



 **BLACK GOLD**
Natural Resources Limited

FY2018

Sustainability Report

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Board Statement

The Board of BlackGold Natural Resources Limited is proud to present its second Sustainability Report since the release of our inaugural report on 26 December 2018. This report sets out our policies, practices and performance in relation to sustainability, and was prepared in accordance with the SGX Sustainability Reporting Guide and the Global Reporting Initiative (Core) Standards.

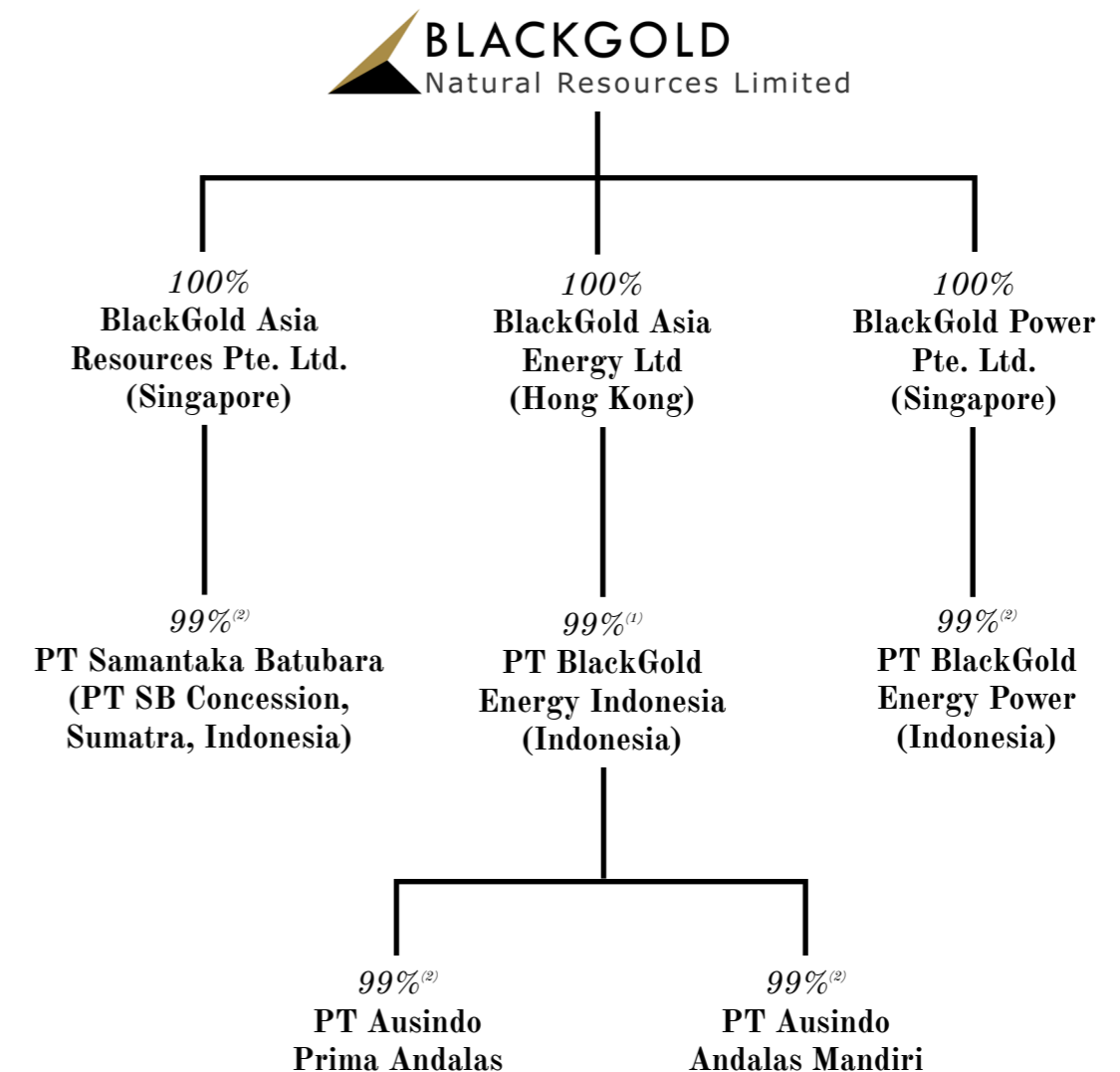
Indonesia is a nation rich in natural resources and has increasing energy demands to fuel the country's continued economic growth. Driven by Indonesia's economic progress, urbanisation and a growing middle class have accelerated the need for greater access to electricity across the archipelago. Demand for electricity is expected to rise, as the country's political and business leaders begin to prioritise energy, infrastructure and electrification, of which coal is an integral part of, in the immediate future.

At BlackGold, we believe in building a sustainable business that not only delivers long-term value to our stakeholders but one which commits to sustainable considerations to our mining practices. To be a part of the future of Indonesia's power generation, we must first protect its future.

Sustainability is at the heart of our business practices and operational considerations. We place health and safety as our utmost priority, ensuring that we are environmentally responsible in our operations and are committed to respecting human rights and supporting our host communities. As a partner in the communities in which we operate, we share stewardship of the environment, support local cultures and aim to make a positive impact, both socially and economically, in these communities.

