Nusantara Energy Limited

ANNUAL REPORT

for the year ended

31 December 2019

Company Registration No. 06156525

Nusantara Energy Limited
COMPANY INFORMATION

Directors	M Higgins C Putt T Childs
Secretary	B J Stuart
Company registration number	06156525
Registered office	5 Fleet Place London EC4M 7RD
Auditors	Grant Thornton UK LLP 30 Finsbury Square London EC2A 1AG
Bankers	Barclays Bank plc One Churchill Place London E14 5HP

Nusantara Energy Limited
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PRINCIPAL ACTIVITY AND GENERAL INFORMATION

The principal activity of the Group is the development of coal mines in Indonesia, including the acquisition of economic interests in those mines and potential mines.

CHAIRMAN'S STATEMENT

During 2019, the Company continued to maintain its coal concessions in Indonesia. On 18 March 2019, after lengthy due diligence and negotiations, an agreement for the sale of the Company was signed with a Chinese Company.

Achieving signature of the sale agreement is a major step forward for the Company as it was becoming increasingly clear to the Board that raising funds to develop the coal assets itself was impractical.

Completion of the sale agreement is dependent, among other things, on the buyer being able to complete agreements for the construction and financing of a power station next to the Company's coal concessions. Assuming the buyer achieves "financial close" of these agreements, it will go on to develop a mine to extract the Company's coal to fuel the power station. The process to achieve financial close of these agreements is not in the Company's control and timing is uncertain. In the meantime, the Company's principal shareholders continue to fund it with debt, which will convert into new shares on completion of the sale agreement. The total amount owing to the principal shareholders as at year end was US$9,177,490 and as of the date of this report is US$10,397,490.

The terms of the sale agreement remain confidential, so details of the terms of sale cannot be given at this time. However, as at the date of finalising the 2019 accounts, financial close has not occurred. While COVID-19 has had limited impact on the operations of the business, it has delayed the buyer's process. The Board remain hopeful that the deal will close before the end of the year. The Board will update shareholders in due course.

Michael Higgins

M Higgins
Director

The directors present their report together with the audited financial statements of the Group for the year ended 31 December 2019.

BUSINESS AND FINANCIAL REVIEW

There was a Group loss after taxation for the year of US$670,519 (2018: US$4,770,350). The directors continue to monitor the operation of the business to ensure smooth and consistent functioning, as well as reducing costs where possible.

DIVIDEND

The directors do not recommend payment of a dividend.

GOING CONCERN

The financial position of the Group, its cash flows and liquidity are described throughout this Report and Accounts. The Group does not currently have any production assets and is in a development phase in which it is reliant on external sources of funds. At the year ended 31 December 2019, the Group had cash and cash equivalents of US$1.7m.

There is a working capital facility with Ianto Finance Limited for US$12,000,000. At year end, the facility balance was US$9,177,490 and post year end further funds have been drawn down and the balance is US$10,397,490. It is a non interest bearing loan. The purpose of the loan is to fund working capital. Ianto have agreed in principle to continue to support the Group on a reasonable basis.

Although the Group currently has Ianto Finance Limited's support, as in the past, there is no assurance that it will be able to continue this support in the future, which is a material uncertainty within the current economic climate. Further, upon a sale of the business, Ianto Finance Limited will no longer support the business, and it will be the responsibility of the new owners to manage the business as a going concern through further investment to develop the coal mining asset. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

The Directors have a reasonable expectation that the Company and the Group will be able to rely on Ianto to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

The outbreak of the coronavirus disease, COVID-19, has had an impact on the operations of all aspects of the business. However, through working from home arrangements and virtual communication methods, existing governance and management standard operating procedures and flow of information has remained uninterrupted throughout the Group. Collaboration with the buyers has remained efficient and effective. The Group's mining activities and related projects are delayed due to the lockdown in place however will resume as soon as the public health situation improves. The Group has Ianto Finance Limited's continued financial support throughout this unprecedented situation and, as mentioned previously, have increased the working capital facility to accommodate this.

RISK REVIEW

The risks inherent in the Group's exploration business are kept under review by the Board. Shareholders should be aware that mineral exploration businesses generally are at the higher risk end of the investment spectrum, but that such risk is matched by potentially high returns to investors, if management succeeds in delivering sustained profitable mining operations.

Specific, identified key risks at 31 December 2019 include:

a) Liquidity Risk
The Group has various outgoings in connection with its activities but is not yet in production and, therefore, relies on funding from investors. Should investors cease to fund the Group, it will run out of money. However, this remains a key risk to the business in the future.

b) Project Technical Risk
The directors are satisfied that the exploration works completed in previous years demonstrate that the project has a large, valuable deposit of thermal coal, lying in a relatively easily mined deposit. The economic viability of the project is, of course, dependent on costs of the overall project and prices obtainable in the market for the specific product.

c) Indonesia Legal/Operating Risk
Many of the world's best remaining potential mines lie in countries that carry higher than average legal and operating risk. Indonesia is one of these countries. The challenges of operating in the country are generally understood by investors, especially those familiar with the coal mining sector, as Indonesia is one of the world's largest exporters of thermal coal. Recent changes in mining law have helped clarify the regulatory environment and enabled the Group to acquire direct ownership rights over the mining concessions but uncertainties remain in what is generally a difficult operating environment.

d) Permitting Risk
The permitting process in Indonesia is quite complex and rigidly applied. This is exacerbated by the recent changes in law mentioned under preceding Risk c), since the regime allowing foreign ownership of mining concessions is still relatively young and under implementation.

e) Currency Risk
Currency risk exists in any business operating outside its home currency area. The Group has a conventional range of techniques in place for managing that risk. In general, known specific significant future exchange obligations are anticipated at the time of the commitment arising by converting funds raised in sterling into the appropriate currency in which the future commitment falls due. The Group does not speculate on currency movements. The Group operates in US dollars.

f) Commodity Price Risk
The Group has economic interests in coal mining concessions and is therefore exposed to price fluctuations in the market for Indonesian thermal coal. Coal prices have been increasingly volatile in recent years. Nevertheless, the directors believe the project should still be financially viable in the medium to long term, since strong underlying demand from growing Asian economies for coal-generated electricity should help to stabilise Indonesian thermal coal prices over time.

