

BLACKGOLD NATURAL RESOURCES LIMITED
(Company Registration Number: 199704544C)
(Incorporated in the Republic of Singapore)

**RESPONSE TO QUERIES RAISED BY THE SINGAPORE EXCHANGE SECURITIES
TRADING LIMITED**

The board of directors (the “**Board**”) of BlackGold Natural Resources Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) refers to the queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 5 March 2021 in relation to the Company’s announcement dated 1 March 2021 on the unaudited consolidated financial results of the Group for the financial year ended 31 December 2020 (the “**Announcement**”) and wishes to provide the Company’s responses to the queries raised as follows:

Unless otherwise defined, all terms and references used herein shall bear the same meaning ascribed to it in the Announcement.

Question 1

Given the Group’s significant liabilities of US\$15.5 million and cash and bank balance of only US\$322K and noting that the Company incurred losses of US\$4.0 million in FY2020, please disclose the Board’s assessment on:

- (i) whether the Company’s current assets are adequate to meet the Company’s short-term liabilities of US\$11.3 million, including its bases of assessment;**
- (ii) the Company’s ability to meet its debt covenants (if any); and**
- (iii) how the Company intends to fulfil its significant payment obligations in the next 12 months. Where the Company has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Company is on track to fulfilling these obligations.**

Company’s Response

- (i) Although the Group currently has a negative working capital of US\$5,957,155 the Company believes that it will be able to meet its short-term obligations after taking into consideration the following assumptions:
 - a. Under the Group’s current liabilities for 31 December 2021, “Financial liabilities, at amortised cost” amounting to US\$937,417 and “Financial liabilities, at FVPL” amounting to US\$1,113,028, both are in relation to the Company’s issued convertible bonds; S\$2 million Series A Bonds that were subscribed on 26 March 2020. The Series A Bonds, if not converted into shares of the Company by the subscribers, will only be payable on 26 March 2023. In accordance to Singapore Financial Reporting Standards (“**SFRS**”), the Series A Bonds have been classified as “current liabilities” as the subscribers have the option to convert the bonds into shares of the Company at any time. In either case, neither of the aforesaid scenarios are expected to cause any cash outflow to the Group within the next 12 months;
 - b. The Group would like to reiterate that it has available loan facilities of US\$35,815,153 from its shareholders (i.e., Twin Gold Ventures S.A. and Novel Creation Holdings Limited) from which it can draw upon when required;

- (ii) The Group is in compliance with its external debt covenants.
- (iii) To fulfil its debt obligations, the Group will:
 - a. Increase sale volumes to both existing and new customers to improve its operating revenues and cash flow;
 - b. Commence coal sales to Xiamen Runpu Import and Export Co., Ltd as soon as practicable (see the Company's announcement on 5 February 2020 and 29 January 2021); and
 - a. Continue to utilise its existing supply chain financing facilities with the bank and the available trade receivable facilities will provide the Group with adequate liquidity resources to meet its ongoing obligations.

The Group is on track to fulfilling its obligation on debt repayment plans.

Question 2

As at 31 December 2020, the Group has negative working capital of approximately US\$6.0 million with cash and cash equivalents of US\$322K.

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

- a. On 30 January 2020, the Group has entered into 3 convertible bond agreements to raise an aggregate of S\$5.0M from the Series A Bonds and up to S\$20.0M from a subsequent tranche of Series B Bonds;
 - b. As at the date of this announcement, the Company had received S\$2.0M from subscription of the Series A Bonds;
 - c. The Group has an available loan facility from its shareholders amounting to US\$35,815,153 for which it can draw upon when required; and
 - d. The Group has secured supply chain financing facilities from a bank to support its operations.
- (i) Please provide the Board of Directors' confirmation as to whether sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner and the bases for its views.
 - (ii) Please provide the Sponsor's opinion on whether the Group is able to continue as a going concern. Please provide justifications.

Company's and Sponsor's Response

- (i) The Board confirms that sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner, on the bases of the explanations set out above.
- (ii) The Sponsor is of the view that the Group is able to continue as a going concern after taking into account the following:
 - The Board's bases for its opinion that the Group is able to continue operating as a going concern set out in the responses to question 1 and 2 respectively; and

- The Company does not appear to fall under any of the circumstances set out in Rule 1303(3) of the Catalist Rules.

By Order of the Board

Soh Sai Kiang
Independent Non-Executive Chairman
10 March 2021

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

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