BlackGold is committed to complying with the laws and regulations of the jurisdictions in which we operate. Where the local jurisdiction's regulatory requirements are less stringent than our own, we continue to uphold the Group's own standards of legal and regulatory compliance.

Group Structure



Notes:

1. 1.0% non-controlling interests held by PT Bahagia Sakti Makmur (Indonesia), an investment holding company incorporated in Indonesia to own 1.0% of PT BlackGold Energy Indonesia to comply with Indonesian laws, which require a minimum of 2 shareholders in a limited liability company.
2. 1.0% non-controlling interests held by PT Serasi Duta Pratama (Indonesia), an investment holding company incorporated in Indonesia to own 1.0% of PT Samantaka Batubara, PT Ausindo Andalas Mandiri, PT Ausindo Prima Andalas, and PT BlackGold Energy Power to comply with Indonesian laws, which require a minimum of 2 shareholders in a limited liability company.

Sustainability Governance

Sustainability is addressed at the highest levels at BlackGold. Our Board of Directors oversees the sustainability approach – assisting with governance and close monitoring. We believe a high standard of governance is critical to the implementation of our strategy, as well as the achievement of targets for long-term success.

The main duties of the Board include providing leadership on BlackGold’s overall strategy, taking into consideration any sustainability issues that may arise and ensure the adequacy of the Group’s framework for risk management and internal controls.

Our employees work closely with the Management to identify and manage material risks across our business activities, functions and processes through our internal risk management standards. This allows us to consistently apply a risk-based approach in our business considerations and operations. All material risks are assessed alongside careful consideration of the potential health, safety, environmental, community, reputational, legal and financial impacts. By incorporating risk management into all our work processes and critical business systems, we ensure that decisions are made based on relevant inputs and valid data.

The Audit Committee evaluates the design and effectiveness of our risk management processes and systems annually. These audit results are used to create detailed management plans to address and identify gaps. Key findings are then reported to the Board, which manages oversight of the Group’s systems of risk management. At the business unit level, economic, operational as well as health and safety issues and other risks are reported to, and reviewed by the Head of Mining Operations in the Indonesia office.

BOARD OF DIRECTORS

Philip Rickard
Executive Chairman and Chief Executive Officer

Jeremy Ng
Chief Financial Officer

Hanggono Sakti
Head of Exploration

Himawan Supryadi
Head of Mining Operations

About BlackGold

BlackGold Group (“**BlackGold**” or 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, through its subsidiaries in Indonesia, holds the rights to PT Samantaka Batubara (“**PT SB**”), a coal concession in Riau, a region rich in natural resources.

Capitalising on its core competencies in coal mining, the Group is able to tap into the regional coal demand via the strong support given by the Government of Indonesia for development of the country’s electrical power capacity.

Since 2017, the Group has been a member in the Association of Catalist Companies (“**ACC**”).

In FY2018, the Group recorded net revenue of US\$5,647,854, and produced approximately 92,320 metric tonnes of coal.

The Group is listed on the Catalist board of the Singapore Exchange Securities Trading under the stock code 4IH.

Our Mission

Our corporate mission is to support our shareholders, customers, employees and local communities in their endeavours to achieve economic and social prosperity; realising their goals through our sound business activities. A sound management style which places emphasis on integrity is the essence of BlackGold’s business philosophy.

Our Vision

Our vision is to be the region’s leading coal and energy provider, creating superior customer and shareholder value through innovation and cost efficiency, with responsible focus on health, safety and environmental considerations.

About The Report

This report has been prepared in accordance with the GRI Standards: Core option. The Group has selected the Global Reporting Initiative (the “**GRI**”) framework as the primary guideline for our sustainability reporting aside from the guidelines issued by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The reason for selecting the GRI framework is due to its internationally-recognised, well-structured guidance and universal application which allows the application of the relevant guidelines to all aspects of its current operations and countries in which the Group operates.

The scope of this report encompasses all business operations within the BlackGold Group (including its subsidiaries) boundary definition for the period 1 January to 31 December 2018. However, some of the matters addressed in the report are illustrated by developments and initiatives that have continued into 2019; we therefore believe that they are relevant to this report.

Although some indicators are applicable to all types of industries, the scope of this sustainability report will be unique to the BlackGold Group’s industry-specific concerns and risks. We will introduce new measurement indicators as they are accepted, from time to time.

For any queries pertaining to this report, please email us at contactus@blackgold-group.com.

Engaging Our Stakeholders

Here at BlackGold, we recognise the importance of engaging our stakeholders to encourage open communications and build relationships. Being listed on the Catalist Board of SGX-ST and having our mining operations based in Indonesia, we interact with a range of stakeholders through various effective mediums of communication across the region.

Identified key stakeholder groups significant for BlackGold are namely; shareholders, employees and unions, central and local government institutions, business associations, contractors and other business partners, local communities, media and non-governmental organisations. We conduct our communications with our stakeholders via our announcements, annual general meetings, corporate publications such as the annual report, sustainability report, our website (www.blackgold-group.com), as well as any news releases to the market and media.