DIRECTORS

The directors who served during the year were:

M Higgins
C Putt
T Childs

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- So far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The directors are responsible for preparing the annual report in accordance with applicable law and regulations. The directors consider the Annual Report and the financial statements, taken as a whole, provides the information necessary to assess the Company's performance, business model and strategy and is fair, balanced and understandable.

The directors are responsible for the maintenance and integrity of the corporate financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

To the best of our knowledge:

- the Group financial statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

DIRECTORS' RESPONSIBILITIES STATEMENT *(continued)*

- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

POST BALANCE SHEET EVENTS

The World Health Organisation (WHO) declared the outbreak of the new coronavirus disease, COVID-19, a public health emergency of international concern on 30th January 2020. This has had an impact on operations in both the United Kingdom and Indonesia. This is further discussed in the Going Concern note.

Any other post balance sheet events are discussed in the Chairman's Statement on page 3.

GOVERNANCE

There has been no change to the board since the restructure at the end of 2013.

AUDITORS

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with Section 489 (4) of the Companies Act 2006.

These financial statements were approved by the Board on 30 October 2020.

Michael Higgins

M Higgins
Director

Opinion

We have audited the financial statements of Nusantara Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 ended which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2019 and of the group's loss for the year ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union.
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 is amongst the most significant economic event currently faced by the world, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which indicates that the Group currently has Ianto Finance Limited's support, as in the past, there is no assurance that it will be able to continue this support in the future. Upon sale of the business, Ianto Finance Limited will no longer support the business and it will be the responsibility of the new owners to continue to manage the business through further investment to develop the coal mining asset. These conditions, along with the other matters as set forth in note 1.2, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company'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 the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Christopher Raab, ACA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
30 October 2020

Nusantara Energy Limited
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2019

	Notes	Year to 31 December 2019 US$	Year to 31 December 2018 US$
OVERHEADS			
Administrative expenses		(1,730,443)	(3,075,383)
OTHER INCOME			
Service charge income		250,000	250,000
OPERATING LOSS BEFORE FINANCE COSTS	3	(1,480,443)	(2,825,383)
FINANCE COSTS			
Interest income	5	37,843	24,722
Foreign exchange gain / (loss)		1,090,341	(1,821,210)
Interest expense	6	-	(124)
LOSS FROM CONTINUING ACTIVITIES BEFORE TAXATION		(352,259)	(4,621,995)
Income tax expense	8	(318,260)	(148,355)
LOSS ATTRIBUTABLE TO EQUITY OWNERS FOR THE YEAR		(670,519)	(4,770,350)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO EQUITY OWNERS FOR THE YEAR		(670,519)	(4,770,350)

All amounts relate to continuing operations.

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

Nusantara Energy Limited
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2019

	Notes	At 31 December 2019 US$	At 31 December 2018 US$
ASSETS			
NON CURRENT ASSETS			
Intangible assets	9	43,445,333	43,124,009
Property, plant and equipment	10	15,480	21,306
TOTAL NON CURRENT ASSETS		43,460,813	43,145,315
CURRENT ASSETS			
Trade and other receivables	11	29,024,036	28,205,497
Cash and cash equivalents		1,718,130	1,442,202
TOTAL CURRENT ASSETS		30,742,166	29,647,699
TOTAL ASSETS		74,202,979	72,793,014
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	(10,329,209)	(8,305,345)
NON CURRENT LIABILITIES			
Provisions	12	(247,165)	(190,545)
NET ASSETS		63,626,605	64,297,124
EQUITY			
Equity attributable to equity holders of Parent:			
Share capital	13	49,559,993	49,559,993
Share premium	13	1,792,700	1,792,700
Other reserves		74,585,985	74,585,985
Translation reserve		(3,871,395)	(3,871,395)
Retained losses		(58,440,678)	(57,770,159)
TOTAL EQUITY		63,626,605	64,297,124

These above financial statements were approved by the Board on 30 October 2020.

Michael Higgins

M Higgins
Director
Company Registration No. 06156525

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

Nusantara Energy Limited
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019

	Share capital	Share premium	Other reserves	Translation reserve	Retained losses attributable to equity holders of Parent	Total
	US$	US$	US$	US$	US$	US$
At 1 January 2019	49,559,993	1,792,700	74,585,985	(3,871,395)	(57,770,159)	64,297,124
Loss for the year	-	-	-	-	(670,519)	(670,519)
TOTAL COMPREHENSIVE LOSS FOR YEAR	-	-	-	-	(670,519)	(670,519)
At 31 December 2019	49,559,993	1,792,700	74,585,985	(3,871,395)	(58,440,678)	63,626,605

Nusantara Energy Limited
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*
For the year ended 31 December 2019

	Share capital	Share premium	Other reserves	Translation reserve	Retained losses attributable to equity holders of Parent	Total
	US$	US$	US$	US$	US$	US$
At 1 January 2018	49,559,993	1,792,700	74,585,985	(3,858,888)	(53,012,316)	69,067,474
Loss for the year	-	-	-	-	(4,770,350)	(4,770,350)
Movement on foreign exchange	-	-	-	(12,507)	12,507	-
TOTAL COMPREHENSIVE INCOME FOR YEAR	-	-	-	(12,507)	(4,757,843)	(4,770,350)
At 31 December 2018	49,559,993	1,792,700	74,585,985	(3,871,395)	(57,770,159)	64,297,124

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

Nusantara Energy Limited
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2019

	Notes	Year to 31 December 2019 US$	Year to 31 December 2018 US$
CASH FLOWS FROM OPERATING ACTIVITIES	14	(1,880,329)	(4,509,762)
INVESTING ACTIVITIES			
Interest received		37,843	24,722
Interest paid		-	(124)
Prepayment of assets		(33,887)	(258,108)
Purchase of exploration and evaluation assets		(321,324)	(351,028)
CASH FLOWS FROM INVESTING ACTIVITIES		(317,368)	(584,538)
FINANCING ACTIVITIES			
Issue of working capital facility		2,473,625	5,753,865
CASH FLOWS FROM FINANCING ACTIVITIES		2,473,625	5,753,865
NET INCREASE IN CASH AND CASH EQUIVALENTS		275,928	659,565
Cash and cash equivalents brought forward		1,442,202	782,637
CASH AND CASH EQUIVALENTS CARRIED FORWARD		1,718,130	1,442,202

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

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

These financial statements present information about the Group for the year ended 31 December 2019.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The financial statements have been prepared under the historical cost convention.

