(c) Translation of Group entities' financial statements

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

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

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

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

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

2.22 Segment reporting

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

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

2.23 Cash and cash equivalents

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

2.24 Share capital

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

3. REVENUE

	At a point in time US$	Over time US$	Total US$
2020			
Coal sales	**7,010,059**	**–**	**7,010,059**
Provision for freight services	**–**	**2,638,587**	**2,638,587**
	7,010,059	**2,638,587**	**9,648,646**

	At a point in time US$	Over time US$	Total US$
2019			
Coal sales	8,225,647	–	8,225,647
Provision for freight services	–	2,808,344	2,808,344
	8,225,647	2,808,344	11,033,991

There is no unsatisfied performance obligation as at 31 December 2020 and 2019.

4. OTHER INCOME AND OTHER GAINS/(LOSSES)

	Group	
	2020 US$	2019 US$
Other income		
Interest income	**8,861**	11,142
Government grants	**16,626**	–
Others	**2,746**	3,445
	28,233	14,587
Other gains/(losses)		
Currency exchange gains – net	**22,743**	126,486
Loss on disposal of property, plant and equipment	**(486)**	(885)
	22,257	125,601

5. FINANCE EXPENSES

	Group	
	2020 US$	2019 US$
Interest expense		
– Borrowings	**532,417**	510,525
– Lease liabilities (Note 17)	**2,535**	3,739
– Convertible bond referral fee (Note 20)	**146,123**	–
– Financial liabilities, at amortised cost (Note 20)	**137,790**	–
– Loans from shareholders	**389,416**	206,288
	1,208,281	720,552

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

6. EXPENSES BY NATURE

	Group	
	2020	**2019**
	US$	**US$**
Cost of inventories (Note 11)	**5,249,016**	5,290,861
Transportation costs	**2,472,880**	2,936,855
Royalties	**273,476**	504,929
Provision for mine reclamation and rehabilitation	**277,489**	105,761
Employee compensation:		
– Wages and salaries	**591,761**	823,183
– Defined benefit expense (Note 24)	**18,479**	68,872
– Employer's contribution to defined contributions plans including Central Provident Fund	**34,214**	57,448
– Share-based payments	**–**	50,297
– Others	**33,879**	3,522
Directors' fees	**291,638**	131,117
Medical expenses	**4,954**	9,926
Depreciation of property, plant and equipment (Note 16)	**58,207**	123,095
Repair and maintenance	**376,025**	9,926
Travelling expenses	**171,424**	150,886
Licensing and compliance costs	**410,692**	321,562
Sponsor fees	**87,008**	87,904
Legal fee	**–**	17,913
Rental expenses	**42,913**	56,222
Representative expenses	**60,511**	18,808
Corporate social responsibility expenses	**16,777**	29,003
Professional fee	**366,101**	210,715
Audit fees	**72,127**	198,126
Geologist and surveyor fees	**189,761**	38,281
Printing and supplies	**14,478**	27,840
Selling and marketing	**175,999**	66,370
Impairment of mining properties	**–**	139,455
Impairment of property, plant and equipment	**–**	4,865
Security, driver and cleaning expenses	**225,652**	29,912
Regulatory fees and charges	**320,784**	269,034
Other general and administrative expenses	**95,232**	82,793
Insurance expenses	**97,020**	105,105
Others	**113,602**	21,434
Total cost of sales, administrative and other expenses	**12,142,099**	11,992,020

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

7. INCOME TAXES

(a) Income tax expense

	Group 2020 US$	Group 2019 US$
Tax expense attributable to profit is made up of:		
Current income tax		
– current year	**3,809**	103

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

	Group 2020 US$	Group 2019 US$
Loss before tax	**(4,035,728)**	(1,541,763)
Tax calculated at tax rate of 17% (2019: 17%)	**(686,074)**	(262,100)
Effects of:		
– different tax rates in other countries	**(324,435)**	55,050
– expenses not deductible for tax purposes	**1,520,314**	500,877
– utilisation of previously unrecognised tax losses	**(507,736)**	(297,601)
– income not subject to tax	**1,740**	3,877
Tax charge	**3,809**	103

As at 31 December 2020, the subsidiaries of the Group had an estimated unutilised income tax losses of approximately US$1,867,850 (2019: US$6,966,404). The unutilised income tax losses are available for set-off against future taxable profits, subject to the agreement of the relevant tax authorities and compliance with certain provisions of the income tax regulations of the respective countries in which the subsidiaries operate. The unutilised tax losses will expire at various dates up to and including 2024.

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

Group	2020 Before tax US$	2020 Tax charge US$	2020 After tax US$	2019 Before tax US$	2019 Tax charge US$	2019 After tax US$
Provision of employee defined benefits	**71,980**	**–**	**71,980**	–	–	–
Currency translation differences arising from consolidation of subsidiaries	**(182,219)**	**–**	**(182,219)**	(169,813)	–	(169,813)
Other comprehensive loss	**(110,239)**	**–**	**(110,239)**	(169,813)	–	(169,813)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

8. LOSSES PER SHARE

(a) Basic losses per share

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

	2020	2019
Net losses attributable to equity holders of the Company (US$)	**(4,021,046)**	(1,542,349)
Weighted average number of ordinary shares outstanding for basic losses per share	**1,004,547,423**	965,351,624
Basic losses per share (US cents per share)	**(0.40)**	(0.16)

(b) Diluted losses per share

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

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

	2020	2019
Weighted average number of ordinary shares outstanding for basic losses per share	**1,004,547,423**	965,351,624
Diluted losses per share (US cents per share)	**(0.40)**	(0.16)

9. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 US$	2019 US$	2020 US$	2019 US$
Cash at bank and on hand	**440,015**	89,132	**301,122**	1,528

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 US$	2019 US$	2020 US$	2019 US$
Trade receivables				
– Non-related parties	**3,233,662**	4,804,504	**–**	–
Other receivables				
– Non-related parties	**839,524**	56,052	**20,305**	31,938
– Subsidiaries	**–**	–	**23,302,213**	22,918,632
– Non-controlling shareholder of a subsidiary	**8,616**	8,655	**–**	–
	4,081,802	4,869,211	**23,322,518**	22,950,570
Less: Loss allowance	**–**	(3,370)	**(23,191,232)**	(22,918,632)
	4,081,802	4,865,841	**131,286**	31,938

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement, the Group has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. However, the Group has retained late payment and credit risks. The Group therefore continues to recognise the transferred assets in their entirety on its balance sheet. The amount repayable under the factoring agreement is presented as borrowing. The Group considers that the held to collect business model remains appropriate for these receivables and hence continue to measure them at amortised cost. The relevant carrying amount as at 31 December 2020 is US$340,925 (2019: US$2,813,983).

The balances due from subsidiaries and non-controlling shareholder of a subsidiary are non-trade in nature, unsecured, interest-free and repayable on demand.