Addressing Your Concerns

Stakeholders	Frequency of Engagement	Approach	Concerns	Aspect Boundary
Shareholders / Investors	Regularly	<ul style="list-style-type: none"> ○ Announcements ○ Press Releases ○ Analyst Reports ○ Annual Reports ○ Sustainability Reporting ○ Investor Presentations ○ Website ○ Email Communications 	<ul style="list-style-type: none"> ○ Environmental Compliance ○ Anti-Corruption ○ Greenhouse Gas (“GHG”) Emissions 	Internal and External
Customers	Monthly	<ul style="list-style-type: none"> ○ Announcements ○ Email Communications ○ Telephone 	<ul style="list-style-type: none"> ○ Anti-Corruption ○ Occupational Health and Safety ○ Local Communities 	External
Regulators	Regularly	<ul style="list-style-type: none"> ○ Announcements ○ Annual Reports ○ Sustainability Reporting ○ Email Communications ○ Telephone 	<ul style="list-style-type: none"> ○ Water Management ○ Energy Consumption ○ GHG Emissions ○ Waste Management ○ Environmental Compliance ○ Anti-Corruption ○ Occupational Health and Safety ○ Local Communities 	External
Employees	Weekly	<ul style="list-style-type: none"> ○ Weekly Meetings ○ Email Communications ○ Telephone 	<ul style="list-style-type: none"> ○ Occupational Health and Safety ○ Local Communities ○ Anti-Corruption 	Internal

Materiality

Understanding materiality is the foundation of sustainability reporting. The materiality analysis and assessment framework allow BlackGold to develop a robust understanding of what issues are material to the Group’s operations, the environment and communities that act as barriers or enablers to achieving our business goals in the short, medium and long term. In doing so, the management team is able to prevent or mitigate these risks and gain access to opportunities which will allow us to successfully deliver our business strategy, while also meeting our shareholders’ expectations for value in our developed assets.

We have identified eight (8) key focus areas that hold high relevance to the global sustainability challenges that the Group faces. Determination of material aspects and priority topics for presentation in this report is based on a 2016 GRI publication, “Defining What Matters” as guidance to strike a balance between key issues that the Group would like to highlight and areas in which stakeholders would prefer to have greater visibility of.

Operations Processes

Stage 1: Supplier Procurement

- Occupational Health and Safety
- Local Communities
- Anti-Corruption

Stage 2: Feasibility Studies

- Occupational Health and Safety
 - Local Communities
 - Water Management
- Energy Consumption
 - GHG Emissions
- Waste Management
- Environmental Compliance

Stage 3: Land Clearing

- Occupational Health and Safety
- Local Communities
- Water Management
- Energy Consumption
- GHG Emissions
- Waste Management
- Environmental Compliance

Stage 4: Mining Operations

- Occupational Health and Safety
 - Local Communities
 - Water Management
- Energy Consumption
 - GHG Emissions
- Waste Management
- Environmental Compliance