The financial statements are presented on the going concern basis and the directors believe there are sufficient resources to continue trading for at least twelve months from the date of approval of these financial statements.

1.2 Going concern

The consolidated financial statements have been prepared on the going concern basis.

The financial position of the Group, its cash flows and liquidity are described throughout this Report and Accounts. The Group does not currently have any production assets and is in a development phase in which it is reliant on external sources of funds. At the year ended 31 December 2019 the Group had cash and cash equivalents of US$1.7m.

There is a working capital facility with Ianto Finance Limited for US$12,000,000. At year end, the facility balance was US$9,177,490 and post year end further funds have been drawn down and the balance is US$10,397,490. It is a non interest bearing loan. The purpose of the loan is to fund working capital. Ianto have agreed in principle to continue to support the Group on a reasonable basis.

Although the Group currently has Ianto Finance Limited's support, as in the past, there is no assurance that it will be able to continue this support in the future, which is a material uncertainty within the current economic climate. Further, upon a sale of the business, Ianto Finance Limited will no longer support the business, and it will be the responsibility of the new owners to manage the business as a going concern through further investment to develop the coal mining asset. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

The Directors have a reasonable expectation that the Company and the Group will be able to rely on Ianto to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

The outbreak of the coronavirus disease, COVID-19, has had an impact on the operations of all aspects of the business. However, through working from home arrangements and virtual communication methods, existing governance and management standard operating procedures and flow of information has remained uninterrupted throughout the Group. Collaboration with the buyers has remained efficient and effective. The Group's mining activities and related projects are delayed due to the lockdown in place however will resume as soon as the public health situation improves. The Group has Ianto Finance Limited's continued financial support throughout this unprecedented situation and, as mentioned previously, have increased the working capital facility to accommodate this.

1 ACCOUNTING POLICIES *(continued)*

1.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December 2019. Control is achieved where the Company has the power to govern the financial statements and operating policies of an investee entity so as to obtain benefits from its activities.

The accounting policies of the subsidiary are uniform with the Parent Company. The results of the subsidiary are included in the consolidated financial statements from the effective date of acquisition.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

The minority interest share of any loss is restricted to the level of the minority interest investment.

1.4 Foreign currencies

The consolidated financial statements are presented in US dollars. It is anticipated that US dollars will be the trading currency of the Group once production commences.

The functional currency of the Parent Company and all Group subsidiaries is US dollars.

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognised in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

On consolidation, assets and liabilities have been translated into US dollars at the closing rate at the reporting date. Income and expenses have been translated into the Group's presentation currency at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

1 ACCOUNTING POLICIES *(continued)*

1.5 Taxation

Income tax expense represents the sum of the tax currently payable.

Current tax is the tax currently payable based on taxable profit for the year using tax rates enacted or substantially enacted at the statement of financial position date.

Deferred tax is recognised on the difference between carrying values of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent it is probable that a taxable profit will be available against which deductible temporary differences can be utilised.

Tax losses which are available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation. Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets relating to brought forward tax losses are not yet recognised by the Group, but they will be recognised when it is probable that taxable profit will be available in the future.

1.6 Operating leases

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line bases over the lease term.

1.7 Interest income and expense

Interest income and expenses are accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Interest income and expenses arising from interest bearing financial instruments are recognised in the statement of comprehensive income using the effective interest method on the bases of the cost of the financial instruments.

1.8 Exploration and evaluation assets

All costs associated with mineral exploration and investments are capitalised on a project-by-project basis, pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses but not general overheads. Such capitalised expenditure is reviewed for impairment at each statement of financial position date.

When the technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the related expenditures will be transferred to mining assets and amortised over the estimated life of the commercial ore reserves on a unit of production basis. Where a licence is relinquished or a project abandoned, the related costs are written off. Where the Group maintains an interest in a project, but the value of the project is considered to be impaired, a provision against the relevant capitalised costs will be raised.

1 ACCOUNTING POLICIES *(continued)*

1.9 Property, Plant and Equipment

Property, plant and equipment are held at historical cost net of depreciation and any provision for impairment. Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment over their estimated useful economic lives. The useful economic lives are assessed at least annually. The rates generally applicable are:

Motor vehicles 33%
Plant & equipment 25%
Computer equipment 50%
Fixtures, fittings & office equipment 20%

Material residual value estimates are updated as required, but at least annually. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

1.10 Capital risk management

The Group's capital risk management objectives are:

- To ensure the Group's ability to continue as a going concern;
- To increase the value of the assets of the business; and
- To maximise the return to shareholders through optimisation of debt equity balance, at the time the assets are put into full production

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production and cash flow, either with partners or by our own means.

The Group monitors capital on the basis of the carrying amount of equity plus its Group loans, less cash and cash equivalents as presented on the face of the consolidated statement of financial position.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders (in the future), return capital to shareholders, issue new shares, or sell assets to reduce debt.

1.11 Reserves

Equity comprises the following:

- "Share capital" is the nominal value of equity shares
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Other reserves" represents a distributable reserve arising as a result of the reduction of the Company's share premium account in January 2014.
- "Translation reserve" represents the differences arising from translation of investments in overseas subsidiaries
- "Retained losses" represents cumulative retained losses attributable to holders of ordinary share of the Company

1 ACCOUNTING POLICIES *(continued)*

1.12 Financial instruments

Financial assets

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and is not designated as fair value through profit or loss ("FVTPL"). Financial assets classified as amortised cost are measured subsequent to initial recognition at an amortised cost using the effective interest method. Cash, receivables are classified as and measured at amortised cost.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the profit or loss. Other financial labilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in net earnings when the liabilities are derecognised as well as through the amortisation process. Borrowing liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date. Accounts payable and loans payable are classified as and measured at amortised cost.