The movement in loss allowance of trade receivables computed based on lifetime expected credit loss was as follows:

	Group	
	2020	**2019**
	US$	**US$**
Beginning of financial year	**3,370**	–
Add: Loss Allowance	**–**	3,370
Less: Written off	**(3,370)**	–
End of financial year	**–**	3,370

The movement in loss allowance of other receivables computed based on 12-month expected credit loss was as follows:

	Company	
	2020	**2019**
	US$	**US$**
Beginning of financial year	**22,918,632**	22,533,413
Add: Loss allowance	**75,313**	92,229
Add: Currency translation differences	**417,869**	292,990
Less: Written back	**(220,582)**	–
End of financial year	**23,191,232**	22,918,632

11. INVENTORIES

	Group	
	2020	**2019**
	US$	**US$**
Coal, at cost	**510,147**	405,659

The cost of inventories recognised as an expense and included in “cost of sales” amounted to US$5,249,016 (2019: US$5,290,861).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

12. DEPOSITS AND PREPAYMENTS

	Group		Company	
	2020 US$	2019 US$	2020 US$	2019 US$
Deposits	**6,506**	9,912	**6,506**	9,623
Prepayments	**378,317**	459,943	**13,723**	3,608
	384,823	469,855	**20,229**	13,231

13. RESTRICTED CASH

	Group	
	2020 US$	2019 US$
Escrows	**8,796**	171
Time deposits	**66,631**	185,363
	75,427	185,534

Time deposits amounting to US$66,631 are security deposit placed in Bank Kepulauan Riau until the expiry of the Mining Business Licence (Izin Usaha Pertambangan, "IUP") on 26 February 2023 as required by the Department of Mining and Energy of the Regency of Riau, Indonesia.

Interest rates on time deposit during financial year ended 31 December 2020 were 5.3% (2019: 6%) per annum.

14. MINING PROPERTIES

	Group	
	2020 US$	2019 US$
Cost		
Beginning of the financial year	**7,568,824**	7,429,369
Additions	**–**	139,455
End of financial year	**7,568,824**	7,568,824
Accumulated amortisation and impairment loss		
Beginning of the financial year	**7,568,824**	7,429,369
Impairment loss (Note 6)	**–**	139,455
End of financial year	**7,568,824**	7,568,824
Net carrying value at end of the financial year	**–**	–

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 US$	2019 US$
Equity investments at cost		
Beginning of the financial year	**123,409,681**	123,409,681
Add: Additions	**708**	–
Less: Allowance for impairment	**(123,408,974)**	(123,408,974)
End of financial year	**1,415**	707

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For the financial year ended 31 December 2020

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The movements in allowance for impairment are as follows:

	Company	
	2020	2019
	US$	US$
Beginning and end of financial year	**123,408,974**	123,408,974

The Group has the following subsidiaries as at 31 December 2020 and 2019:

	Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by Group		Proportion of ordinary shares directly held by non-controlling interests	
				2020 %	2019 %	2020 %	2019 %
	Held by the Company						
1	BlackGold Asia Resources Pte. Ltd.[(a)]	Investment holding	Singapore	**100**	100	**–**	–
2	BlackGold Energy Limited[(c)]	Investment holding	Hong Kong	**100**	100	**–**	–
3	BlackGold Power Pte. Ltd.[(a)]	Investment holding	Singapore	**100**	100	**–**	–
4	BGNR Trading Pte. Ltd.[(a)]	Trading company	Singapore	**100**	–	**–**	–
	Held by the subsidiaries						
5	PT BlackGold Energy Indonesia[(b)]	Investment holding	Indonesia	**99**	99	**1**	1
6	PT BlackGold Energy Power[(b)]	Investment holding	Indonesia	**99**	99	**1**	1
7	PT Samantaka Batubara[(b)]	Coal mining	Indonesia	**99**	99	**1**	1
8	PT Ausindo Prima Andalas[(b)]	Coal mining	Indonesia	**99**	99	**1**	1
9	PT Ausindo Andalas Mandiri[(b)]	Coal mining	Indonesia	**99**	99	**1**	1

(a) Audited by PKF-CAP LLP, Singapore
(b) Audited by PKF Hadiwinata, Indonesia for the purpose of preparation of consolidated financial statements of the Group
(c) Audited by Heng & Tan, Certified Public Accountants, Hong Kong

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land US$	Motor vehicles US$	Furniture and fittings US$	Equipment US$	Leasehold properties US$	Total US$
Group						
2020						
Cost						
Beginning of financial year	1,164,365	53,971	1,375	5,142,515	210,626	6,572,852
Additions	–	–	11,931	–	34,006	45,937
Disposals	–	–	(1,346)	–	(25,684)	(27,030)
Currency translation differences	–	–	(29)	(22,421)	(56,774)	(79,224)
End of financial year	1,164,365	53,971	11,931	5,120,094	162,174	6,512,535
Accumulated depreciation and impairment losses						
Beginning of financial year	1,164,365	53,971	878	5,141,555	105,367	6,466,136
Depreciation charge	–	–	3,649	741	53,817	58,207
Disposals	–	–	(894)	–	(9,312)	(10,206)
Currency translation differences	–	–	173	(22,404)	(56,050)	(78,281)
End of financial year	1,164,365	53,971	3,806	5,119,892	93,822	6,435,856
Net book value						
End of financial year	**–**	**–**	**8,125**	**202**	**68,352**	**76,679**
Group						
2019						
Cost						
Beginning of financial year	1,164,365	53,971	12,558	4,935,518	–	6,166,412
Adoption of SFRS (I) 16	–	–	–	–	133,519	133,519
Additions	–	–	–	4,932	246,035	250,967
Disposals	–	–	(11,347)	(7,202)	(173,853)	(192,402)
Currency translation differences	–	–	164	209,267	4,925	214,356
End of financial year	1,164,365	53,971	1,375	5,142,515	210,626	6,572,852
Accumulated depreciation and impairment losses						
Beginning of financial year (as previously reported)	–	53,971	11,616	486,356	–	551,943
Prior year adjustment	1,164,365	–	–	4,447,316	–	5,611,681
Beginning of financial year (as restated)	1,164,365	53,971	11,616	4,933,672	–	6,163,624
Depreciation charge	–	–	451	320	122,324	123,095
Impairment losses (Note 6)	–	–	–	4,865	–	4,865
Disposals	–	–	(11,347)	(6,637)	(14,488)	(32,472)
Currency translation differences	–	–	158	209,335	(2,469)	207,024
End of financial year	1,164,365	53,971	878	5,141,555	105,367	6,466,136
Net book value						
End of financial year	**–**	**–**	**497**	**960**	**105,259**	**106,716**

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

	Group 2020 US$	Group 2019 US$
Administrative expenses	**58,207**	123,095

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture and fittings US$	Equipment US$	Leasehold property US$	Total US$
Company				
2020				
Cost				
Beginning of financial year	1,375	12,275	76,921	90,571
Additions	11,931	–	–	11,931
Disposals	(1,346)	–	–	(1,346)
Currency translation differences	(29)	224	1,468	1,663
End of financial year	11,931	12,499	78,389	102,819
Accumulated depreciation				
Beginning of financial year	878	11,316	1,525	13,719
Depreciation charge	3,649	741	37,564	41,954
Disposals	(894)	–	–	(894)
Currency translation differences	173	240	1,724	2,137
End of financial year	3,806	12,297	40,813	56,916
Net book value				
End of financial year	**8,125**	**202**	**37,576**	**45,903**
Company				
2019				
Cost				
Beginning of financial year	1,357	14,059	–	15,416
Adoption of SFRS (I) 16	–	–	75,886	75,886
Disposals	–	(1,966)	–	(1,966)
Currency translation differences	18	182	1,035	1,235
End of financial year	1,375	12,275	76,921	90,571
Accumulated depreciation				
Beginning of financial year	415	12,213	–	12,628
Depreciation charge	451	320	1,504	2,275
Disposals	–	(1,400)	–	(1,400)
Currency translation differences	12	183	21	216
End of financial year	878	11,316	1,525	13,719
Net book value				
End of financial year	**497**	**959**	**75,396**	**76,852**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

17. LEASES – THE GROUP AND THE COMPANY AS A LESSEE

Nature of the Group's leasing activities – Group as a lessee

Leasehold properties

The Group leases office space for the purpose of back office operations.

