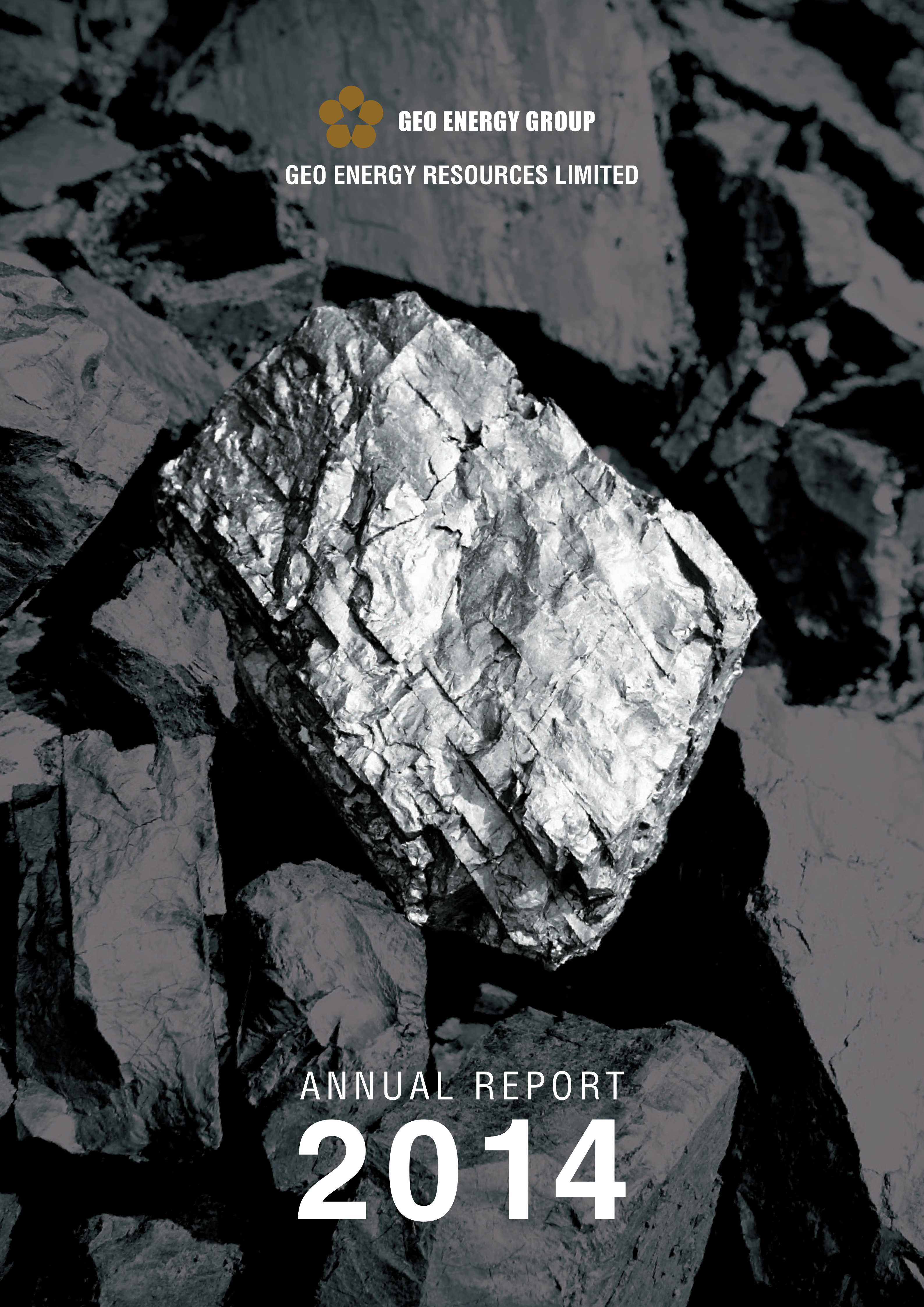
GEO ENERGY GROUP

GEO ENERGY RESOURCES LIMITED



ANNUAL REPORT 2014

MOST TRANSPARENT COMPANY AWARD (MTCA) 2014 RUNNER-UP
CHEMICAL & RESOURCES
15TH SIAS INVESTORS' CHOICE AWARDS

MOST TRANSPARENT COMPANY AWARD (MTCA) 2013 RUNNER-UP
CHEMICAL & RESOURCES
14TH SIAS INVESTORS' CHOICE AWARDS

MOST TRANSPARENT COMPANY AWARD (MTCA) 2013 RUNNER-UP
NEW ISSUES
14TH SIAS INVESTORS' CHOICE AWARDS

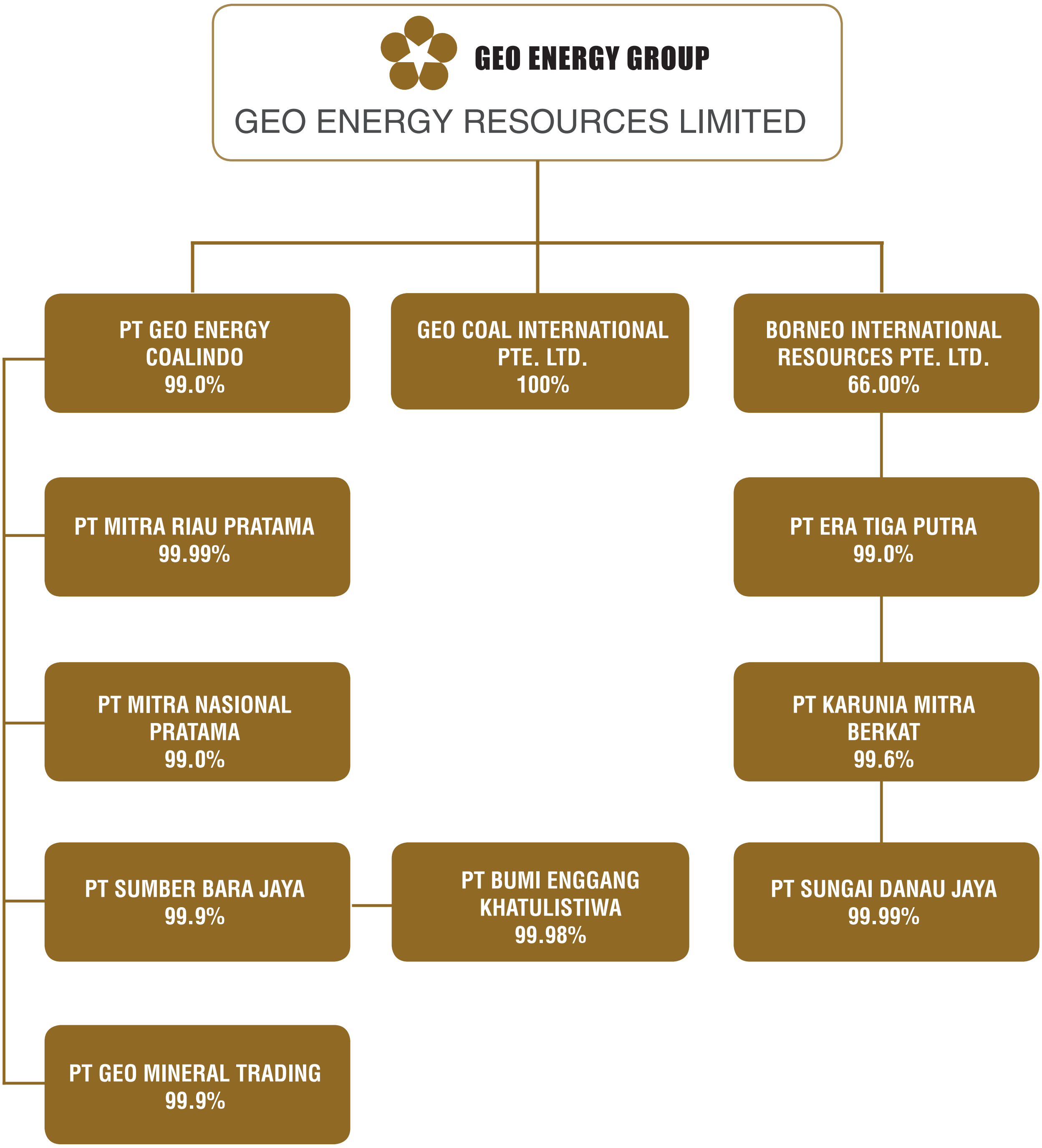
CORPORATE PROFILE

Geo Energy Resources Limited (collectively with its subsidiaries, "Geo Energy" or the "Group") is an established and experienced coal mining group operating in Indonesia. Established in 2008, Geo Energy is headquartered in Jakarta, Indonesia with its corporate office in Singapore and production operations in Kalimantan, Indonesia.

Geo Energy primarily operates as a coal producer and a mine contractor. The Group owns mining concessions in East and South Kalimantan. In addition, the Group also operates as a mine contractor providing specific mine contracting services to third party mine owners.

Geo Energy is committed to a sustainable growth and will continue to keep a lookout for potential opportunities which will allow us to further expand our operations either through the acquisition of new mine concessions or through securing new mining services contracts.

CORPORATE STRUCTURE



CORPORATE INFORMATION

Board of Directors
Charles Antonny Melati (Executive Chairman)
Dhamma Surya (Chief Executive Officer)
Huang She Thong (Executive Director)
James Beeland Rogers Jr (Non-Executive Director)
Soh Chun Bin (Lead Independent Director)
Ong Beng Chye (Independent Director)
Lu King Seng (Independent Director)
Karyono (Independent Director)

Audit Committee
Ong Beng Chye (Chairman)
Soh Chun Bin
Karyono
Lu King Seng

Remuneration Committee
Lu King Seng (Chairman)
Soh Chun Bin
Ong Beng Chye

Nominating Committee
Soh Chun Bin (Chairman)
Karyono
Lu King Seng
Ong Beng Chye
Charles Antonny Melati
Dhamma Surya

Company Secretary