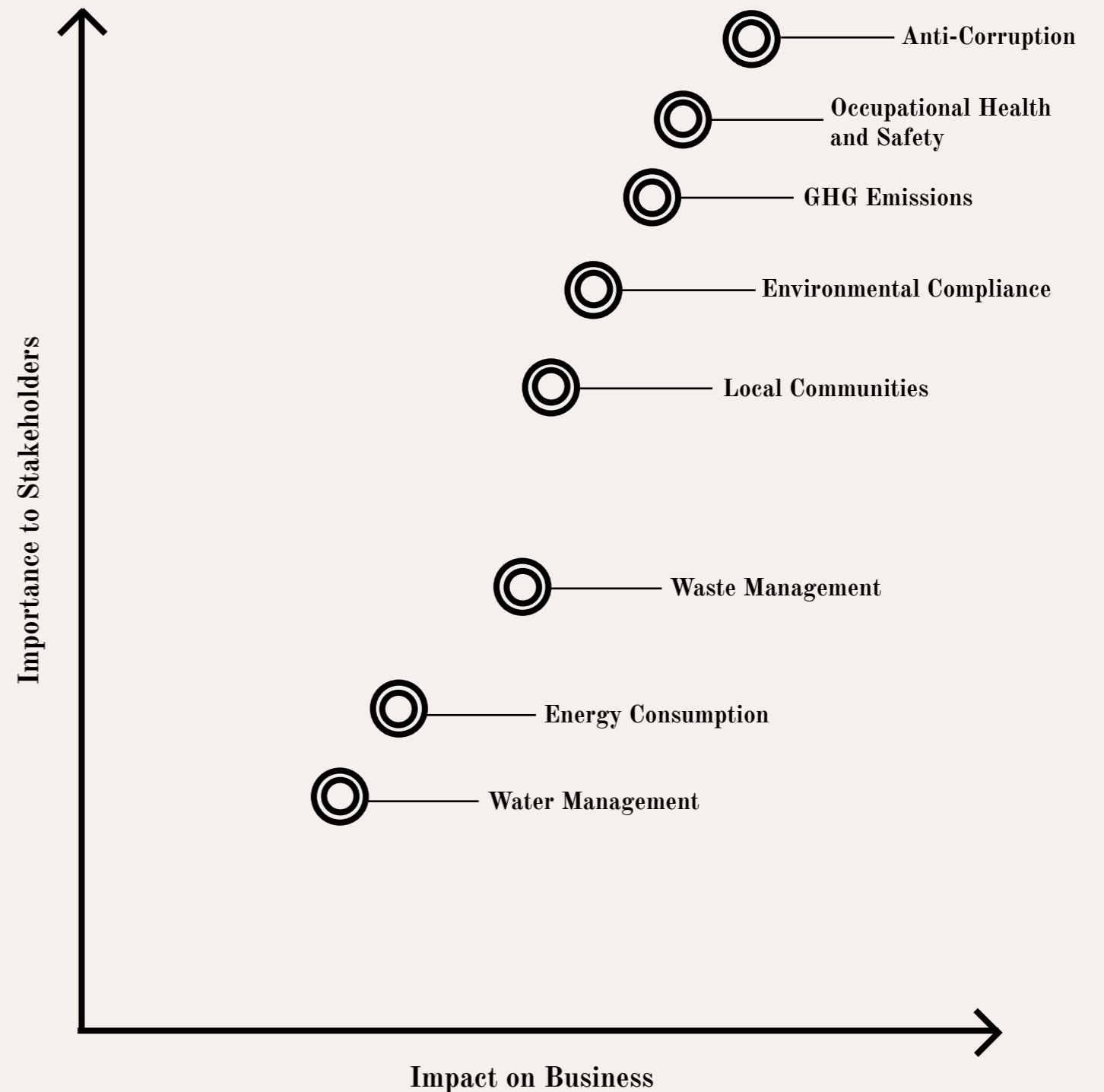
Stage 5: Delivery to Customers

- Occupational Health and Safety
- Local Communities
- Energy Consumption
- Waste Management
- Environmental Compliance

Stage 6: Land Rehabilitation

- Occupational Health and Safety
 - Local Communities
 - Water Management
- Energy Consumption
 - GHG Emissions
- Waste Management
- Environmental Compliance

Material Factors



Environmental Sustainability

At BlackGold, we believe in sustainable mining, and therefore we make it our top priority to protect the environment and minimise any impacts of our mining activities on the surroundings. We pay extra attention to identify risks to the environment at each stage of our coal mining, production, and distribution process flow, in order to mitigate risks in a timely manner.

BlackGold's environmental policy is as follows:

1. Identify, assess, and monitor all environmental impacts
2. Develop and implement an environmental system aligned to company regulations and all national and international regulations
3. Engagement and involvement of external vendors where necessary for best practice
4. Keep the size of disturbed areas to a minimum and rehabilitate the mined-out area to promote the reintegration of flora and fauna
5. Identify, track, manage and assess actual performance against targets for the continuous improvements in reducing GHG emissions, waste minimisation, impacts of environmental pollution and protection of biodiversity

Environmental Compliance

BlackGold is committed to the improvement of environmental management and adding value to the maintenance of natural resources, energy conservation and community development.

In FY2018, approximately S\$138,000 was set aside as provision for our continued, sustainable reclamation and rehabilitation of the PT SB concession, while strictly adhering to local and international environmental sustainability compliance regulations.

Stepping into FY2019 and beyond, the Group targets to maintain the zero non-compliance record and to step up on our environmental management efforts whenever and wherever possible.

The following pages show the Indonesian environmental regulations that the Group has complied with:

Environmental Aspect	Indonesian Environmental Compliance Regulations	Remark
Water Quality	<i>PP No. 82 Tahun 2001 tentang Pengelolaan Kualitas Air Dan Pengendalian Pencemaran Air</i>	<i>In compliance</i>
	Government Regulation No. 82 of 2001 on Management of Water Quality and Control of Water Pollution	
	<i>Permenlh No. 5 Tahun 2014 tentang Baku Mutu Air Limbah</i>	<i>In compliance</i>
	Minister of Environment's Decree No. 5 of 2014 on Waste Water Quality Standards	
	<i>Permenkes No. 416 Tahun 1990 Syarat-syarat dan Pengawasan Kualitas Air</i>	<i>In compliance</i>
	Minister of Health's Decree No. 416 of 1990 on Terms and Water Quality Monitoring	
	<i>Kepmenlh Nomor 113 Tahun 2003 tentang Baku Mutu Air Limbah bagi Usaha dan atau Kegiatan Pertambangan Batu Bara</i>	<i>In compliance</i>
	Decision of the Minister of Environmental Affairs No. 113 of 2003 on Standard Quality of Waste Water for Coal Mining Business and/or Activities	