There is no externally imposed covenant on the lease arrangements.

(a) *Carrying amounts*

ROU assets classified within property, plant and equipment

	2020 US$	2019 US$
Leasehold properties	**68,352**	105,259

(b) *Depreciation charged during the year.*

	2020 US$	2019 US$
Leasehold properties	**53,817**	122,324

(c) *Interest expense*

	2020 US$	2019 US$
Interest expense on lease liabilities	**2,535**	3,739

(d) *Lease expense not capitalised in lease liabilities*

	2020 US$	2019 US$
Lease expense – short-term leases	**42,913**	31,952

(e) Total cash outflow for the leases excluding short-term leases in 2020 is US$44,582 (2019: US$124,256).

(f) Addition of ROU assets during the financial year 2020 was US$34,006 (2019: US$246,035).

(g) Disposal of ROU assets during the financial year 2020 was US$25,684 (2019: US$159,365) as the lease contract was terminated.

(h) *Future cash outflow which are not capitalised in lease liabilities*

The leases contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group not reasonably certain to exercise these exercise option. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The extension options are exercisable by the Group and not by the lessor.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

17. LEASES – THE GROUP AND THE COMPANY AS A LESSEE (CONTINUED)

Nature of the Company's leasing activities – Company as a lessee

The Company leases office space for the purpose of back office operations.

There is no externally imposed covenant on the lease arrangements.

(a) Carrying amounts

ROU assets classified within property, plant and equipment

	2020 US$	2019 US$
Leasehold property	**37,576**	75,396

(b) Depreciation charged during the year

	2020 US$	2019 US$
Leasehold property	**37,564**	1,504

(c) Interest expense

	2020 US$	2019 US$
Interest expense on lease liabilities	**927**	102

(d) Total cash outflow for the leases excluding short-term leases in 2020 is US$36,051 (2019: US$1,556).

(e) There were no additions of ROU assets during the financial year (2019: US$75,886).

(f) Future cash outflow which are not capitalised in lease liabilities

The lease contain extension periods, for which the related lease payments had not been included in lease liabilities as the Company not reasonably certain to exercise these exercise option. The Company negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Company's operations. The extension option is exercisable by the Company and not by the lessor.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 US$	2019 US$	2020 US$	2019 US$
Trade payables to:				
– Non-related parties	**1,991,018**	823,310	**–**	–
Other payables to:				
– Non-related parties	**555,645**	646,915	**302,354**	424,100
– Subsidiaries	**–**	–	**705,488**	875,972
Remuneration payable to:				
– Directors	**87,627**	165,145	**87,627**	165,145
– Others	**164,958**	–	**164,958**	–
Amounts payable to non-controlling shareholder of subsidiaries	**7,581**	7,581	**–**	–
	2,806,829	1,642,951	**1,260,427**	1,465,217

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

19. ACCRUED OPERATING EXPENSES

	Group		Company	
	2020 US$	2019 US$	2020 US$	2019 US$
Accrued operating expenses for				
– Dead rent	**2,398,611**	1,926,329	**–**	–
– Professional fees	**388,149**	313,870	**327,193**	293,439
– Directors' fee	**301,104**	138,185	**299,591**	137,454
– Mining services	**137,149**	323,978	**–**	–
– Royalties	**868,189**	595,697	**–**	–
– Hauling services	**1,190,411**	76,531	**–**	–
– Rent of heavy equipment	**176,148**	46,610	**–**	–
– Interest expense	**84,765**	83,666	**–**	–
– Others	**454,314**	327,159	**86,122**	56,806
	5,998,840	3,832,025	**712,906**	487,699

During the duration of the licence (Note 13), the Company is required to pay rent ("dead rent") which is based on the number of hectares covered by the mining concession, as well as the stage of mining operations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

20. FINANCIAL LIABILITIES, AT AMORTISED COST

On 30 January 2020, the Company entered into separate convertible bond agreements with three subscribers, pursuant to which the Company proposes to issue to the subscribers convertible bonds of up to an aggregate S$25,000,000 in two tranches, namely Series A Bonds and Series B Bonds. Each convertible bond has a maturity date of 36 months from the date of relevant bonds have been issued or registered.

Upon entering into the convertible bond agreements, the subscribers have agreed to subscribe for Series A Bonds of an aggregate of S$5,000,000. Subsequently, the subscribers have the option to subscribe for Series B bonds of up to an aggregate of S$20,000,000 at any time on or before the maturity date of Series A Bonds.

On 26 March 2020, the Company has successfully issued Series A Bonds of S$2,000,000. The convertible bonds agreement with one of the subscribers, amounted to S$3,000,000 had lapsed on 30 September 2020. As such, the total amount of subscription under Series A Bonds is S$2,000,000.

The interest free Series A Bonds are due for repayment three years from the issue and register date or may be converted into duly authorised, validly issued, fully paid and unencumbered conversion shares at the option of the holders at the rate of S$0.015 per share, at any time on or before the 25 March 2023 ("the first maturity date"). The bondholder shall have the sole and absolute discretion to extend the redemption date for a further 12 months from the expiry of the first maturity date ("extended maturity date").

In relation to the convertible bond agreement, the Company also entered into a bond referral agreement with another external party (the "referrer"), pursuant to which the referrer is entitled to a referral fee equivalent to 10% of the principal amount of Series A and Series B Bonds subscribed, payable by the issue of new shares at an issue price of S$0.015 per share ("referral shares") (Note 26).

Group and Company	**2020 US$**
Face value of convertible bonds issued	**1,404,593**
Less: financial liabilities, at FVPL (Note 21)	**(666,526)**
Financial liabilities, at amortised cost at initial recognition	**738,067**
Accumulated amortisation of interest expense (Note 5)	**137,790**
Currency translation differences	**61,560**
Financial liabilities, at amortised cost at end of financial year	**937,417**

The interest accrued is calculated by applying an effective interest rate of 24% per annum to the financial liabilities, at amortised cost.

Management estimates that the carrying amount of the financial liabilities, at amortised cost of the convertible bonds approximates its fair value as at 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

21. FINANCIAL LIABILITIES, AT FVPL

Financial liabilities, at FVPL are in relation to options granted in connection to the issuance of the convertible bonds (Note 20). The movement for the financial year is set out as below:

Group and Company	2020 US$
Beginning of financial year	–
Additions (Note 20)	**666,526**
Fair value losses	**378,665**
Currency translation differences	**67,837**
End of financial year	**1,113,028**

The estimate of the fair value of the conversion option is measured based on the binomial option pricing model. Details of the assumptions in measuring the financial liabilities, at FVPL are as follows:

Group and Company

Date of valuation	31 December 2020	26 March 2020
Share price (S$)	**0.016**	**0.011**
Exercise price (S$)	**0.015**	**0.015**
Expected volatility (%)	**125**	**142**
Risk free rate (%)	**0.34**	**0.99**

22. PROVISIONS

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

	Group	
	2020 US$	2019 US$
Beginning of financial year	**221,465**	110,972
Provision for the financial year	**277,489**	105,761
Currency translation differences	**(999)**	4,732
End of financial year	**497,955**	221,465

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

23. LOANS FROM SHAREHOLDERS

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

On 20 March 2020, the shareholders entered into a sixth supplemental deed to the shareholders' loan agreements where the Lenders agreed that they would not demand for repayment of all or any part of the loans from shareholders to 31 March 2022 ("Non-Repayment Period").