Vincent Lim, LLB (Hons)

Registered Office
12 Marina Boulevard #16-01
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: +65 6702 0888
Fax: +65 6702 0880

Share Registrar and Share Transfer Office
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Auditors
Deloitte & Touche LLP
6 Shenton Way
OUE Downtown 2 #33-00
Singapore 068809
Partner-in-charge: Tay Hwee Ling
Date of Appointment: 27 June 2013
(Public Accountants and Chartered Accountants)

Principal Bankers
United Overseas Bank Limited
80 Raffles Place
UOB Plaza 1
Singapore 048624

Australia and New Zealand Banking Group Limited
50 Raffles Place
#01-03 Singapore Land Tower
Singapore 048623

PT. Bank Mandiri (Persero) Tbk
Plaza Mandiri
Jl. Jendral Gatot Subroto Kav 36-38
Jakarta 12190
Indonesia

OUR AREAS OF OPERATIONS

SDJ MINING CONCESSION

- 235 ha in Tanah Bumbu, South Kalimantan
- 42.4 million tonnes of reserves
- 58.4 million tonnes of resources in addition to reserves
- Calorific value ranging from 4,000 to 4,200 GAR

MINE CONTRACTING SERVICES

- Mining service contracts at East and South Kalimantan
- Overburden removal and coal hauling services

JAKARTA HEAD OFFICE

- Finance, Legal, Human Resource, IT, Marketing and Purchasing functions
- Oversees Group's business and operations

BEK MINING CONCESSION

- 4,570 ha in Kutai Barat, East Kalimantan
- 11.1 million tonnes of reserves
- 29.7 million tonnes of resources in addition to reserves
- Average calorific value in excess of 3,400 GAR

SINGAPORE CORPORATE OFFICE

- Corporate, Finance, Marketing and Human Resource functions
- Oversees Group's growth strategy, M&A, funding and investor relations

CORPORATE
MILESTONES

OCTOBER 19^{TH} 2012

Listed on the SGX Mainboard

DECEMBER 11^{TH} 2012 AND JANUARY 9^{TH} 2013

Entered into mining services contracts as well as coal sales and purchase contracts for two mining concessions in East Kalimantan

SEPTEMBER 24^{TH} AND OCTOBER 14^{TH} 2013

Signed additional working blocks for mining services and coal sales and purchase contracts