Environmental Aspect	Indonesian Environmental Compliance Regulations	Remark
Environment, Environmental Impact Assessment, and Post-mining Plan	<i>UU No. 32 Tahun 2009 tentang Perlindungan dan Pengelolaan Lingkungan Hidup</i> Law No. 32 of 2009 on Environmental Protection and Management	<i>In compliance</i>
	<i>PP No. 27 Tahun 2012 tentang Izin Lingkungan</i> Government Regulation No. 27 of 2012 on Environmental Permits	<i>In compliance</i>
	<i>Permen ESDM No. 7 Tahun 2014 tentang Pelaksanaan Reklamasi dan Pascatambang Pada Kegiatan Usaha Pertambangan Mineral dan Batubara</i> Minister of Energy and Mineral Resources Decree No. 7 of 2014 on Reclamation and Post-mining in Mining, Minerals, and Coal	<i>Not applicable since 3 May 2018. On the mentioned date, this Decree was revoked and replaced by Decree No. 26 of 2018</i>
	<i>Permen ESDM No. 26 Tahun 2018 tentang Pelaksanaan Kaidah Pertambangan yang Baik dan Pengawasan Pertambangan Mineral dan Batubara</i> Minister of Energy and Mineral Resources Decree No. 26 of 2018 on the Implementation of Good Mining Practices and Mining Supervision for Minerals and Coal	<i>In compliance</i>
	<i>Peraturan Pemerintah No. 101 Tahun 2014 tentang Pengelolaan Limbah Bahan Berbahaya dan Beracun</i> Government Regulation No. 101 of 2014 on the Management of Toxic and Hazardous Waste	<i>In voluntary compliance – not enforced for mining companies.</i> <i>* The regulation is enforced for 4 types of companies, namely:- (i) Waste Producers, Waste Transporters, Waste Utilizers, Waste Collectors.</i>
Toxic and Hazardous Materials and Waste	<i>Peraturan Pemerintah No. 74 Tahun 2001 tentang Pengelolaan Bahan Berbahaya dan Beracun</i> Government Regulation No. 74 of 2001 on Management of Toxic and Hazardous Material	<i>In compliance</i>
	<i>UU No. 41 Tahun 1999 tentang Kehutanan</i> Law No. 41 of 1999 on Forestry	<i>In compliance</i>
Forestry and Biodiversity	<i>Peraturan Pemerintah Nomor 7 Tahun 1999 tentang Pengawetan Jenis Tumbuhan Dan Satwa</i> Government Regulation No. 7 of 1999 on Preservation of Plants and Animals	<i>In compliance</i>
	<i>Keppres RI No. 41 Tahun 2004 tentang Perizinan atau Perjanjian di bidang pertambangan yang berada di kawasan hutan</i> Presidential Decree No. 41 of 2004 on Licences or Agreements in the Mining Sector Located in Forest Areas	<i>In compliance</i>
	<i>Permenhut No P.27/Menlhk/Setjen/Kum.1/7/2018 tentang Pedoman Pinjam Pakai Kawasan Hutan</i> Minister of Forestry's Decree No. P.27 of 2018 on Guidelines for Leasing of Forest Area	<i>In compliance</i> <i>This supersedes Degree No. P.16 of 2014.</i>

Environmental Aspect	Indonesian Environmental Compliance Regulations	Remark
Energy	<i>UU N. 30 Tahun 2007 tentang Energi</i> Law No. 30 of 2007 Concerning Energy	<i>In compliance</i>
	<i>PP No. 70 Tahun 2009 tentang Konservasi Energi</i> Government Regulation No. 70 of 2009 on Energy Conservation	<i>In compliance</i>
	<i>Permen ESDM No. 14 Tahun 2012 tentang Manajemen Energi</i> Minister of Energy and Mineral Resources' Decree No. 14 of 2012 on Energy Management	<i>In compliance</i>
Air Quality	<i>PP no. 41 Tahun 1999 tentang Pengendalian Pencemaran Udara</i> Government Regulation No. 41 of 1999 on Control of Air Quality	<i>In compliance</i>
	<i>Perpres No. 61/2011 tentang Rencana Aksi Penurunan Gas Rumah Kaca (GRK)</i> Presidential Decree No. 61/2011 on Action Plan to Reduce Greenhouse Gases	<i>In compliance</i>
	<i>Perpres No. 71/2011 tentang Pencatatan Inventarisasi GRK Nasional</i> Presidential Decree No. 71/2011 on National GHG Inventory Recording	<i>In compliance</i>
	<i>Permen LH No.4/2014 tentang Baku Mutu Emisi Sumber Tidak Bergerak Bagi Usaha Atau Kegiatan Pertambangan</i> Minister of Environment's Decree No. 4 of 2014 on Quality Standard of Stationary Source Emissions in Mining Activities	<i>In compliance</i>
	<i>Keputusan Presiden No. 23 Tahun 1992 tentang Ratifikasi Konvensi Wina untuk Perlindungan Lapisan Ozon</i> Presidential Decree No. 23 of 1992 on Ratification of Vienna Convention for Protection of Ozone Layer	<i>In compliance</i>
	<i>Peraturan Presiden No. 33 Tahun 2005 tentang Pengesahan Amendemen Beijing</i> Presidential Decree No. 33 of 2005 on Ratification of Beijing Amendment	<i>In compliance</i>
	<i>Peraturan Presiden No. 46 Tahun 2005 tentang Pengesahan Amendemen Montreal tentang pengurangan penggunaan bahan-bahan yang berpotensi menipiskan lapisan ozon.</i> Presidential Decree No. 46 of 2005 on Ratification on Montreal Amendment Concerning Reduction in Use of Substances Potentially Causing Ozone Layer Depletion	<i>In compliance</i>

Water Management

Water usage plays an essential function in our Group's operations, and is a scarce and valuable resource. As such, we recognise the importance of managing the consumption of water at our Jakarta Head Office ("Jakarta HO"), as well as at the PT SB concession mine site.