The Group currently has a remaining undrawn facility amount of approximately US$35.8 million on the loans from shareholders. The carrying value of loans from shareholders approximate its fair value. The fair values are determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the balance sheet date of 13.7% (2019: 6.6%) which the directors expect to be available to the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

24. OTHER NON-CURRENT LIABILITIES

	Group 2020 US$	Group 2019 US$
Defined pension obligation for:		
– Obligations recognised in balance sheet	**98,501**	153,542
– Expenses charged to profit or loss (Note 6)	**18,479**	68,872
– Remeasurement recognised in other comprehensive loss	**(71,980)**	–
– Currency translation differences recognised in other comprehensive loss	**(1,540)**	–

The movement in the defined benefit obligation is as follows:

	Present value of obligation US$
Group	
At 1 January 2020	**153,542**
Current service cost	**13,299**
Interest expense	**5,180**
	172,021
Actuarial loss recognised in other comprehensive loss	**(71,980)**
Currency translation differences	**(1,540)**
As 31 December 2020	**98,501**
Group	
At 1 January 2019	83,279
Current service cost	63,632
Interest expense	5,240
	152,151
Currency translation differences	4,754
Payment from plans:	
– Benefits payments	(3,363)
As 31 December 2019	153,542

The significant actuarial assumptions used were as follows:

Group	2020	2019
Discount rate	**6.4%**	8.1%
Salary growth rate	**5.0%**	5.0%

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

24. OTHER NON-CURRENT LIABILITIES (CONTINUED)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Group		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.0%	Decrease by 7.20%	Increase by 8.31%
Salary growth rate	1.0%	Increase by 8.31%	Decrease by 7.33%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the pension liability recognised within the balance sheet.

The methods and type of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

25. BORROWINGS

	Group		Company	
	2020 US$	2019 US$	2020 US$	2019 US$
Current				
Borrowings	**340,925**	2,843,682	**–**	–
Lease liabilities	**64,011**	65,506	**36,591**	36,941
	404,936	2,909,188	**36,591**	36,941
Non-current				
Lease liabilities	**11,173**	38,592	**–**	35,936
Total borrowings	**416,109**	2,947,780	**36,591**	72,877

The Group borrowings comprise fixed rate loan, profit sharing loan and factoring arrangement.

The fixed rate loan is unsecured, bears interest at 2% per month in the financial year 2019 and has been fully repaid during the financial year ended 31 December 2020.

The profit sharing is an unsecured loan facility denominated in IDR of up to approximately equivalent of US$3,600,000 and can be drawn down based on the working capital required for the production. The interest is calculated based on 50% of net profit of each shipment as defined in the loan agreement. The Group will repay the amount drawn down and interest upon the collection of sales proceeds. As of 31 December 2020, there were no amounts drawn down (2019: US$29,699).

During the year, the Group has entered into a factoring agreement with a financial institution in which certain accounts receivables were transferred with recourse to the financial institution. The factoring arrangement is a secured facility denominated in IDR of up to approximately equivalent of US$3,600,000. Under the factoring arrangement, the financial institution pays an amount net of discount to the Group and collects the factored accounts receivables balances directly from customers. The discount cost is 9.25% (2019: 9.5%) of the balance transferred and is included in "finance cost".

For the year ended 31 December 2020, the Group has received proceeds from the sales of account receivables amounting to US$309,389 (2019: US$2,546,655).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

26. SHARE CAPITAL

	No. of ordinary shares issued Company & Group	Amount of share capital US$ Group	Amount of share capital US$ Company
2020			
Beginning of financial year	1,003,743,770	56,312,822	171,410,017
Issuance of referral shares	13,333,333	140,459	140,459
End of financial year	1,017,077,103	56,453,281	171,550,476
2019			
Beginning of financial year	936,610,437	55,619,594	170,716,789
Issuance of placement shares	63,333,333	693,228	693,228
Shares issued as share awards	3,800,000	–	–
End of financial year	1,003,743,770	56,312,822	171,410,017

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

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

27. OTHER RESERVE

	Group		Company	
	2020 US$	2019 US$	2020 US$	2019 US$
Capital reserve	**2,042,987**	1,318,479	**–**	–
Employee defined benefits reserve	**71,260**	–	**–**	–
Share awards reserve	**296,169**	296,169	**296,169**	296,169
	2,410,416	1,614,648	**296,169**	296,169

Capital reserve represents a fair value adjustment, being the difference between the loans received from shareholders and fair value of the loans computed as a transaction with shareholders in the Group's statement of changes in equity as at 31 December 2020.

Employee defined benefits reserve represents the remeasurement of defined benefit obligation. Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive loss as other reserve in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to income statement in subsequent periods.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

27. OTHER RESERVE (CONTINUED)

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

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

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

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

	Group and Company	
	2020	**2019**
Beginning of financial year	**–**	3,800,000
Granted	**–**	–
Forfeited	**–**	–
Issued	**–**	(3,800,000)
End of financial year	**–**	–

28. ACCUMULATED LOSSES

Movement in accumulated losses for the Company is as follows:

	Company	
	2020	**2019**
	US$	**US$**
Beginning of financial year	**(174,089,408)**	(172,792,729)
Net loss	**(1,702,850)**	(1,296,679)
End of financial year	**(175,792,258)**	(174,089,408)

29. GENERAL RESERVE

The Limited Liability Company Law of the Republic of Indonesia No. 40/2007, introduced in August 2007, requires the establishment of a general reserve from net profits amounting to at least 20% of a company's issued and paid up capital. There is no set period of time over which this reserve should be established. As at 31 December 2020, the Group has not yet established a general reserve, as it has accumulated losses rather than profits.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

30. FAIR RISK VALUE OF FINANCIAL INSTRUMENTS

Fair value measurements

The Group and the Company category fair value measurements for financial liabilities, by the levels in the fair value hierarchy based on the inputs to valuation techniques. The different levels are defined as follows:

(i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

(ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(iii) Level 3 – Unobservable inputs for the asset or liability.

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Group and Company	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
31 December 2020				
Liabilities				
Financial liabilities, at FVPL (Note 21)	–	1,113,028	–	1,113,028

Level 2 fair value measurement

Convertible bonds are determined based on binomial option pricing model. These quotes are tested for reasonableness by using a valuation technique with market observable inputs such as equity quoted prices at reporting date.

There is no financial liabilities classified under Level 1 and Levels 3 and there were no transfer of investments among different levels during the financial period.

31. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

(a) Market risk

(i) Currency risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	SGD US$	USD US$	IDR US$	Total US$
At 31 December 2020				
Financial assets				
Cash and cash equivalents	302,581	11,747	125,687	440,015
Restricted cash	–	–	75,427	75,427
Inter-group receivables	1,478,488	1,798,506	3,211,348	6,488,342
Trade and other receivables	20,305	–	4,061,497	4,081,802
Deposits	6,506	–	–	6,506
	1,807,880	1,810,253	7,473,959	11,092,092
Financial liabilities				
Trade and other payables	(88,972)	(475,302)	(2,059,643)	(2,623,917)
Accrued operating expenses	(911,554)	(559,745)	(4,527,541)	(5,998,840)
Inter-group payables	(1,473,020)	(1,745,724)	(2,506,545)	(5,725,289)
Loans from shareholders	–	(3,550,667)	–	(3,550,667)
Financial liabilities, at amortised cost	(937,417)	–	–	(937,417)
Financial liabilities, at FVPL	(1,113,028)	–	–	(1,113,028)
Borrowings	(36,590)	–	(379,519)	(416,109)
	(4,560,581)	(6,331,438)	(9,473,248)	(20,365,267)
Net financial liabilities	(2,752,701)	(4,521,185)	(1,999,289)	(9,273,175)
Financial assets denominated in the respective entities' functional currencies	2,211,704	1,117,131	1,533,859	4,862,694
Currency exposure of financial liabilities, net of those denominated in the respective entities' functional currencies	(540,997)	(3,404,054)	(465,430)	(4,410,481)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD US$	USD US$	IDR US$	Total US$
At 31 December 2019				
Financial assets				
Cash and cash equivalents	1,528	2,573	85,031	89,132
Restricted cash	–	–	185,534	185,534
Inter-group receivables	1,269,056	1,798,745	3,233,757	6,301,558
Trade and other receivables	33,423	–	4,832,418	4,865,841
Deposits	9,912	–	–	9,912
	1,313,919	1,801,318	8,336,740	11,451,977
Financial liabilities				
Trade and other payables	(393,553)	(268,494)	(871,721)	(1,533,768)
Accrued operating expenses	(551,252)	(566,814)	(2,713,959)	(3,832,025)
Inter-group payables	(716,908)	(1,745,724)	(3,277,756)	(5,740,388)
Loans from shareholders	–	(3,895,589)	–	(3,895,589)
Borrowings	(72,877)	–	(2,874,903)	(2,947,780)
	(1,734,590)	(6,476,621)	(9,738,339)	(17,949,550)
Net financial liabilities	(420,671)	(4,675,303)	(1,401,599)	(6,497,573)
Financial (liabilities)/assets denominated in the respective entities' functional currencies	(272,556)	1,200,147	(2,354,893)	(1,427,302)
Currency exposure of financial liabilities, net of those denominated in the respective entities' functional currencies	(693,227)	(3,475,156)	(3,756,492)	(7,924,875)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	SGD US$	USD US$	IDR US$	Total US$
At 31 December 2020				
Financial assets				
Cash and cash equivalents	301,122	–	–	301,122
Other receivables	995,690	–	36,325	1,032,015
Deposits	6,506	–	–	6,506
	1,303,318	–	36,325	1,339,643
Financial liabilities				
Other payables	(90,622)	(1,140,784)	(29,021)	(1,260,427)
Accrued operating expenses	(712,906)	–	–	(712,906)
Financial liabilities, at amortised cost	(937,417)	–	–	(937,417)
Financial liabilities, at FVPL	(1,113,028)	–	–	(1,113,028)
Lease liabilities	(36,591)	–	–	(36,591)
	(2,890,564)	(1,140,784)	(29,021)	(4,060,369)
Net financial (liabilities)/assets	(1,587,246)	(1,140,784)	7,304	(2,720,726)
Financial liabilities denominated in the entity's' functional currency	(298,242)	–	–	(298,242)
Currency exposure of financial (liabilities)/assets, net of those denominated in the entity's functional currency	(1,885,488)	(1,140,784)	7,304	(3,018,968)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD US$	USD US$	IDR US$	Total US$
At 31 December 2019				
Financial assets				
Cash and cash equivalents	1,528	–	–	1,528
Other receivables	806,899	–	36,487	843,386
Deposits	9,623	–	–	9,623
	818,050	–	36,487	854,537
Financial liabilities				
Other payables	(503,335)	(930,283)	(31,599)	(1,465,217)
Accrued operating expenses	(487,699)	–	–	(487,699)
Lease liabilities	(72,877)	–	–	(72,877)
	(1,063,911)	(930,283)	(31,599)	(2,025,793)
Net financial (liabilities)/assets	(245,861)	(930,283)	4,888	(1,171,256)
Financial assets/(liabilities) denominated in the entity's' functional currency	245,861	–	–	245,861
Currency exposure of financial (liabilities)/assets, net of those denominated in the entity's functional currency	–	(930,283)	4,888	(925,395)

If the SGD, USD and IDR change against the respective functional currencies by 5% (2019: 5%), 5% (2019: 5%) and 5% (2019: 5%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	Increase/(Decrease) 2020 Loss after tax	2019 Loss after tax
Group		
SGD		
– Strengthened	**22,451**	28,769
– Weakened	**(22,451)**	(28,769)
USD		
– Strengthened	**141,268**	144,219
– Weakened	**(141,268)**	(144,219)
IDR		
– Strengthened	**19,315**	155,894
– Weakened	**(19,315)**	(155,894)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

	Increase/(Decrease) 2020 Loss after tax	2019 Loss after tax
Company		
USD		
– Strengthened	**47,343**	38,607
– Weakened	**(47,343)**	(38,607)
IDR		
– Strengthened	**(303)**	(203)
– Weakened	**303**	203

(ii) Price risk

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

(iii) Interest rate risk

The Group and Company have insignificant exposure to interest rate risk as at 31 December 2020 and 2019.

(b) Credit risk

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

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

Coal sales to customers are required to be settled in cash, mitigating credit risk. The Group has significant credit exposure to one counterparty which comprised 66% (2019: 92%) of the total trade and other receivables as at 31 December 2020. The directors are of the opinion that the amounts are fully recoverable.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(i) Trade receivables

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

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

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

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

The Group's credit risk exposure in relation to trade receivables under SFRS(I) 9 as at 31 December 2020 and as at 31 December 2019 are set out in the provision matrix as follows:

		Past due				
Group	**Current US$**	**Within 30 days US$**	**30 to 60 days US$**	**60 to 90 days US$**	**More than 90 days US$**	**Total US$**
2020						
Expected loss rate	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Trade receivables	**3,089,586**	**54,363**	**16,572**	**280**	**72,861**	**3,233,662**
Loss allowance	**–**	**–**	**–**	**–**	**–**	**–**
2019						
Expected loss rate	0%	0%	0%	0%	99%	0%
Trade receivables	4,647,778	–	22,083	131,228	3,415	4,804,504
Loss allowance	–	–	–	–	(3,370)	(3,370)

(ii) Impairment of financial assets

The Company's other receivables due from subsidiaries of US$23,191,232 (2019: US$22,918,632) as at 31 December 2020 is subject to more than immaterial credit losses where the expected credit loss model has been applied.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