1.13 New standards, interpretations and amended standards adopted by adopted by the Group

The Group adopted the following new and revised standards, along with any consequential amendments:

IFRS 16 – Leases ("IFRS 16") is effective for years beginning on or after January 1, 2019. The adoption of IFRS 16 did not have a material impact on the consolidated financial statements because the Company does not have significant lease agreements with terms of more than twelve months. Any new leases entered into will be evaluated and accounted for under the requirements of IFRS 16.

The annual improvements process addresses issues in the 2015-2017 reporting cycles include changes to IFRS 3 – Business combinations, IFRS 11 – Joint arrangements, IAS 12 – Income taxes, and IAS 23 – Borrowing costs. This improvement is effective for periods beginning on or after January 1, 2019. The adoption of these improvements did not have a material impact on the consolidated financial statements.

IFRIC 23 – Uncertainty over income tax treatments ("IFRIC 23"), has been amended to clarify how the recognition requirements of IAS 12 – Income taxes, are applied where there is uncertainty over income tax treatments. The amendment to IFRIC 23 is effective for years beginning on or after January 1 2019. The adoption of this amendment did not have material impact on its consolidated financial statements.

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

1 ACCOUNTING POLICIES *(continued)*

1.14 Impairment testing of goodwill, other intangible assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount. Amortisation is charged to administrative expenses in the consolidated statement of comprehensive income.

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF UNCERTAINTY

In the application of the Group's accounting policies the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Exploration and evaluation assets

Exploration and evaluation costs are accounted for in accordance with IFRS 6 "Exploration for and evaluation of mineral resources" and where the recognition criteria are met the costs are capitalised as intangible assets.

Key sources of estimation uncertainty

Impairment of intangible assets

The Group determines that exploration costs are capitalised at the point the Group has a valid exploration licence. The recovery of the cost of the Group's exploration projects is reviewed in the light of future production estimates based upon ongoing geological studies. Over the longer term the actual mineable resources achieved may vary significantly from the current estimates.

Impairment of assets

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

Fair value of financial instruments

The Group has both financial assets and liabilities which are recognised at fair value and subsequently are measured at amortised cost. Where estimates of receipts or payments are revised their carrying value is adjusted to reflect actual and revised estimated cash flows. The adjustment is recognised as income or expense in profit or loss.

3 OPERATING LOSS

	Year to 31 December 2019 US$	Year to 31 December 2018 US$
The operating loss is stated after charging:		
Auditors' remuneration paid to Grant Thornton:		
Fees payable to the Group's auditor for the audit of the Group's annual accounts	50,033	44,293
Other services related to subsidiary audits performed by member firms	33,810	30,739
Services related to taxation not provided by Grant Thornton	62,672	26,944
Depreciation and amortisation expense	5,549	2,627
Operating lease rentals	70,578	149,671
Tax penalties and charges	261,220	135,154

4 STAFF COSTS

	Year to 31 December *2019* US$	Year to 31 December *2018* US$
Staff costs for the Group, including directors' remuneration, were as follows:		
Wages and salaries	424,285	393,706
Social security costs	41,786	45,253
	466,071	438,959

No directors received defined pension contributions or accrued pension benefits during the current or previous year. Current directors do not receive remuneration.

The directors of the Group are considered to be its key management personnel.

	2019 No.	2018 No.
The average monthly number of employees for the Group, including directors, during the period was as follows:		
Management and administration	15	11
Operational	4	5
	19	16

5 INTEREST INCOME

	Year to 31 December 2019 US$	Year to 31 December 2018 US$
Bank interest	37,723	24,722
Other interest	120	-
	37,843	24,722

6 INTEREST EXPENSE

	Year to 31 December 2019 US$	Year to 31 December 2018 US$
Other interest	-	124
	-	124

7 SEGMENTAL ANALYSIS

In the opinion of the directors, the operations of the Group comprise one class of business being the exploration and development of coal and other minerals. The Group's main operations are located within Indonesia.

8 INCOME TAX EXPENSE

	Year to 31 December 2019 US$	Year to 31 December 2018 US$
Taxation on profit on ordinary activities		
Current income tax, including withholding tax	318,260	148,355
Total tax	318,260	148,355

The tax incurred for the period is lower than the standard rate of corporation tax of 19% (2018: 19%) in the UK

	Year to 31 December 2019 US$	Year to 31 December 2018 US$
Loss on ordinary activities before tax	(352,259)	(4,621,995)
Loss on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 19% (2018: 19%)	(66,929)	(878,179)
Effects of:		
Expenses not deductible for tax purposes	579,003	498,514
Brought forward tax gains (losses) utilised against current year liabilities	(251,124)	383,691
Overseas taxation chargeable	158,880	141,416
Adjustment for deferred tax from prior year loss	(15,488)	(396,440)
Other differences	103,568	23,516
Currency (gains) / losses	(185,676)	367,666
Other permanent timing differences	(3,974)	8,171
Total charge for the period	318,260	148,355

Factors that may affect future tax charges

The Group has tax losses carried forward of US$10,249,626 (2018: US$11,440,453) that are available for offset against future taxable profits. In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). The new law was subsequently enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

Unrecognised deferred tax assets

The Group has a potential deferred tax asset of US$1,947,429 (2018: US$2,173,686) due to taxable losses carried forward. This has not been recognised in the Group accounts due to the uncertainty of the realisation of this asset in the foreseeable future.