NOVEMBER 11^{TH} 2013

Awarded runner-up of the 14th SIAS Investors' Choice Award, Most Transparent Company in two categories namely (i) Chemical & Resources and (ii) New Issues

JUNE 30^{TH} AND JULY 18^{TH} 2014

Established S$300,000,000 Multicurrency Medium Term Note Programme and issued S$100,000,000 7% Fixed Rate Notes due 2018

JULY 24TH 2014

Entered into mining services contract as well as coal sales and purchase contract for a mining concession in South Kalimantan

AUGUST 18TH 2014

Completed the acquisition of 66% of Borneo International Pte. Ltd., which, through its subsidiary, owned SDJ mining concession in South Kalimantan

NOVEMBER 1ST 2014

Awarded runner-up of the 15th SIAS Investors' Choice Award, Most Transparent Company in the Chemical & Resources category

CHAIRMAN'S
MESSAGE

Dear Shareholders,

As we have witnessed, 2014 was a tough year for the coal industry in general. The intensive investment in the previous years resulted in a chronic oversupply of coal, while demand from some of our export destinations, such as China, turned weaker. The MMSCASIA Coal Price[1] extended the fall in the previous years and declined by a further 20% to US$71 per tonne in 2014. As a response to the depressed situation, governments around the world have taken steps to cap coal output. For the first time in at least 30 years, coal production in Indonesia decreased on an annual basis[2], compared to a CAGR of 13.9% for the 2003-2013 period. The market conditions cast shadow on the entire sector, and Geo Energy was not spared.

Key developments during the year

With our strategy to diversify the business model and revenue streams, the Group made several strategic moves during the year. In July, we entered into a mining services contract and mining cooperation agreement with CV. Mandiri Makmur Citra Tambang to provide mining services in the concession located in South Kalimantan, spanning a total area of 190 hectares. The agreement granted us the offtake right to no less than 1.9 million tonnes of coal with calorific value of 4,200 GAR.

In August, we completed the acquisition of SDJ concession also in South Kalimantan, spanning a total area of approximately 235 hectares. The acquisition increased our coal reserves from approximately 11 million tonnes to more than 50 million tonnes. As the calorific value

[1] IHS McCloskey cif Asia Steam Coal Marker Price, source: Bloomberg

[2] http://www.reuters.com/article/2014/11/24/indonesia-coal-exports-idUSL3N0TE31G20141124

of these additional coal reserve ranges from 4,000 to 4,200 GAR, it meets the requirements of power plants in China, India and Indonesia, hence these reserves will diversify our product range and put us in a better position to cater to regional demand.

As part of the strategy to transform the Group from a coal miner and mining service provider to an integrated coal mining group with upstream and downstream capabilities, in October, we entered into an agreement through our subsidiary, PT Sumber Bara Jaya with PT Bandar Laut Biru ("BLB") for the management and operation of a port terminal for 15 years. The agreement will bring us additional revenue stream through coal handling for third party coal miners while concurrently taking on BLB's existing portfolio of customers. It will also allow us to gain better certainty over future SDJ's logistics schedule, and lower our own logistical and operational expenses. As a coal port operator, we expect to have the exposure to a wider network of customers and additional opportunities for coal trading and the marketing of third parties' coal.

In line with Indonesian Government's overall economic plan to have at least an additional 35,000 megawatt of power within the next four years, in early 2015, we have entered into a cooperation agreement with China Nuclear Industry 22nd Construction Co., Ltd, a major Chinese State-owned Enterprise, for the construction, management and operation of coal-fired power stations in Indonesia. The partnership will potentially create demand for our coal to the power plants in future.

In 2014, the Group has been awarded as the Runner-Up of the 15th SIAS Investors' Choice Award – Most Transparent Company Award (MTCA) 2014, in the Chemical & Resources Category. This is the second consecutive year that the Group won this award, and it is an endorsement of good faith in the

CHAIRMAN'S MESSAGE

Group's continuous efforts to improve overall transparency and corporate governance standards.

Market outlook

Adaro Energy expected coal oversupply to persist for at least another one or two quarters, and the World Bank forecasted a moderate decline in 2015[3], before a gradual recovery after that. The Indonesian government has introduced a new regulation on the registration of coal exporters, in an effort to prevent excessive exploitation of coal, and to stabilise supply. In terms of demand, although coal demand from China may not recover in the near future, given the current energy consumption structure in China, coal will remain as a major source of energy in the next few years. The use of clean coal technology could potentially strengthen the demand and transform the overall outlook for coal as well. In addition, compensating the lower demand from China, the need to improve electrification rate in India and certain ASEAN countries will support coal demand in the medium term.

While challenges will likely stay, the lower cost in coal production in Indonesia will put us in a relatively advantageous position as demand and supply rebalance. Our strategy to diversify the business model along the industrial value chain should provide some cushion in harsh market conditions, and we will continue to seek the opportunities to accumulate additional coal reserves at a lower valuation; this will strengthen our position as an integrated coal mining group in the long term.

A note of appreciation

On behalf of the Board, I would like to thank our employees for their efforts in their respective positions that drove the Group forward. I would also like to thank all my fellow Directors for the contribution they have made throughout the year, and thank all our shareholders for your continued loyalty and support. It's your faith in us that spurs us to do our utmost and pull through the challenges on the market.

Mr Charles Antonny Melati
Executive Chairman

[3] http://www.worldbank.org/content/dam/Worldbank/GEP/GEPcommodities/GEP2015a_commodity_Jan2015.pdf

FINANCIAL AND OPERATIONS REVIEW

FY2014 Financial & Operational Review

The challenging market conditions have weighed on our financial performance. The Group's revenue was halved from US$108.6 million in FY2013 to US$53.1 million in FY2014, mainly due to the following factors:

(i) Downward trend in coal price and softer demand for coal with low calorific value; as a result, our coal revenue decreased by US$48.0 million;
(ii) Decrease in revenue of US$7.5 million from mining services and equipment rental.