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

	Less than 1 year US$	Between 1 and 2 years US$	Between 2 and 5 years US$	Over 5 years US$
Group				
At 31 December 2020				
Trade and other payables	**2,623,917**	**–**	**–**	**–**
Accrued operating expenses	**5,998,840**	**–**	**–**	**–**
Borrowings	**340,925**	**–**	**–**	**–**
Lease liabilities	**65,978**	**11,299**	**–**	**–**
Financial liabilities, at amortised cost	**–**	**–**	**937,417**	**–**
Financial liabilities, at FVPL	**–**	**–**	**1,113,028**	**–**
Loans from shareholders	**–**	**4,184,847**	**–**	**–**
At 31 December 2019				
Trade and other payables	1,533,768	–	–	–
Accrued operating expenses	3,832,025	–	–	–
Borrowings	2,843,682	–	–	–
Lease liabilities	65,732	37,708	1,162	–
Loans from shareholders	–	4,184,847	–	–
Company				
At 31 December 2020				
Trade and other payables	**1,260,427**	**–**	**–**	**–**
Accrued operating expenses	**712,906**	**–**	**–**	**–**
Lease liabilities	**36,924**	**–**	**–**	**–**
Financial liabilities, at amortised cost	**–**	**–**	**937,417**	**–**
Financial liabilities, at FVPL	**–**	**–**	**1,113,028**	**–**
At 31 December 2019				
Trade and other payables	1,465,217	–	–	–
Accrued operating expenses	487,699	–	–	–
Lease liabilities	37,893	36,254	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk

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

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

	Group	
	2020	**2019**
	US$	**US$**
Net debt	**14,382,875**	12,229,213
Total equity	**(9,854,245)**	(6,571,008)
Total capital	**4,528,630**	5,658,205
Gearing ratio	**318%**	216%

	Company	
	2020	**2019**
	US$	**US$**
Net debt	**3,759,247**	2,024,265
Total equity	**(3,564,135)**	(1,901,858)
Total capital	**195,112**	122,407
Gearing ratio	**1,927%**	1,654%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2019 and 2020.

(e) Financial instruments by category

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

	Group	
	2020	**2019**
	US$	**US$**
Financial assets, at amortised cost	**4,603,750**	5,150,419
Financial liabilities, FVPL	**1,113,028**	–
Financial liabilities, at amortised cost	**13,526,950**	12,209,162

	Company	
	2020	**2019**
	US$	**US$**
Financial assets, at amortised cost	**307,628**	11,151
Financial liabilities, FVPL	**1,113,028**	–
Financial liabilities, at amortised cost	**2,947,341**	2,025,796

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

32. RELATED PARTY TRANSACTIONS

(a) There were no transactions between the Group and any related party during the year (2019: US$ Nil):

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2020	**2019**
	US$	**US$**
Wages and salaries	**347,259**	552,868
Share-based payments	**–**	46,809
Employer's contribution to defined contribution plans, including Central Provident Fund	**–**	8,270
	347,259	607,947

33. SEGMENT INFORMATION

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

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

34. EVENTS OCCURRING AFTER BALANCE SHEET DATE

(a) On 31 March 2021, the shareholders entered into a seventh supplemental deed to the shareholders' loan agreements with subsidiaries dated on 20 December 2012 and 26 March 2013 to extend the Non-Repayment Period to 31 March 2023. Refer to Note 23 of the financial statements.

(b) The Company has received a letter of intent dated 27 June 2020 from S Lad Group for a proposed strategic collaboration on the Group's mining assets and an acquisition of the Company ("Possible Transaction"). The letter of intent is intended to be a basis for further negotiations between the Company and S Lad Group and does not constitute any legally binding obligations on the Parties. The Company is in the process of terminating the Possible Transaction.

(c) On 5 April 2021, the Company has entered into a non-binding term sheet with MGL Development Pte. Ltd. (the "Vendor") to acquire the entire issued and paid-up share capital of Tengri Coal and Energy Pte. Limited (the "Target"). This acquisition (the "Proposed Acquisition"), if undertaken and completed, is expected to result in a reverse takeover of the Company. The Target holds assets with interests in coal mines and power plants in Mongolia. The indicative ascribed value of the Target and the Company in the Proposed Acquisition is S$1 billion and S$202.5 million, respectively. The valuations shall be subject to adjustments following independent assessments by an independent valuer. The Company is in the midst of negotiating a definitive agreement with the Vendor.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

35. NEW OR REVISED ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS

The Group has not early adopted any mandatory standards, amendments and interpretations to existing standards that have been published but are only effective for the Group's accounting periods beginning on or after 1 January 2021. However, management anticipates that the adoption of these standards, amendments and interpretations will not have a material impact on the financial statements of the Group in the period of their initial adoption.

36. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of BlackGold Natural Resources Limited on 6 May 2021.

SHAREHOLDINGS STATISTICS

As at 20 April 2021

No of issued shares	–	1,017,077,103
No of Treasury Shares Held	–	Nil
No of Subsidiary Holdings Held	–	Nil
Class of Shares	–	Ordinary shares
Voting Rights	–	On a show of hands: 1 vote On a poll: 1 vote for each ordinary share

Shareholdings Held in Hands of Public

As at 20 April 2021, approximately 71% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited has been complied with.

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	3	0.19	32	0.00
100 – 1,000	349	22.06	118,579	0.01
1,001 – 10,000	209	13.21	1,191,058	0.12
10,001 – 1,000,000	940	59.42	181,832,900	17.88
1,000,001 and above	81	5.12	833,934,534	81.99
	1,582	**100.00**	**1,017,077,103**	**100.00**

TOP 20 SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	UOB Kay Hian Pte Ltd	303,398,824	29.83
2	BNP Paribas Nominees Singapore Pte Ltd	89,662,556	8.82
3	DBS Nominees Pte Ltd	79,541,085	7.82
4	Tan Chin Chai	35,067,200	3.45
5	Phillip Securities Pte Ltd	28,165,700	2.77
6	Yao Hsiao Tung	21,800,000	2.14
7	Ng Sok Meng Evelyn	18,048,900	1.77
8	OCBC Securities Private Ltd	17,319,009	1.70
9	United Overseas Bank Nominees Pte Ltd	12,843,700	1.26
10	Raffles Nominees (Pte) Ltd	9,668,800	0.95
11	CGS-CIMB Securities (S) Pte Ltd	9,426,300	0.93
12	NCL Housing Pte Ltd	8,500,000	0.84
13	Wong Chi Wai Roy (Huang Zhiwei)	8,500,000	0.84
14	OCBC Nominees Singapore Pte Ltd	8,154,200	0.80
15	Goh Guan Siong (Wu Yuanxiang)	8,098,800	0.80
16	Ng Kah Chuan	7,500,000	0.74
17	Lin Guan Yu @Jerry Lum	7,345,800	0.72
18	Ian Frederick	6,300,000	0.62
19	Wong Yat Foo	6,000,000	0.59
20	IFast Financial Pte Ltd	5,696,900	0.56
		691,037,774	67.95

SHAREHOLDINGS STATISTICS

As at 20 April 2021

SUBSTANTIAL SHAREHOLDERS (as shown in the register of substantial shareholders)

	Direct Interest		Deemed Interest	
Name of Substantial Shareholder	**No. of Shares**	**%**	**No. of Shares**	**%**
1. Rockfield Lake Limited	105,386,197	10.36	–	–
2. Lerman Ambarita[1]	–	–	105,386,197	10.36
3. Twin Gold Ventures S.A.	96,074,260	9.45	–	–
4. Sujono Hadi Sudarno[2]	–	–	103,058,067[3]	10.13[3]
5. Sudiarso Prasetio	82,162,556	8.08	–	–

Notes:

1. Lerman Ambarita is deemed interested in 105,386,197 Shares held by Rockfield Lake Limited.
2. Sujono Hadi Sudarno is deemed interested in 96,074,260 Shares held by Twin Gold Ventures S.A. and 6,983,807 Shares held by Cerenti Investments Ltd.
3. As at 26 April 2021, due to disposal of 6,983,807 shares made by Cerenti Investments Ltd, Sujono Hadi Sudarno deemed interest had changed from 103,058,067 (10.13%) to 96,074,260 (9.45%).