9 INTANGIBLE ASSETS

	At 31 December 2019 US$	At 31 December 2018 US$
Exploration and evaluation assets		
Cost and net book value		
At 1 January	18,517,288	18,166,260
Additions	321,324	351,028
At 31 December	18,838,612	18,517,288
Licences		
At 1 January	24,606,721	24,606,721
At 31 December	24,606,721	24,606,721
	43,445,333	43,124,009

The technical feasibility and commercial viability of extracting a mineral resource has not yet been demonstrated in the above intangible assets. These assets are not amortised until technical feasibility and commercial viability is established. Despite the continued decline in coal prices, no impairment review has been carried out as there are no facts and circumstances which suggest that the carrying value may exceed the recoverable amount. The assets are held below the potential sale value of the mining concession.

Licences have been issued in the Jambi Province by the Regent of Sarolangun with the following expiration dates:

IUP Holder	Type	Size	Decree	Decree Date	Expiry
PT Anugerah Jambi Coalindo	IUPOP	3,640 Ha	47/1/IUP/PM A/2017	19 September 2017	29 May 2028
PT Bakti Sarolangun Sejahtera	IUPOP	2,687 Ha	57/1/IUP/PM A/2017	9 November 2017	29 May 2028
PT Sinar Anugerah Sukses	IUPOP	1,273 Ha	54/1/IUP/PM A/2017	17 October 2017	29 May 2028

Based on mining regulations, licences are renewable for an additional 20 years.

There was no impairment trigger at reporting date.

10 PROPERTY, PLANT AND EQUIPMENT	Plant & equipment	Mapping Equipment	Motor vehicles	Computers	Fixtures, fittings and office equipment	Total
	US$	US$	US$	US$	US$	US$
Cost						
At 1 January 2018	19,002	-	123,958	18,143	166,822	327,925
Additions	-	4,382	13,418	-	-	17,800
At 31 December 2018	19,002	4,382	137,376	18,143	166,822	345,725
Depreciation						
At 1 January 2018	(19,002)	-	(118,621)	(17,201)	(164,796)	(319,620)
Charged in the year	-	(253)	(2,172)	(420)	(1,954)	(4,799)
At 31 December 2018	(19,002)	(253)	(120,793)	(17,621)	(166,750)	(324,419)
Net book value						
At 31 December 2018	-	4,129	16,583	522	72	21,306
At 31 December 2017	-	-	5,337	942	2,026	8,305

10	**PROPERTY, PLANT AND EQUIPMENT** *(continued)*	Plant & equipment	Mapping Equipment	Motor vehicles	Computers	Fixtures, fittings and office equipment	Total
		US$	US$	US$	US$	US$	US$
	Cost						
	At 1 January 2019	19,002	4,382	137,376	18,143	166,822	345,725
	Disposals	-	-	(32,612)	(5,690)	(164,517)	(202,819)
	At 31 December 2019	19,002	4,382	104,764	12,453	2,305	142,906
	Depreciation						
	At 1 January 2019	(19,002)	(253)	(120,793)	(17,621)	(166,750)	(324,419)
	Charged in the year	-	(1,092)	(4,140)	(245)	(72)	(5,549)
	Disposals	-	-	32,612	5,413	164,517	202,542
	At 31 December 2019	(19,002)	(1,345)	(92,321)	(12,453)	(2,305)	(127,426)
	Net book value						
	At 31 December 2019	-	3,037	12,443	-	-	15,480
	At 31 December 2018	-	4,129	16,583	522	72	21,306

In 2018, depreciation of US$2,172 was capitalised as an intangible asset during the year. This did not occur in 2019.

The Group's property, plant and equipment are free from any mortgage or charge.

11 TRADE AND OTHER RECEIVABLES

	At 31 December 2019 US$	At 31 December 2018 US$
Sundry debtors	-	250,000
Recoverable Value Added Tax	665,864	742,073
Prepayments and accrued income	28,358,172	27,213,424
	29,024,036	28,205,497

Prepayments and accrued income includes US$28,328,270 (2018: US$27,123,410) for prepayment of asset acquisitions.

12 TRADE AND OTHER PAYABLES

	At 31 December 2019 US$	At 31 December 2018 US$
Non Current		
Provisions	247,165	190,545
	247,165	190,545
Current		
Working capital facility	9,177,490	6,703,865
Trade payables	64,510	90,909
Other payables	337,827	426,565
Accruals and deferred income	749,382	1,084,006
	10,329,209	8,305,345

Non Current

Provisions include US$209,381 (2018: US$161,566) for staff termination and US$37,784 (2018: US$28,979) deferred tax liability.

Current

Following the debt restructure, a convertible loan capital facility with Ianto and Broughton was put in place for up to US$5m. This is a non interest bearing loan. The purpose of the loan is to fund working capital. The convertible loan capital facility has been amended and is now up to US$12m and includes Pacific Rim Resources Limited (PRR).

The working capital facility included borrowings from Ianto of US$8,646,048 (2018: US$6,473,340), from Broughton of US$40,587 (2018: US$30,321) and from PRR of US$490,855 (2018: US$200,204).

Also included in the current payables is US$337,126 (2018: US$424,794), due in relation to overseas taxation.

The above listed payables were all unsecured. The fair value of trade and other payables is not materially different to the carrying values presented.

13 SHARE CAPITAL

	At 31 December 2019 US$	At 31 December 2018 US$
Authorised		
307,768,691 (2018: 307,768,691) Ordinary shares of US$0.16103 each	49,559,993	49,559,993
Allotted, called up and fully paid		
307,768,691 (2018: 307,768,691) Ordinary shares of US$0.16103 each	49,559,993	49,559,993
Share Premium		
Share premium on Ordinary shares	1,792,700	1,792,700

There are no rights or preference shares issued. Each ordinary share has equal voting rights.