Three-Year Financial Snapshot

(US$'million)	FY2012	FY2013	FY2014
Revenue	78.8	108.6	**53.1**
Gross Profit	36.2	30.5	**(2.4)**
Net Profit	19.2	13.0	**(12.8)**
Current Assets	78.4	84.7	**79.9**
Non-Current Assets	76.6	76.8	**131.7**
Total Assets	155.0	161.5	**211.6**
Current Liabilities	19.0	21.8	**23.5**
Non-Current Liabilities	12.3	17.4	**80.1**
Total Equity	123.7	122.3	**108.0**
Cash & Cash Equivalents	69.1	17.8	**13.3**
Debt to Equity Ratio*	0.1	0.2	**0.8**
Net Asset Value per Share (US cents)**	10.7	10.6	**9.3**
Diluted Earnings per Share (US cents)**	1.7	1.1	**(1.1)**
Return on Equity	15.5%	10.7%	**(11.8%)**
Return on Total Assets	12.4%	8.1%	**(6.0%)**

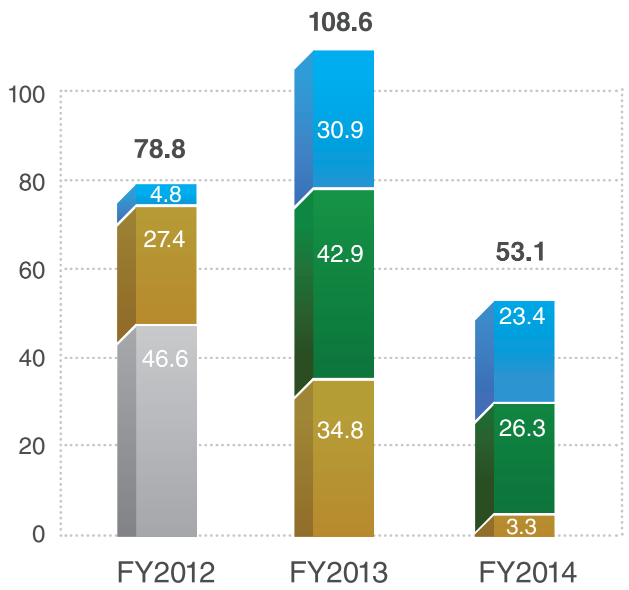
* Define as the sum of indebtedness to financial institutions, convertible loans and Medium Term Notes divided by total equity
** Based on share capital of 1,157,050,891 ordinary shares as at 31 December 2014

FINANCIAL AND OPERATIONS REVIEW

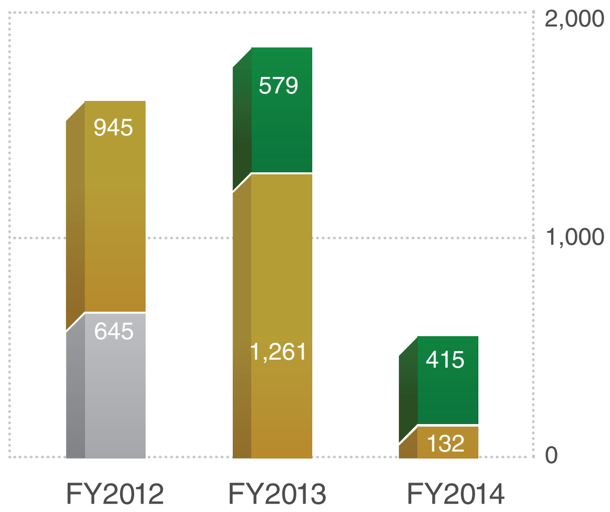
Financial & Operational Review

As part of the Group's strategy to increase coal production and expand operations, we utilised the portion of IPO proceeds allocated to equipment acquisition, and also the proceeds from the Medium Term Notes issued during the year. As stated in the Group's 3Q2014 results announcement on 13 November 2014, the Group's IPO proceeds had been fully utilised. As at 31 December 2014, the Group owns and operates a comprehensive and diverse mining fleet of 215 units of equipment, after the disposal of some equipment during the year.

Revenue Breakdown
(US$'million)



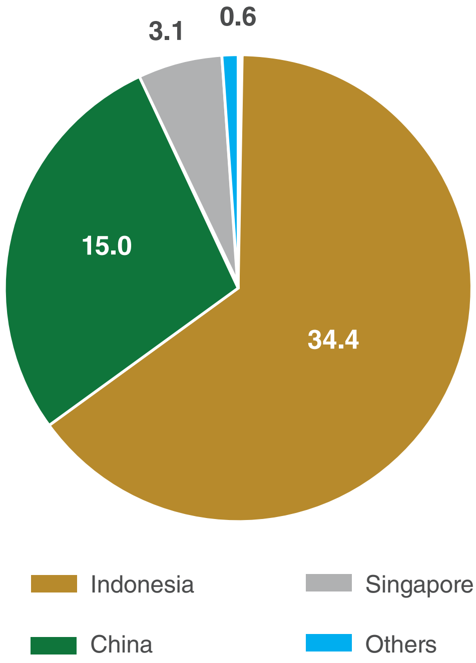
Coal Sales and Trading Volume
('000 tonnes)



Coal Cooperation Contracts
BEK Mine
Mining Services and Others
Coal Trading

Both international and domestic coal trading companies located in Indonesia remained as the top contributor to the Group's revenue, representing 64.8% of our total revenue in FY2014. Due to the downward trend in coal price and the soft demand for coal with low calorific value, revenue earned from customers located in Indonesia and Singapore decreased by approximately US$41.9 million and US$20.4 million respectively. This was partially offset by the increase of approximately US$13.8 million in revenue from customers located in China, following our efforts to continue to broaden our customer base. Overall, the Group reported revenue of US$53.1 million. Due to the decrease in coal sales volume and the pricing, and that we incurred some non-recurring operational costs to streamline manpower and reallocate our capacity utilisation, the Group's total gross profit decreased by US$32.9 million from US$30.5 million profit in FY2013 to a loss of US$2.4 million in FY2014.