In FY2018, there were no reports or complaints on incidents related to the use of water nor any environmental harm caused to water bodies in the vicinity of our mining areas.

Since the Company's inaugural report published last year, the Jakarta HO has managed to install automatic shut off water faucets in the restrooms to minimise water usage. At the Jakarta HO and at the PT SB concession, water is used effectively and recycled wherever possible to optimise the usage of water and reduce the impact on the environment.

The Group is unable to provide a reliable estimate of its total water usage for FY2018 as the costs and quantity of water usage at its Jakarta HO is not separable from the monthly office rental costs, and therefore unable to be separately monitored. At the PT SB mining concession, water is drawn from natural aquifer wells, therefore there is no practicable way of calculating how much water is used at the mine site.

Moving into FY2019, BlackGold shall continue to accelerate its search for more ways to minimise and conserve water usage, within our permissible boundaries.

Waste Management

Waste, whether in the form of liquids, solids or effluents, is generated in the course of our mining activities. The storage, transportation, and disposal of waste can potentially cause serious harm to human health and the surrounding environment, should such activities be conducted without the necessary resources to foresee, and prevent any potential damage.

As such, the Group recognises waste management as a material factor in our sustainability reporting and strives to improve our waste handling processes year on year.

At the PT SB concession, the Group has put in place a waste management policy at the mining operational area. A settling pond was constructed to eliminate acid water seepage from the mine and ensure proper water drainage. This pond is also used to neutralise the pH level in the water prior to being discharged. The waste from our mining areas is primarily disposed of at our own facilities.

Mineral waste, mainly consisting of overburden and waste rock, remains at the site where it is generated. Reusable by-products of our mining operations such as topsoil are stored separately and protected from erosion to be used for the rehabilitation of the mined-out area.

In FY2018, the Group began the planning for additional waste management facilities, the construction for which is underway now, and is targeted for completion by the end of 2018. Due to the nature of our operations, the additional waste management facilities will be primarily focused on improving the storage and disposal of sand, gravel, cement, and zinc.

The variance in the amount of waste produced in FY2017 and FY2018, as shown below, is mainly due to the reasonable wear and tear of our equipment that requires more regular maintenance and servicing, which in turn leads to more waste being produced as an unintended result.

Moving forward, the Group will spend more time on researching for ways to minimise the amount of waste generated, and to discover new methods to manage waste in a sustainable manner.

Breakdown of Waste Generated

Type	FY2017	FY2018	Unit of Measurement
Lubricant	5,247	6,661	Litre
Waste Fuel	2.5	2.5	Litre
Cotton Rag	-	6	Kilogram
Used Filter	660	1,282	Piece
Grease	1	1	Kilogram
Automotive Battery	11	77	Piece

Composition of Waste Contribution

- 90% from Mining Operations
- 5% from Land Clearing
- 5% from Coal Hauling

Energy Consumption

Electrical power is essential for every part of our lives, as such, we recognise the critical importance of using energy with careful consideration and efficiency so as to ensure that there will be ample energy to run our mining operations and for future generations to come.

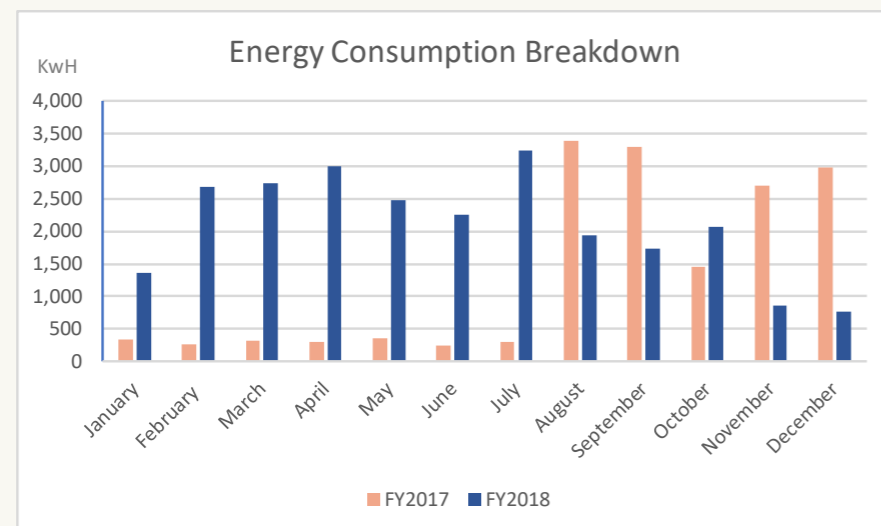
Management is the driving force behind enforcing energy saving policies and practices set out by the Group. This stance is emphasised to the employees regularly and sessions to improve employees' awareness of environmental issues are held whenever possible.

At BlackGold's Jakarta Head Office and at the PT Samantaka Batubara mine site, electricity is to be switched off at 6pm, unless there is overtime work that requires the use of electricity.