14 RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES

	At 31 December 2019 US$	At 31 December 2018 US$
Operating loss	(1,480,443)	(2,825,383)
Depreciation and amortisation charged	5,549	4,799
Loss on tangibles written off	277	-
Increase (decrease) in receivables	326,209	(233,400)
Decrease in payables	(413,661)	(1,289,623)
Purchase of tangibles	-	(17,800)
Income taxes paid	(318,260)	(148,355)
Net cash (used in) / generated from operating activities	(1,880,329)	(4,509,762)

15 OPERATING LEASE COMMITMENTS

The Group had the total of future minimum lease payments under non-cancellable operating leases as follows:

	Land and Buildings 2019 US$	Land and Buildings 2018 US$
Expiry date:		
Not later than one year	4,805	114,480
Between one and three years	3,916	158,924

16 RELATED PARTY TRANSACTIONS

Under the working capital facility, during the year the Company borrowed US$2,172,708 (2018: US$5,527,757) from Ianto Finance Limited, a shareholder in the Company. At the end of the year the outstanding balance was US$8,646,048 (2018: US$6,473,340).

Under the working capital facility, during the year the Company borrowed US$10,266 (2018: US$25,904) from Broughton Limited, a shareholder in the Company. At the end of the year the outstanding balance was US$40,587 (2018: US$30,321).

Under the working capital facility, during the year the Company borrowed US$290,651 (2018: US$200,204) from Pacific Rim Resources Limited, a shareholder in the Company. At the end of the year the outstanding balance was US$490,855 (2018: US$200,204).

During the year, fees of US$627,569 (2018: US$1,140,333) were incurred for consulting services and expenses provided by Pacific Rim Resources Limited, a shareholder of the Company. At the end of the year the outstanding balance was US$Nil (2018: US$Nil).

During the year, fees of US$62,638 (2018: US$278,175) were incurred for legal services provided by Charles Russell Speechlys LLP, a legal firm of which Mr C Putt is a partner. At the end of the year US$Nil (2018: US$29,089) was outstanding.

At the end of the year, the Company recognised US$250,000 of services revenue from Ianto Finance Limited (2018: US$250,000). The outstanding receivable from Ianto Finance Limited was US$Nil (2018: US$250,000).

Since the share offer transaction in 2012, no Ianto representatives have received remuneration for any services they have provided to the Company.

17 ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Ianto Finance Limited.

18 POST BALANCE SHEET EVENTS

The World Health Organisation (WHO) declared the outbreak of the new coronavirus disease, COVID-19, a public health emergency of international concern on 30th January 2020. This has had an impact on operations in both the United Kingdom and Indonesia. The Group are unable to quantify the impact of COVID-19 as it cannot be estimated at this time. This is further discussed in the Going Concern note.

19 FINANCIAL INSTRUMENTS

	At 31 December 2019 US$	At 31 December 2018 US$
Categories of financial instruments		
Financial assets at amortised cost		
Sundry debtors	-	250,000
Cash and cash equivalents	1,718,130	1,442,202
	1,718,130	1,692,202
Financial liabilities at amortised cost		
At amortised cost – falling due within one year	9,992,083	7,880,551

The Group's principal financial asset is cash, whilst the financial liabilities of the Group are wholly comprised of trade and other payables, including the working capital facility payable. The carrying amount of the Group's financial assets and liabilities are stated at their approximate fair value.

The Group did not hold or issue any financial instruments for trading purposes at the statement of financial position date.

The Group has not pledged any of its financial assets as collateral for its financial liabilities. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk.

(a) Interest Rate Risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's exposure to interest rate risk related primarily to cash and cash equivalents, as the Group does not hold any interest bearings borrowings, hence the interest rate risk is considered to be immaterial.

(b) Foreign Currency Risk

Foreign currency denominated financial assets and liabilities, translated into US$ as the closing rate, are as follows:

	GBP US$'000s	IDR US$'000s
Financial Assets		
Sundry debtors	1	-
Cash and cash equivalents	1	610
	2	610
Financial Liabilities		
Trade and other payables	-	297

19 FINANCIAL INSTRUMENTS ***(continued)***

(b) Foreign Currency Risk *(continued)*

The following information illustrates the sensitivity of the net result for the year and equity in regards to the Group's financial assets and liabilities and the sterling/US dollar and sterling/Indonesian rupiah exchange rates, on the assumption that all consolidated statement of comprehensive income sensitivities also impact upon equity.

The information below assumes a +/- 18% change in the US dollar/sterling and a +/- 22% US dollar/Indonesian rupiah exchange rate for the period ended 31 December 2019. These percentages have been based on the approximate average market volatility in exchange rates in the previous 18 months. Bearing in mind current economic conditions and the financial outlook both in the UK and throughout Europe, the Board is of the opinion that, as far as it is possible to predict future currency movements, historical exchange movements over the last 18 month provide a reasonable estimation of possible future fluctuations in exchange rates.

If the US dollar had weakened / strengthened against sterling by 18% the following impact would have resulted – net result for the year up by US$1,000, down by US$1,000 respectively, and equity up by US$1,000, down by US$1,000 respectively.

If the US dollar had weakened / strengthened against the Indonesian rupiah by 22% the following impact would have resulted – net result for the year up by US$69,000, down by US$69,000 respectively, and equity down by US$69,000, up by US$69,000 respectively.

Whilst the Group continually monitors its exposure to movements in currency rates, it does not utilise hedging instruments to protect against currency risks. The currency risk arising on items denominated in Indonesian rupiah is considered to be immaterial.

(c) Liquidity Risk

An objective of the Group is to manage its funding risk to ensure that it can meet its financial obligations as and when they fall due. As discussed in the Notes to the Financial Statements, the Group is reliant on Ianto to meet these obligations and Ianto has agreed in principle to continue to provide financial support on a reasonable basis for the foreseeable future. However, this remains a key risk to the business going forward.

(d) Credit Risk

The Group's maximum exposure to credit risk is US$30,742,166 (2018: US$29,647,699).

In relation to cash and cash equivalents, the Group manages its credit risk by holding surplus funds in high creditworthy institutions, and maintains minimum balances with financial institutions in remote locations.

The principal credit risk is attributable to trade receivables being advances made to trading partners in Indonesia in respect of prepayment of asset acquisitions. The Group continues to monitor its credit exposure in this matter and management are satisfied that there are no doubtful receivables in this period for which the Group has not made provision.