FY2014 Geographical Revenue
(US$'m)



(US$'million)	FY2012	FY2013	FY2014
Gross Profit	36.2	30.5	**(2.4)**
Gross Profit Margin	46%	28%	**(5%)**

(US$'million)	FY2012	FY2013	FY2014
Net Profit	19.2	13.0	**(12.8)**
Net Profit Margin	24%	12%	**(24%)**

FINANCIAL AND
OPERATIONS REVIEW

The Group's other income increased by US$2.0 million from US$1.4 million in FY2013 to US$3.4 million in FY2014, this was mainly due to a foreign exchange gain of US$2.4 million recorded in FY2014. It was partly offset by a non-recurring gain of US$0.6 million from a repayment of amount due to a related party in FY2013.

Finance costs increased by US$2.7 million, from US$2.5 million in FY2013 to US$5.2 million in FY2014, mainly due to interest expense arising from the Medium Term Notes of S$100 million issued in July 2014.

The Group's net profit decreased by US$25.8 million from a profit of US$13.0 million in FY2013 to a loss of US$12.8 million in FY2014, mainly due to the operating losses and higher finance costs.

Financial Position Review

As at 31 December 2014, the Group's total equity decreased to US$108.0 million from US$122.3 million as at 31 December 2013. The Group's current assets decreased by US$4.8 million from US$84.7 million as at 31 December 2013 to US$79.9 million as at 31 December 2014. The decrease was mainly due to a decrease in inventories of US$10.2 million, as a result of our efforts to improve our working capital, and the decrease in cash and cash equivalents of US$4.5 million. This was partially offset by the increases in trade and other receivables of US$6.1 million, as well as the deposits and prepayments of US$3.8 million.

The Group's non-current assets increased by US$54.9 million, from US$76.8 million as at 31 December 2013 to US$131.7 million as at 31 December 2014, mainly due to increases in (i) property, plant and equipment of US$45.8 million; (ii) trade receivables of US$7.6 million; (iii) deferred tax assets of US$1.6 million; and (iv) deposits and prepayments of US$0.7 million. This was partially offset by the decrease in deferred expenditure of US$0.9 million, due to a non-cash impairment allowance made in 4Q2014. The increase in trade receivables was due to a reclassification arising from a change of payment term with the customers.

The increase in property, plant and equipment was mainly due to the addition of mining property as a result of the acquisition of 66% shareholding in Borneo International Resources Pte. Ltd. for a consideration of US$55.0 million. The increase was partially offset by the depreciation expense of US$6.6 million and the disposal of property, plant and equipment with net book value amounting to US$3.9 million.

Cash Flow Review

The Group's net cash used in operating activities in FY2014 was US$16.9 million. Operating cash flows before movements in working capital amounted to an outflow of US$5.8 million. Other operating cash outflows included US$8.1 million to meet working capital requirements and US$3.1 million used for net payment of income tax and retirement benefit.

Net cash used in investing activities in FY2014 of US$48.7 million was mainly due to advance payments and purchase of property, plant and equipment of US$50.4 million. This was partially offset by proceeds on disposal of property, plant and equipment of US$1.5 million and interest received of US$0.2 million.

Net cash generated from financing activities in FY2014 of US$59.1 million was mainly due to cash inflows in relation to the issuance of medium term notes payable of US$80.6 million and additional drawdown of bank borrowings of US$8.8 million. This was partially offset by cash outflows in relation to (i) repayment of bank borrowings and finance leases of US$19.6 million; (ii) transaction costs relating to issuance of medium term notes payable of US$3.9 million; (iii) fixed deposit pledged of US$2.8 million; (iv) repayment of amount due to a related party of US$2.1 million; and (v) interest payment of US$1.9 million.

Overall, there was a net decrease of US$6.6 million in cash and cash equivalents in FY2014.

Operational Highlights

Mining Industry

The Indonesian coal mining industry continues to face headwinds from an expansionary supply situation and weak demand. This resulted in a general expectation of coal prices to remain relatively weak. Accordingly, the Indonesian Coal Reference Price (HBA) declined during the last five months from US$69.69 in September 2014 to US$64.65 in December 2014 and subsequently to US$62.92 in February 2015[1].

During the year, we entered into a mining services contracts and mining cooperation agreement with CV. Mandiri Makmur Citra Tambang to provide mining services, comprising overburden removal and other services in the concession located in South Kalimantan, spanning a total area of 190 hectares. We have also completed the acquisition of 66% of Borneo International Resources Pte. Ltd., which through its Indonesian subsidiaries, owns the SDJ mining concession located in South Kalimantan, Indonesia, where the calorific value of coal reserves ranges from 4,000 to 4,200 GAR. The acquisition increased our coal reserves from approximately 11 million tonnes to more than 50 million tonnes. We also entered into an agreement through our subsidiary, PT Sumber Bara Jaya with PT Bandar Laut Biru for the management and operation of a port terminal for 15 years.

[1] Source: Coalspot.com - Indonesian Coal Reference Price (HBA)

OUR MINING PROCESS

- Topsoil, waste material and overburden are removed by excavators, bulldozers and dump trucks
- The overburden removed is transported to the designated dumping areas and is subsequently used in our Group's land reclamation and rehabilitation activities

- Using excavators, the coal is extracted and loaded onto dump trucks for haulage
- Our Group generally operates on a system of two work shifts of 10 hours per day throughout the year

- Coal is transported by dump trucks to the barge loading port which is generally located within close proximity of coal mining sites
- Close proximity reduces transportation costs while increasing operational efficiency

CRUSHING AND LOADING

- Coal is off-loaded from the dump trucks onto a conveyor belt which feeds it into the crusher where it is crushed according to specifications determined by customers
- Our Group owns and operates jetty, crushing and loading facilities, thus having more control and flexibility over the operations

COAL SALES

- Our Group delivers and sells coal on either Free-on-Board (FOB) Barge or Mother Vessel basis

RECLAMATION AND REHABILITATION

- Our Group reclaims land by depositing the overburden onto mined-out areas
- Rehabilitation of the reclaimed land is carried out by the spreading of topsoil on the surface of the overburden deposited and the planting of native plants

BOARD OF DIRECTORS

MR CHARLES ANTONNY MELATI

Mr Charles Antonny Melati is one of the founders of our Group and is currently Executive Chairman of our Group. As Executive Chairman, he oversees the overall strategic directions and expansion plans for the growth and development of our Group. Prior to his appointment, Mr Charles Antonny Melati was an entrepreneur in the property development and hotel industry from 1991 to 2006. From 2006 to 2008, Mr Charles Antonny Melati was involved in the setting up and operation of PT Trivesta Polymas Perkasa which is principally engaged in the manufacture of cast polypropylene for flexible food packaging in Jakarta, Indonesia. From 2004 to 2010, Mr Charles Antonny Melati was involved in the setting up and operations of a tug and barge business in Singapore and Indonesia. In 1987, Mr Charles Antonny Melati graduated with a Surat Tanda Tamat Belajar Sekolah Menengah Umum Tingkat Pertama (SMP) (which is equivalent to the Ordinary Level General Certificate of Education).