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of BLACKGOLD NATURAL RESOURCES LIMITED (the "**Company**", and together with its subsidiaries, the "**Group**") will be held by way of electronic means on Friday, 21 May 2021 at 10.00 a.m., for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2020, the Directors' Statement and the Independent Auditor's Report thereon.
(Resolution 1)

2. To re-elect Mr Lim Chee San, a Director of the Company retiring pursuant to Article 94 of the Constitution of the Company and who, being eligible, offer himself for re-election, as a Director of the Company. *[See Explanatory Note I]*
(Resolution 2)

3. To re-elect Mr Chng Hee Kok, a Director of the Company retiring pursuant to Article 94 of the Constitution of the Company and who, being eligible, offer himself for re-election, as a Director of the Company. *[See Explanatory Note II]*
(Resolution 3)

4. To approve Directors' fees of up to S$245,000 (2020: S$396,000) for the financial year ending 31 December 2021 ("**FY2021**") to be payable on an annual basis.
(Resolution 4)

5. To approve additional Directors' fees amounting to S$120,000 for the financial year ended 31 December 2020 ("**FY2020**") to be payable on an annual basis.
(Resolution 5)

6. To re-appoint Messrs PKF-CAP LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.
(Resolution 6)

7. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

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

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

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

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

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

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

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

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

(b) new Shares arising from exercising share options or vesting of share awards outstanding, provided the options or awards were granted in compliance with the provisions of the Catalist Rules; and

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

provided that adjustments in accordance with (a) and (b) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

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

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

(Resolution 7)

NOTICE OF ANNUAL GENERAL MEETING

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

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

   (Resolution 8)

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

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

   (Resolution 9)

BY ORDER OF THE BOARD

Nor Hafiza Alwi
Company Secretary

SINGAPORE
6 May 2021

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

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

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

Detailed information (including information as required pursuant to Rule 720(5) of the Catalist Rules) on the abovementioned Directors who are proposed to be re-elected at the AGM of the Company can be found in the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Company's Annual Report 2020.

III. Resolution 7, if passed, will authorise and empower the Directors of the Company from the date of the AGM until the next AGM of the Company, or the date by which the next AGM is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to issue Shares and to make or grant convertible securities convertible into Shares, and to issue Shares in pursuance of such instruments, up to an amount not exceeding in aggregate 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company of which the total number of Shares and convertible securities issued other than on a pro-rata basis to existing Shareholders shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed, for such purposes as they consider would be in the interests of the Company.

IV. Resolutions 8 and 9 if passed, will empower the Directors of the Company from the date of the AGM of the Company until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares pursuant to the exercise of options and vesting of awards under the ESOS and ESAS respectively, when added to the number of Shares issued and issuable under other share-based incentives schemes or share plans of the Company shall not exceed fifteen percent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) from time to time.

Notes:

1. The AGM will be convened and held, by electronic means pursuant to the **COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020**. A printed copy of this Notice will not be despatched to members. This Notice has been made available on SGXNet and at the Company's website at http://blackgold.listedcompany.com/newsroom.html.

2. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM to be held on Friday, 21 May 2021 at 10.00 a.m. are set out in the Company's announcement dated 6 May 2021 ("**Announcement**"), which has been uploaded together with this Notice of AGM on SGXNet. The Announcement may also be accessed at the URL: http://blackgold.listedcompany.com/newsroom.html.

   In particular, the AGM will be held by way of electronic means and a member of the Company will be able to observe the proceedings of the AGM through a "live" webcast ("**LIVE AGM WEBCAST**") via mobile phones, tablets or computers with an internet connection or listen to these proceedings through a "live" audio feed ("**AUDIO ONLY MEANS**") via telephone. In order to do so, a member of the Company who wishes to watch the LIVE AGM WEBCAST or listen via the AUDIO ONLY MEANS must pre-register and provide their email address by 18 May 2021 at 10.00 a.m. ("**Registration Deadline**") (being not less than 72 hours before the time appointed for holding the AGM) at the URL: https://blackgoldagm.listedcompany.com/agm-2021/registration ("**AGM Webcast Registration and Q&A Link**"). Following the authentication of status as members of the Company, authenticated members will receive email instructions on how to access the LIVE AGM WEBCAST and AUDIO ONLY MEANS to observe the proceedings of the AGM by 19 May 2021.

NOTICE OF ANNUAL GENERAL MEETING

A member of the Company who pre-registers to watch the LIVE AGM WEBCAST or listen to the AUDIO ONLY MEANS may also submit questions related to the resolutions to be tabled for approval at the AGM via the AGM Webcast Registration and Q&A Link by the Registration Deadline (being not less than 72 hours before the time appointed for holding the AGM).

3. Due to the current Covid-19 restriction orders in Singapore, a member of the Company will not be able to attend the AGM in person. If any members of the Company (whether individual or corporate) wishes to exercise their voting rights at the AGM, they must appoint the Chairman of the AGM as their proxy to attend, speak and vote on their behalf at the AGM.

   In appointing the Chairman of the Meeting as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid. The accompanying proxy form for the AGM may be accessed at the Company's corporate website at the URL: http://blackgold.listedcompany.com/newsroom.html and has also been uploaded together with the Announcement on SGXNet.

4. The Chairman of the AGM, as proxy, need not be a member of the Company.

5. The instrument appointing the Chairman of the AGM as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or notarial certified copy thereof, must be sent to the Company in the following manner:

   (a) If sent by post, be lodged and received at the office of the Company's Share Registrar, M&C Services Pte. Ltd. at 112 Robinson Road #05-01, Singapore 068902; or

   (b) If submitted by email, be received as a clear readable image by the Company's Share Registrar, M&C Services Pte. Ltd, at the email address gpb@mncsingapore.com.

   in either case, by no later than 10.00 a.m. on 19 May 2021 (being not less than 48 hours before the time appointed for holding the AGM) and in default the instrument shall not be treated as valid.

   In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult for members of the Company to submit completed proxy forms by post, members of the Company are strongly encouraged to submit completed proxy forms electronically via email.

6. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer, failing which the instrument of proxy may be treated as invalid.

7. For investors who hold shares through relevant intermediaries, including CPF and SRS investors, who wish to appoint the Chairman of the AGM as proxy should contact their relevant intermediaries (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks and SRS Operators) through which they hold such shares, to submit their votes at least seven (7) working days before the AGM.