For the earlier part of FY2018, there was an increase in operations work and manpower hours at the Jakarta HO which led to a spike in energy consumption.

In the 4th quarter of FY2018, the Company saw a 50% decrease in energy consumption as compared to the 4th quarter of FY2017. This was largely due to the relinquishment of unneeded office space and the cessation of renovation works at the Jakarta HO in order to conserve electricity to the best of our abilities, which we understand can be limited due to circumstances beyond the Company's control.

Moving forward, the Company targets to produce better results, in terms of reporting gradually decreasing energy consumption, year on year, to the best of our ability.



GHG Emissions

As a coal mining company, BlackGold recognises the impacts its business activities may have on the environment, despite our best efforts to minimise the effects. However, despite the downside of using coal, coal will likely continue to be the most affordable and readily available source of energy for decades to come, and that, is critical for the growth and improvements in standards of living for developing nations.

Managing the effects of climate change is a priority in BlackGold's environmental management strategy, the combustion of coal at the PT SB concession produces GHG and other emissions such as dust that may have an adverse impact on the environment and the local communities. At BlackGold, we are constantly exploring the use of different technologies in our approach to creating a clean and safe working environment for our employees, the local communities, as well as the biodiversity in the area.

Our open-pit mining activities emit dust during excavation and transportation. As part of the Group's environmental management strategy, we have employed extensive use of dust suppression techniques to control the emanation of mining dust at the mine site. Catalytic converters are also installed in all heavy equipment used at the mine site to reduce the toxicity of gases released into the atmosphere.

In FY2018, the Group approached 2 separate third-party environmental consultants in relation to the monitoring and management of GHG Emissions. The Group is currently in the process of assessing and vetting the third-party environmental consultants to come to a consensus on which agency would be the best fit for managing such a key material factor.

As of FY2018, the Group has yet to implement any systems to measure the volume of GHG emitted, largely due to the high costs involved that makes a measurement system impracticable to be installed in the Company's current stage of growth.

Moving into FY2019, the Group targets to engage a third-party environmental consultants for the purpose of collecting and analysing data on PT SB concession's GHG Emissions.

Our People

People are the cornerstone of any business, and BlackGold is committed to growing and developing our human resources. We believe in the importance of creating and maintaining a work culture that not only improves job satisfaction but also encourages employee retention and instils motivation in our people. BlackGold places a strong emphasis on providing safe working conditions, recognising and awarding outstanding performances, fostering team work and offering rewarding career growth.

BlackGold continuously strives to improve the performance of its people as the primary asset in running the Company's business. We believe that our approach to employee-employer relationships helps attract, motivate and retain our talent. We are committed to promoting diversity in our workforce – inspiring creativity in our business considerations and execution. BlackGold is an equal opportunity employer, employing and promoting people purely based on merit.

Our employees are hired on the basis of their overall qualification for the required job; we do not discriminate based on race, nationality, religion, gender, age, sexual orientation, gender identity, disability, and political (or other) opinions.

The majority of BlackGold's employees are male, owing to the nature of our mining activities which naturally attracts more male workers. It is not indicative of gender discrimination at the workplace.

At BlackGold, our remuneration structures are fair and merit-based according to a person's knowledge, experience and ability. We ensure a fair system across all eligible employees by conducting an annual performance evaluation, during which we discuss an employee's strengths and areas for career development. The Group's Remuneration Committee also reviews existing remuneration structures on an annual basis to ensure that the structure is fair and appropriate in accordance with updated regulations.

BlackGold ensures that all permanent employees are covered under a fair compensation and remuneration scheme comprising of basic salary, annual incentive and job-specific allowances, without prejudice.

The Group invests in its employees through various professional development opportunities and training programmes for mining supervisors to develop their skillset and equip them with the necessary knowledge for further career advancement.

In addition to professional training programmes, knowledge sharing sessions ("**BlackGold Co-learning Sessions**" or "**BCOS**") are held regularly. These sessions see each employee conduct a short lesson in their field of expertise to share their knowledge and experience with the team. This fosters a holistic education to each team member's contribution to the work place and has proven to be an effective tool in developing a cohesive work environment.

In FY2018, the Group employed the following breakdown of employees:-

- Number of permanent employees = 41
- Number of temporary employees = 9
- Number of full-time employees = 50
- Number of part-time employees = 0

Occupational Health and Safety

Our mining operations involve using large, heavy equipment. If not managed properly, such equipments may affect the safety of employees at the mine site. Mining activities also entail other risks such as unforeseeable emergency situations due to mine accidents and natural disasters. That is precisely why the implementation of sound, well-structured health and safety systems and emergency response protocols is critical to our accident and disaster mitigation efforts.

BlackGold regards health and safety as an integral part of its operations. We understand that effective safety management contributes to operational excellence. The Group takes a proactive and vigilant approach to protecting our employees' health and safety, with a lasting commitment to maintaining an incident-free workplace. We demonstrate our commitment to maintaining this high standard by diligently improving the health and safety practices described in its Health, Safety and Environmental ("**HSE**") Management System.