MR DHAMMA SURYA

Mr Dhamma Surya is one of the founders of our Group and is currently Chief Executive Officer of our Group. As Chief Executive Officer, he is responsible for the overall business and general management of our Group. Prior to his appointment, Mr Dhamma Surya was an entrepreneur in the property development and construction industry in Indonesia. Between 1990 and 2002, he ran a contractor cum household maintenance services business in Dumai, Riau Province, as the President Director of PT Prakarsa Central Buana. Thereafter, between 2003 and 2006, he worked with various business associates in constructing and developing shophouses and houses in Pekanbaru, Riau Province. Mr Dhamma Surya graduated from Sekolah Menengah Umum Tingkat Atas Negeri in 1984 with a Surat Tanda Tamat Belajar Sekolah Menengah Umum Tingkat Atas (SMA) (which is equivalent to the Advanced Level General Certificate of Education).

MR JAMES BEELAND ROGERS JR

Mr James Beeland Rogers Jr is a Non-Executive Director of our Company and was appointed to our Board on 3 December 2012. Mr Rogers is the author of six books and a globally renowned financial commentator as well as a successful international investor. Mr Rogers is also currently the Chairman of Rogers Holdings and Beeland Interests, Inc. In February 2011, Mr Rogers started the Rogers Global Resources Equity Index, focusing on the top companies in agriculture, mining, metals and energy sectors as well as those in the alternative energy space including solar, wind and hydropower. In September 2012, Mr Rogers was appointed by VTB Capital as an advisor to the agricultural division of its global private equity unit. Mr Rogers obtained a Bachelor's degree in History from Yale University in 1964 and a second Bachelor's degree in Philosophy, Politics and Economics from Balliol College, Oxford University in 1966.

MR HUANG SHE THONG

Mr Huang She Thong is one of the founders of our Group and is currently our Group's Executive Director. As our Executive Director, he oversees the business developments and sales targets of our Group. Prior to his appointment, he was a sole proprietor, operating a furniture store and mini market (from 2001 to 2007) in Pekanbaru, Riau Province, Sumatra, Indonesia. He was also a vice-director of PT Royal Bintan International which operates the Hotel Royal Palace (from 2000 to 2001) in Tanjung Pinang, Riau Province, Sumatra, Indonesia. Mr Huang She Thong graduated from the Australian School of Tourism and Hotel Management with an Advanced Diploma of Hospitality Management in 2001.

MR SOH CHUN BIN

Mr Soh Chun Bin is the Lead Independent Director of our Company and was appointed to our Board on 25 September 2012. He has more than twelve years of experience in the legal industry. He is currently the Chief Executive Officer of Changjiang Fertilizer Holdings Limited, a company listed on the SGX - mainboard. Prior to his current appointment, Mr Soh Chun Bin was the Chief Executive Officer of Cedar Strategic Holdings Limited and a partner in the equity capital markets department of Stamford Law Corporation. He had advised on many Singapore and international initial public offerings of corporations and real estate investment trusts, as well as on post-listing fund-raising, including secondary listings. He had also provided advice to sponsored Catalist companies. He has been recognised as a leading lawyer by legal publications such as Chambers and Partners, and Asialaw. Mr Soh Chun Bin graduated from the National University of Singapore with a Bachelor of Law (Honours) in 1999.

BOARD OF DIRECTORS

MR ONG BENG CHYE

Mr Ong Beng Chye is an Independent Director of our Company and was appointed to our Board on 25 September 2012. He has more than twenty-two years of experience in areas such as accounting, auditing, public listings, due diligence, mergers and acquisitions, and business advisory. Mr Ong Beng Chye is currently a Director of Appleton Global Pte Ltd, a business management and consultancy services firm. He is also serving as an Independent Director of other listed companies in Singapore. He is a shareholder and a director of a few private limited companies. He is a Fellow of The Institute of Chartered Accountants in England and Wales, a Chartered Financial Analyst conferred by The Institute of Chartered Financial Analysts and a non-practising member of the Institute of Singapore Chartered Accountants. Mr Ong Beng Chye obtained a Bachelor of Science (Honours) from The City University, London in 1990.

MR LU KING SENG

Mr Lu King Seng is an Independent Director of our Company and was appointed to our Board on 25 September 2012. Mr Lu King Seng has more than nineteen years of commercial and audit experience in London, Singapore and Malaysia. He is the Managing Director of Orion Advisory Pte Ltd. He is also currently serving as an independent director of one other company listed on the SGX-ST. Prior to his current appointment, Mr Lu King Seng was the Chief Financial Officer in SinCo Technologies Pte Ltd and SinCo Group Holdings Pte Ltd. He oversaw the accounting, treasury, legal and finance matters including group restructurings and mergers and acquisitions. From 2002 to 2004, he joined Deloitte & Touche (Singapore) as an audit manager and was responsible for the audits of listed companies, multinational corporations and small and medium-sized enterprises from the technology, engineering and manufacturing industries. In 2000, he joined Arthur Andersen (which was subsequently merged with Ernst and Young (Singapore) in 2002) as an audit senior and was promoted to Audit Manager in 2001. He was involved in the audits of numerous public limited companies and multinational corporations in the shipping, contract manufacturing, logistics, confectionary and construction industries. From 1997 to 1998, he joined PriceWaterhouse (Malaysia), and then KPMG (Singapore) from 1998 to 1999. During these periods, he was involved in the audits of public limited and medium-sized companies. He was an audit semi-senior at Rubin Winter & Co (London) from 1995 to 1997. Mr Lu King Seng is a Fellow of the Association of Certified Chartered Accountants, as well as a non-practising member of the Institute of Singapore Chartered Accountants. He is also a member of the Singapore Institute of Directors. Mr Lu King Seng graduated from Emile Woolf London and obtained a professional qualification from the Association of Certified Chartered Accountants in 1995.