Nusantara Energy Limited

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NUSANTARA ENERGY LIMITED

Opinion

We have audited the financial statements of Nusantara Limited (the 'company') for the year ended 31 December 2019 ended which comprise the statement of financial position, the statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of the its loss for year ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 is amongst the most significant economic event currently faced by the world, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which indicates that the Company currently has Ianto Finance Limited's support, as in the past, there is no assurance that it will be able to continue this support in the future. Upon sale of the business, Ianto Finance Limited will no longer support the business and it will be the responsibility of the new owners to continue to manage the business through further investment to develop the coal mining asset. These conditions, along with the other matters as set forth in note 1.2, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company'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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Other matters

We have reported separately on the group financial statements of Nusantara Energy Limited for the year ended 31 December 2019. The report includes an emphasis of matter with material uncertainty related to going concern.

Christopher Raab, ACA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
30 October 2020

Nusantara Energy Limited
COMPANY STATEMENT OF FINANCIAL POSITION
At 31 December 2019

	Notes	At 31 December 2019 US$	At 31 December 2018 US$
NON CURRENT ASSETS			
Intangible assets	4	9,252,563	9,252,563
Investments	5	34,278,800	52,908,800
TOTAL NON CURRENT ASSETS		43,531,363	62,161,363
CURRENT ASSETS			
Trade and other receivables	6	49,721,566	48,456,482
Cash and cash equivalents		545,866	1,189
TOTAL CURRENT ASSETS		50,267,432	48,457,671
CURRENT LIABILITIES			
Trade and other payables	7	(9,237,890)	(7,090,143)
NET ASSETS		84,560,905	103,528,891
CAPITAL AND RESERVES			
Called up share capital	8	49,559,993	49,559,993
Share premium account	8	1,792,700	1,792,700
Other reserves	9	74,585,985	74,585,985
Translation reserve	9	(2,759,782)	(2,759,782)
Retained losses	9	(38,617,991)	(19,650,005)
SHAREHOLDERS' FUNDS	10	84,560,905	103,528,891

The financial statements were approved by the Board on 30 October 2020.

Signed on behalf of the board of directors:

Michael Higgins

M Higgins
Director
Company Registration No. 06156525

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

Nusantara Energy Limited
COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019

	Share capital	Share premium	Other reserves	Translation reserve	Retained losses attributable to the Company	Total
	US$	US$	US$	US$	US$	US$
At 1 January 2018	49,559,993	1,792,700	74,585,985	(2,759,782)	(19,165,876)	104,013,020
Loss for the year	-	-	-	-	(484,129)	(484,129)
TOTAL COMPREHENSIVE LOSS FOR YEAR	-	-	-	-	(484,129)	(484,129)
At 31 December 2018	49,559,993	1,792,700	74,585,985	(2,759,782)	(19,650,005)	103,528,891

Nusantara Energy Limited
COMPANY STATEMENT OF CHANGES IN EQUITY *(continued)*
For the year ended 31 December 2019

	Share capital	Share premium	Other reserves	Translation reserve	Retained losses attributable to the Company	Total
	US$	US$	US$	US$	US$	US$
At 1 January 2019	49,559,993	1,792,700	74,585,985	(2,759,782)	(19,650,005)	103,528,891
Loss for the year	-	-	-	-	(18,967,986)	(18,967,986)
TOTAL COMPREHENSIVE LOSS FOR YEAR	-	-	-	-	(18,967,986)	(18,967,986)
At 31 December 2019	49,559,993	1,792,700	74,585,985	(2,759,782)	(38,617,991)	84,560,905

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

1 SIGNIFICANT ACCOUNTING POLICIES

The separate financial statements of the Company are presented as required by the Companies Act 2006. As permitted by that Act, the separate financial statements have been prepared in accordance with all applicable UK accounting standards. The principal accounting policies which differ from those set out in note 1 to the consolidated financial statements are noted below.

1.1 Basis of preparation of financial statements

These financial statements present information about the Company for the year ended 31 December 2019 as an individual entity. They have been prepared in accordance with applicable accounting standards and in accordance with Financial Reporting Standard 101 – 'The Reduced Disclosure Framework' (FRS 101). These policies have all been applied consistently throughout the year unless otherwise stated. The financial statements have been prepared on a historical cost basis and in accordance with applicable accounting standard with Companies Act 2006.

1.2 Going Concern

These financial statements have been prepared on a going concern basis. The financial position of the Company, its cash flows and liquidity are described throughout this Report and Accounts. The Company does not currently have any production assets and is in a development phase in which it is reliant on external sources of funds. At 31 December 2019 the Company had cash and cash equivalents of US$0.5m.

There is a working capital facility with Ianto Finance Limited for US$12,000,000. At year end, the facility balance was US$9,177,490 and post year end further funds have been drawn down and the balance is US$10,397,490. It is a non interest bearing loan. The purpose of the loan is to fund working capital. Ianto have agreed in principle to continue to support the Company on a reasonable basis.

Although the Group currently has Ianto Finance Limited's support, as in the past, there is no assurance that it will be able to continue this support in the future, which is a material uncertainty within the current economic climate. Further, upon a sale of the business, Ianto Finance Limited will no longer support the business, and it will be the responsibility of the new owners to manage the business as a going concern through further investment to develop the coal mining asset. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern. The Directors have a reasonable expectation that the Company and the Group will be able to rely on Ianto to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

The outbreak of the coronavirus disease, COVID-19, has had an impact on the operations of all aspects of the business. However, through working from home arrangements and virtual communication methods, existing governance and management standard operating procedures and flow of information has remained uninterrupted throughout the Group. Collaboration with the buyers has remained efficient and effective. The Group's mining activities and related projects are delayed due to the lockdown in place however will resume as soon as the public health situation improves. The Group has Ianto Finance Limited's continued financial support throughout this unprecedented situation and, as mentioned previously, have increased the working capital facility to accommodate this.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

1.3 Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include a statement of cash flows and related notes.