Personal data privacy:

By submitting (a) a proxy form appointing the Chairman of the AGM as proxy to vote at the AGM and/or any adjournment thereof, or (b) Shareholder particulars for pre-registration to participate in the AGM via LIVE AGM WEBCAST or AUDIO ONLY MEANS, or (c) submitting any question prior to the AGM in accordance with this Notice of AGM or the Announcement, a Shareholder (i) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty; and (ii) consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents, advisers or service providers, as the case may be) for the following purposes:

(i) processing and administration by the Company (or its agents, advisers or service providers) of proxy forms appointing the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof);

(ii) processing of pre-registration for participation at the AGM for purpose of granting access to Shareholders to the LIVE AGM WEBCAST or AUDIO ONLY MEANS and providing them with any technical assistance where necessary;

NOTICE OF ANNUAL GENERAL MEETING

(iii) addressing relevant and substantial questions related to the resolutions to be tabled for approval at the AGM from members received before the AGM and if necessary, following up with the relevant members in relation to such questions;

(iv) preparation and compilation of the attendance list, proxy lists, minutes and other documents relating to the Meeting (including any adjournment thereof); and

(v) enabling the Company (or its agents, advisers or service providers, as the case may be) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

Sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes of the AGM. Accordingly, the personal data of a member (such as name, presence at the AGM and any questions raised or motions proposed/seconded) may be recorded by the Company for such purposes.

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

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

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

PROXY FORM

ANNUAL GENERAL MEETING

This proxy form has been made available on SGXNet and the Company's website and may be accessed at the URL http://blackgold.listedcompany.com/newsroom.html. A printed copy of this proxy form will NOT be despatched to members of the Company.

IMPORTANT:

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM are set out in the Company's announcement dated 6 May 2021 ("**Announcement**") which has been uploaded together with the Notice of AGM dated 6 May 2021 on SGXNET on the same day. The Announcement may also be accessed at the Company's corporate website at the URL: http://blackgold.listedcompany.com/newsroom.html.
2. A Shareholder will not be able to attend the AGM in person. If a Shareholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a Shareholder (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will not be treated as valid.
3. For CPF/SRS Investors who have used their CPF/SRS moneys to buy shares in BlackGold Natural Resources Limited, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS Investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

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

of ____ (Address)

being a Member/Members* of **BLACKGOLD NATURAL RESOURCES LIMITED** ("**Company**"), hereby appoint the Chairman of the AGM of the Company, as my/our* proxy to vote for me/us* on my/our* behalf at the AGM to be held by way of electronic means (via LIVE AGM WEBCAST and/or AUDIO ONLY MEANS) on **Friday, 21 May 2021 at 10.00 a.m.** and at any adjournment thereof. I/We* direct the Chairman of the AGM to vote for or against, or abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the appointment of the Chairman of the AGM as my/our* proxy will be treated as invalid.

All resolutions put to the vote at the AGM shall be decided by way of poll.

If you wish to exercise all your votes "For" or "Against", or "Abstain" the relevant Resolutions, please mark an "X" in the appropriate box provided. Alternatively, please indicate the number of votes "For" or "Against", or "Abstain" each Resolution in the boxes provided as appropriate. If you mark an "X" in the abstain box for a particular Resolution, you are directing your proxy, who is the Chairman of the AGM, not to vote on that Resolution

No.	Resolutions	For	Against	Abstain
	Ordinary Business			
1	To receive and adopt the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2020, the Directors' Statement and the Independent Auditors Report thereon.			
2	To re-elect Mr Lim Chee San, a Director retiring under Article 94 of the Constitution of the Company.			
3	To re-elect Mr. Chng Hee Kok, a Director retiring under Article 94 of the Constitution of the Company.			
4	To approve Directors' fees of up to S$245,000 (2020: S$396,000) for the financial year ending 31 December 2021 ("**FY2021**") to be payable on an annual basis.			
5	To approve additional Directors' fees amounting to S$120,000 for the financial year ended 31 December 2020 ("**FY2020**") to be payable on an annual basis.			
6	To re-appoint Messrs PKF-CAP LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.			
	Special Business			
7	Authority to allot and issue Shares and convertible securities.			
8	Authority to grant share options and issue Shares under the BlackGold Employee Share Option Scheme.			
9	Authority to grant share awards and issue Shares under the BlackGold Share Award Scheme.			

Dated this ________ day of ______________ 2021

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

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

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES FOR PROXY FORM OVERLEAF

NOTES FOR PROXY FORM

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

2. **Due to current Covid-19 situation and the Company's effort to minimise physical interactions and Covid-19 transmission risk to minimum, the AGM will be held by way of electronic means and members will NOT be able to attend the AGM in person. A member (whether individual or corporate) will also not be able to vote "live" on the resolutions to be tabled for approval at the AGM. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.**

3. A Shareholder will not be able to attend the AGM in person. If a Shareholder (whether individual or corporate) wishes to exercise their voting rights at the AGM, they must appoint the Chairman of the AGM as their proxy to attend, speak and vote on their behalf at the AGM. In appointing the Chairman of the AGM as proxy, a Shareholder (whether individual or corporate) must give specific instructions as to voting), or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid. **Printed copies of the Notice of AGM and this form of proxy will not be sent to members.**

4. The instrument appointing the Chairman of the AGM as proxy must be sent to the Company in the following manner:

   (a) If sent by post, be lodged and received at the office of the Company's Share Registrar, M&C Services Pte. Ltd. at 112 Robinson Road #05-01, Singapore 068902; or

   (b) If submitted by email, be received sent as a clear readable image by the Company's Share Registrar, M&C Services Pte. Ltd, at the email address gbp@mncsingapore.com.

   in either case, by no later than 10.00 a.m. on 19 May 2021 (being not less than 48 hours before the time appointed for holding the AGM, and in default the proxy form shall not be treated as valid.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Shareholders to submit completed proxy forms by post, Shareholders are strongly encouraged to submit completed proxy forms electronically via email

5. The Chairman of the AGM, as proxy, need not be a member of the Company.

6. For investors who hold shares through relevant intermediaries, including CPF and SRS investors, this proxy form is not valid for their use and shall be ineffective for all intents and purposes if used or purported to be used by them. Investors who wish to appoint the Chairman of the AGM as proxy should contact their relevant intermediaries (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks and SRS Operators) to submit their votes at least seven (7) working days before the AGM.

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

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

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of the AGM dated 6 May 2021.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Soh Sai Kiang
Independent Non-Executive Chairman

Andreas Rinaldi
Executive Director and Chief Executive Officer

Lim Chee San
Independent Director

Chng Hee Kok
Independent Director

Bangun Madong Parulian Samosir
Independent Director

AUDIT COMMITTEE

Lim Chee San, *Chairman*
Chng Hee Kok
Soh Sai Kiang

NOMINATING COMMITTEE

Soh Sai Kiang, *Chairman*
Chng Hee Kok
Lim Chee San

REMUNERATION COMMITTEE

Chng Hee Kok, *Chairman*
Lim Chee San
Soh Sai Kiang

COMPANY SECRETARY

Nor Hafiza Alwi

AUDITORS

PKF-CAP LLP
Public Accountants and Chartered Accountants
6 Shenton Way
OUE Downtown 1, #38-01
Singapore 068809

AUDIT PARTNER-IN-CHARGE

Lee Eng Kian
Appointed since the financial year
ended 31 December 2020

SHARE REGISTRAR

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

PRINCIPAL BANKERS

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

SPONSOR

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

REGISTERED OFFICE

7 Temasek Boulevard #08-07
Suntec Tower 1
Singapore 038987
Tel: (65) 6884 4418
Fax: (65) 6884 4406
Website: http://www.blackgold-group.com

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Natural Resources Limited

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