MR KARYONO

Mr Karyono is an Independent Director of our Company and was appointed to our Board on 25 September 2012. He has more than twenty years of experience in the coal mining industry (including mining engineering academia). He was previously employed as head of the engineering division of PT KTC Coal Mining & Energy, where he managed the geology, mine plan and survey departments. From 2009 to 2011, he worked at PT Berau Bara Energi as a senior mine engineer and managed and oversaw both the geology, mine plan and survey department as well as the production department of a mine site. From 2007 to 2008, he assumed the role of mine project coordinator at PT Yucoal Energi Resources, PT Batubara Selaras Sapta and PT Nusalucky Tama. From September 2006 to July 2007, he worked at PT Bara Pratama Agung. In 2006, he worked first as a mine project coordinator and mine engineering superintendent at PT Mahakam Prima Akbar Sejati from January to June, then as the geotechnic engineer at PT Bukit Mandiri (BUMA) from June to September. From October 2004 to December 2005, he worked as a mine project coordinator and a mine engineering superintendent at PT Alhasanie. From 1993 to 2006, he was also a lecturer in the mining engineering study programme of Universitas Islam Bandung, Bandung. He had been appointed as the division head of administration and student affairs of the engineering faculty in 1997, and then the assistant dean of the engineering faculty in 1999. Concurrently from 1993 to 1994, he was also chief of the chemistry laboratory. From 1992 to 1993, he was a mine planning engineer at PT Lusang Mining and was extensively involved in the monitoring and planning of mine operations and design, as well as mine rehabilitation. From 1990 to 1991, he worked at PT Lusang Mining, Bengkulu as a mine ventilation officer, and then subsequently as a mine technical and ventilation engineer from 1991 to 1992. Mr Karyono obtained a Masters in Geomechanics from the mining engineering department of the Bandung Institute of Technology in 1997, as well as a Bachelor's degree in Mining Engineering from Unisba Bandung in 1989.

KEY MANAGEMENT



Mr Darmin

Mr Richard Kennedy Melati

Mr Ng See Yong



Mr Yanto Melati

Mr Tan Cheang Shiong

Mr Junanto

MR DARMIN

Mr Darmin is one of the founders of our Group and is currently Head, Operations of our Group. Having identified potential in the Indonesian coal mining industry together with the other founders of our Group, he established our Group in 2008 and has played a pivotal role in the growth and development of our Group. As our Head, Operations, he oversees business operations, including the mining and port loading operations. He was first a partner then a director of PT Cipta Serbajaya Abadi (formerly known as CV Serba Jaya Abadi), which is principally engaged in the business of supplying hardware to oil and gas companies in Dumai, Riau Province, Indonesia, from 1991 to 2011. Mr Darmin graduated from Swasta Lancang Kuning di Dumai with a Surat Tanda Tamat Belajar Sekolah Menengah Umum Tingkat Pertama (SMP) (which is equivalent to the Ordinary Level General Certificate of Education) in 1984.

MR RICHARD KENNEDY MELATI

Mr Richard Kennedy Melati joined our Group as an operations manager in 2009 and he is currently our Head, Fleet Management. As our Head, Fleet Management, he oversees business operations, including the mining and loading port operations. Prior to his appointment, he was an entrepreneur in the construction industry in Indonesia. He was a director of PT Dwi Putra Anjaya, which is principally engaged in the business of construction in Batam, Riau, Indonesia, from 1999 to 2009. He was also a director of PT Alexindo Grahapratama, which is principally engaged in the business of hotel management in Batam, Kepri, Indonesia, from 1996 to 1999. Mr Richard Kennedy Melati graduated from SMP Swasta Santo Tarcisius with a Surat Tanda Tamat Belajar Sekolah Menengah Umum Tingkat Pertama (SMP) (which is equivalent to the Ordinary Level General Certificate of Education) in 1991.

MR NG SEE YONG

Mr Ng See Yong joined our Group as Head, Corporate and Human Resource in January 2012. As our Head, Corporate and Human Resource, he is responsible for overseeing and managing the corporate affairs of our Group as well as the Corporate Human Resource matters particularly in the area of recruiting, benefits and employment relation matters. Prior to and concurrently with his appointment, Mr Ng See Yong is an entrepreneur in the hospitality industry in Batam and Tanjung Pinang, Kepri, Indonesia and Dumai, Riau Province, Indonesia and he is the proprietor of Ud Triayu Lestari, which operates the Miracle Aesthetic Clinic in Batam, Indonesia from 2005 to date. He is also a director of PT Alexindo Grahapratama which operates Mercure Hotel Batam, formerly known as Royal Batam Hotel in Batam, Kepri, Indonesia from 1999 to date. He is also a director of PT Bintan Royal International Hotel which operates Comfort Tanjung Pinang Resort in Tanjung Pinang, Kepri, Indonesia from 1997 and a director of PT Bali Furindo, a furniture retailer from 2000. Mr Ng See Yong graduated from the Australian School of Tourism and Hotel Management with a Diploma of Hospitality Management in 1999.

KEY MANAGEMENT

MR YANTO MELATI

Mr Yanto Melati joined our Group as Corporate Senior Manager in 2012. He is responsible for overseeing our Group's corporate affairs in Indonesia. Prior to and concurrently with his appointment, Mr Yanto Melati is Director of Operations of PT Trivesta Polymas Perkasa which is principally engaged in the manufacture of cast polypropylene for flexible food packaging in Jakarta, Indonesia, where he is responsible for the overall management and operations including the review of the company's policies and procedures as well as budget planning. Mr Yanto Melati graduated from San Jose State University with a Bachelor of Science degree with a specialisation in Business Administration (Management) in 2007.