1.4 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.5 Operating leases

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

1.6 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.7 Foreign currencies

The financial statements are presented in US dollars. It is anticipated that US dollars will be the trading currency of the Group once production commences.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognised in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

1.8 Reserves

Equity comprises the following:

- "Share capital" is the nominal value of equity shares
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Other reserves" represents a distributable reserve arising as a result of the reduction of the Company's share premium account in January 2014.
- "Translation reserve" represents the differences arising from translation of investments in overseas subsidiaries
- "Retained losses" represents cumulative retained losses attributable to holders of ordinary share of the Company

2 AUDITORS REMUNERATION

	Year to 31 December 2019 US$	Year to 31 December 2018 US$
Auditors' remuneration paid to Grant Thornton UK LLP:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	50,033	44,293

3 COMPANY RESULTS

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The loss for the Company for the year ended 31 December 2019 was US$18,967,986 (2018: US$484,129).

4 INTANGIBLE ASSETS

	Exploration costs US$
Cost	
At 1 January 2019	9,252,563
Additions	-
At 31 December 2019	9,252,563

5 INVESTMENTS

Cost	Shares in Group undertakings US$
At 1 January 2019	52,908,800
Additions	1,440,000
At 31 December 2019	54,348,800
Impairment provision	(20,070,000)
At 31 December 2019, carrying value	34,278,800

An agreement was made on 1 January 2016 that all contributions to ANM and ANR would be considered Capital in Advance. During 2019 this amounted to US$1,440,000 (2018: US$3,495,000). Capital in Advance is share capital contributed to the company but stock has not yet been issued. In 2019, an impairment expense of US$20,070,000 (2018: US$Nil) has been made to reflect the expected sale proceeds of the Company.

Subsidiary undertakings

The following were subsidiary undertakings of the Company at the end of both 2018 and 2019:

Name	Business	Country of Incorporation	Holding	Cost at 31 December 2019 US$
PT Artha Nusantara Resources (ANR)	Mining	Indonesia	99.98%	26,646,300
PT Artha Nusantara Mining (ANM)	Mining	Indonesia	95%	27,652,500
Nusantara Holdings (Luxembourg)	Holding Co.	Luxembourg	100%	50,000
				54,348,800

The registered address of the Indonesian subsidiaries is Indonesia Stock Exchange Building, Tower I, 8th Floor, Suite 802, Jl. Jend. Sudirman Kav 52-53, Jakarta 12190. The registered address of the Luxembourg subsidiary is 11 Avenue de la Porte Neuve, L-2227, Luxembourg.

6 TRADE AND OTHER RECEIVABLES

Current	At 31 December 2019 US$	At 31 December 2018 US$
Amounts owed by Group undertakings	49,717,703	48,437,784
Other debtors	1,153	15,542
Prepayments and accrued income	2,710	3,156
	49,721,566	48,456,482

7 TRADE AND OTHER PAYABLES

	At 31 December 2019 US$	At 31 December 2018 US$
Current		
Working Capital Facility	9,177,490	6,703,865
Trade creditors	49	77,000
Accruals and deferred income	59,650	307,507
Other payables	701	1,771
	9,237,890	7,090,143

8 SHARE CAPITAL

	At 31 December 2019 US$	At 31 December 2018 US$
Authorised		
307,768,691 (2018: 307,768,691) Ordinary shares of US$0.16103 each	49,559,993	49,559,993
Allotted, called up and fully paid		
307,768,691 (2018: 307,768,691) Ordinary shares of US$0.16103 each	49,559,993	49,559,993
Share Premium		
Share premium on Ordinary shares	1,792,700	1,792,700

There are no rights or preference shares issued. Each ordinary share has equal voting rights.

9 RESERVES

	Translation reserve account US$	Other reserves US$	Share premium account US$	Profit and loss account US$
At 1 January 2019	(2,759,782)	74,585,985	1,792,700	(19,650,005)
Loss for the year	-	-	-	(18,967,986)
At 31 December 2019	(2,759,782)	74,585,985	1,792,700	(38,617,991)

10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Shareholders' Funds US$
At 1 January 2019	103,528,891
Shares issued during period	-
Loss for the year	(18,967,986)
At 31 December 2019	84,560,905

11 RELATED PARTY TRANSACTIONS

Under the working capital facility, during the year the Company borrowed US$2,172,708 (2018: US$5,527,757) from Ianto Finance Limited, a shareholder in the Company. At the end of the year the outstanding balance was US$8,646,048 (2018: US$6,473,340).

Under the working capital facility, during the year the Company borrowed US$10,266 (2018: US$25,904) from Broughton Limited, a shareholder in the Company. At the end of the year the outstanding balance was US$40,587 (2018: US$30,321).

Under the working capital facility, during the year the Company borrowed US$290,651 (2018: US$200,204) from Pacific Rim Resources Limited, a shareholder in the Company. At the end of the year the outstanding balance was US$490,855 (2018: US$200,204).

During the year, fees of US$627,569 (2018: US$1,140,333) were incurred for consulting services and expenses provided by Pacific Rim Resources, a shareholder of the Company. At the end of the year the outstanding balance was US$Nil (2018: US$Nil).

During the year, fees of US$62,638 (2018: US$278,175) were incurred for legal services provided by Charles Russell Speechlys LLP, a legal firm of which Mr C Putt is a partner. At the end of the year US$Nil (2018: US$29,089) was outstanding.

At the end of the year, the Company recognised US$250,000 of services revenue from Ianto Finance Limited (2018: US$250,000). The outstanding receivable from Ianto Finance Limited was US$Nil (2018: US$250,000).

Since the share offer transaction in 2012, no Ianto representatives have received remuneration for any services they have provided to the Company.

12 POST BALANCE SHEET EVENTS

The World Health Organisation (WHO) declared the outbreak of the new coronavirus disease, COVID-19, a public health emergency of international concern on 30th January 2020. This has had an impact on operations in both the United Kingdom and Indonesia. The Group are unable to quantify the impact of COVID-19 as it cannot be estimated at this time. This is further discussed in the Going Concern note.

13 ULTIMATE PARENT COMPANY

The ultimate controlling party is Ianto Finance Limited.