The principal aspects of BlackGold's HSE Management System include:

- Comprehensive Health Check-ups – conducted annually for all workers;
- Emergency Preparedness Plan – a comprehensive plan to guide our workers and sub-contractors on how to react during emergencies or accidents;
- Safety Risk Management – a guide on how to control and minimise risks in situations that pose a safety hazard to our employees;
- Safety, Health, and Environment Feedback Channels – there are prescribed procedures in place for employees to address their concerns to the Management.

At BlackGold, health check-ups are conducted annually for all workers as we believe in taking care of our employees beyond their safety at the workplace. Our mining concession is located in an area which is a distance from the city centre, as such, medical resources are limited at the mining concession. Therefore, it is of utmost importance to us to ensure the health aspects of our employees and their family members are taken care of as a form of social responsibility towards the local communities which we operate near to.

During FY2018, no injuries or fatalities have occurred through the course of our mining operations; and in line with our commitment to maintain a zero injuries and fatalities record, we have procured additional enhanced safety equipment for our employees at the mine site. Moving into the future, as the production volume increases, we shall also step up on our efforts to maintain a safe and healthy environment for our employees to work in.

Local Communities

While profitability is important, BlackGold believes in maintaining a balance between pursuing both financial and corporate social responsibility (“CSR”) objectives. Our success is dependent on our ability to maintain the trust and relationships with the communities at our concession, and we foster these relationships through various sponsored activities and programmes to help enhance their standards of living.

The local community is viewed as an integral part of the Group’s operations. Priority is given to local people in our recruitment as we believe in empowering, developing and supporting the local talent present in the relevant countries in which we operate. We also support local business owners by procuring our food supplies directly from them, and we sponsor the training of workers at the local community health centres so they can in turn provide better health services to the community.

On a monthly basis, we provide financial and non-financial assistance for the following needs:

- Training and education of basic skills
- Medical supplies
- Medical facilities and infrastructure
- Community road maintenance
- Village development

Aside from the monthly assistance that we provide to the local communities near our mining concession, BlackGold also sponsors certain special annual events. During special occasions such as Ramadhan, Eid Al-Adha, Hari Raya Idul Fitri, Lebaran Haji, and Christmas, the Group sponsored meals for the community and supported the villagers with their celebrations financially.

Our PT SB concession is located in a remote and relatively underdeveloped area, where amenities and infrastructure are less adequate as compared to the city centres. As such, we take it upon ourselves to improve the lives of the community through formal employment, infrastructure investments, healthcare, and education. In FY2017, BlackGold improved access to clean drinking water for the local villagers through the drilling of a new well at a mosque in Peranap, Riau.

Education is also one of our key focuses when it comes to helping local communities. We believe that the only sustainable way to help improve the standards of living for the villagers and their future generations is through providing opportunities for education for keen and motivated learners, regardless of their age and proven abilities.

As our mining operations are based on the open pit mining method, BlackGold ensures that we have a well-planned and strategic approach to the local communities settled in the mining operational areas. If needed, the residents will be relocated from the designated operating areas and the necessary assistance will be provided for the continuance and betterment of their livelihoods. During FY2018, no relocation was required.

Governance: Anti-Corruption

The BlackGold Group is committed to the highest standards of corporate governance and supports the principles of transparency, integrity and accountability advocated by SGX-ST. The Board of Directors of the Group recognises the importance of corporate governance and is committed to maintaining high standards to safeguard the interests of the Company’s shareholders and enhance corporate value and accountability by complying with the corporate governance practices, principles and guidelines contained in the Code of Corporate Governance 2018 as well as all regulatory reporting that is required to provide investors with an accurate, coherent and balanced account of the Group’s performance.

BlackGold has a dedicated investor relations and corporate communications team whose primary function is to provide investors with timely and accurate disclosures as well as develop investor engagement initiatives. Those include one-on-one meetings with potential investors, investor roadshows as well as the regular updates of the investor relations section of the corporate website.

The Group, through the course of its business activities and engagement with local suppliers and partners, is exposed to a relatively high degree of risk for corruption. Therefore, we have made it our top priority to identify areas where corruption could occur and put in place policies and practices to prevent it.

We manage this risk by maintaining our commitment to uphold the highest standards of ethical behaviour and communicating to all employees that the Group has a zero-tolerance attitude to all forms of unethical practices.

Employees who suspect or are aware of an occurrence of unethical behaviour are strongly encouraged to report to the Management immediately as part of our whistleblowing policy.

During FY2018, certain key executives of the Group were called as witnesses in relation to a bribery case surrounding a power plant project that the Group was bidding on. As a result of the ongoing investigations by the authorities, certain bank accounts were held for examination.

In December 2018, the bank accounts were released from being held for examination as the Indonesian courts had ruled that the case was extraneous to the Group.

The Group maintains its resolve to continue upholding stringent standards towards corruption and unethical behaviour. In FY2018, there were no unethical behaviour or offences uncovered, and we target to report the same for FY2019.

Moving forward, into and beyond FY2019, the Group shall step up on its efforts to identify risks within its organisation in order to address them in a timely, and well-organised manner.

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This report has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor").

This report 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 report including the correctness of any of the statements or opinions made, or reports contained in this report.

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