MR TAN CHEANG SHIONG

Mr Tan Cheang Shiong has close to 15 years of experience in the fields of auditing, finance, accounting and taxation. He joined our Group as Chief Financial Officer in March 2011. He is responsible for the financial and management reporting functions. He also oversees corporate finance activities, internal control, risk management and supports the Group's growth strategy. Mr Tan Cheang Shiong obtained a professional qualification from the Association of Chartered Certified Accountants in 2002 and graduated from Ngee Ann Polytechnic with a Diploma in Accountancy (Merit) in 2000. He is a Chartered Accountant of Singapore and a Fellow of the Association of Chartered Certified Accountants.

MR JUNANTO

Mr Junanto joined our Group as Head, Marketing, in March 2011. As Head, Marketing, he devises, plans and implements marketing strategies to increase our Group's customer base and maximise sales. Prior to his appointment, Mr Junanto was a managing director of PT Royal Energy Resources from 2008 to 2010. He was also a director of PT Royal Prime Resources from 2009 to 2011, PT Royal Prince Travel from 2009, and PT Niaga Hijau Lestari from 2000 to 2005. He was also managing director of Unipro CV & BV from 1996 to 2000. He was also general manager of PT Teluk Intan from 1996 to 2000. He was also export manager of PT Sungai Budi from 1992 to 1996. He was also an account manager of Haga Bank from 1991 to 1992. Mr Junanto graduated from the University of Toledo with a Masters of Business Administration (Finance) in 1990 and from the Trisakti University with a Bachelors of Science in Electrical Engineering in 1988.

CORPORATE SOCIAL **RESPONSIBILITY**

At Geo Energy, Corporate Social Responsibility ("CSR") forms the core of our overall strategies and is integral to everything we do. CSR concepts are embedded within our daily operations, allowing us to be better able to protect our people, the environment, and the local communities in which we operate. Geo Energy believes that non-financial measures are equally important in measuring our Group's success. Accordingly, we review and analyse all of our business risks and opportunities, looking beyond economic, strategic and operational factors to include social and environmental considerations. Such a risk management approach will contribute to our viability and resilience as a business over the long term.

Our Head of Operations oversees a CSR team comprising a Health Safety and Environment ("HSE") manager and two Community Development personnel who work closely with the project managers, supervisors and foremen at our mine sites to monitor, plan, manage and carry out our CSR activities.

In December 2014, our Group conducted its annual risk workshop to facilitate management from various departments in identifying and prioritising the top risks affecting our Group as well as to provide counter-measures on such risks. We believe this is pertinent as our Group benefits from different solutions to remove, reduce or mitigate risks which include, inter alia, those relating to Occupational Health and Safety, Environment and Natural Resources Stewardship as well as Community Engagement.

CORPORATE SOCIAL
RESPONSIBILITY

Occupational Health and Safety

Geo Energy is committed to continuous improvements in health and safety standards of our operations. We seek to minimise the risk of accidents, injuries and illnesses to our employees, contractors and local communities by improving health and safety standards as well as closely monitoring our operations.

We adopt a comprehensive safety management system for the safe operation of our mines, which includes safety management plans, rules, codes of practice, manuals and procedures with which our employees are required to comply.

To ensure that our workforce understands and familiarises itself well with our health and safety rules, daily rehearsals incorporating many of our Group's fundamental safety procedures are carried out as often as practicably possible to inculcate and remind employees of our safety culture and procedures. Training on basic safety skills and procedures are conducted for our workforce including those employed from the local communities.

Further to that, in FY2014, our HSE department developed a Safety Reward Program involving all employees in our weekly and monthly safety talk programmes. The Safety Reward Program has broadened the insight of all employees about health, safety, work and environmental concerns as well as increased the motivation of all employees to work safely and follow the HSE rules.

On a regular basis, we conduct internal safety checks to ensure compliance by our staff. Safety officers are stationed on-site at each of our mining sites to oversee the safety aspect of our coal production operations. They are tasked to monitor the work procedures of the employees with the aim of identifying shortfalls in our health and safety procedures. Where shortfalls arise, counter-measures are undertaken or new policies are introduced to remove the resultant risk.

Our emphasis on safety first and priority placed on worker health have resulted in a relatively low level of accidents at our mines. All our employees have a mandate to target zero injuries and

fatalities amongst our workforce. Based on our internal safety and health records to date, we are pleased to report that our staff did not encounter any severe injuries or fatalities for FY2014.

Environment and Natural Resources Stewardship

Since the commencement of our operations, Geo Energy has been steadfastly committed to achieving high standards of environmental management at the mines where we operate. Environmental management is viewed as another aspect of good governance which must be addressed well in order to enhance our overall performance.

Our Group has formulated comprehensive post-mining reclamation and rehabilitation plans to manage the environment in which we carry out our mining operations. Our plans take into consideration the geological characteristics of our mining sites in order to better manage the environment. It is our Group's intent to rehabilitate land as soon as it is no longer mined rather than wait until the end of mine life. Our land reclamation activities involve the deposit of the overburden onto mined-out areas and our rehabilitation activities involve the spreading of topsoil over the surface of the overburden deposited and the planting of native plants to restore and enhance the environment.

Our environmental management strategies and goals also include effective air and water pollution control measures, proper handling and disposal of hazardous and poisonous waste, and continuous improvement of our resource efficiency. Removal of oil and other pollutants, testing of acidity level and treatment is carried out before the disposal of waste water. Other types of waste such as used oil, scrap metal and worn tyres are brought to designated dump site(s) at the mine site to be collected and removed by third party contractors periodically. During the dry season, water trucks are deployed to spray sections of coal haulage roads (which are largely dirt roads or earth roads) located near the homes of the local communities in order to reduce dust pollution. Face masks are also distributed to local residents to help reduce exposure to dust.

CORPORATE SOCIAL **RESPONSIBILITY**

The Environmental Control Agency (Badan Lingkungan Hidup Daerah) ("BLHD"), the government agency responsible for implementing the Government's environmental regulations and policies, and local government agencies supervise our mining operations. BLHD coordinates its activities with various government agencies, including the Ministry of Energy and Mineral Resources. We subject our mining operations to periodic internal and external environmental audits. Our internal environmental team conducts internal environmental audits, while BLHD conducts external environmental audits. Together, we work to improve our procedures and ensure that our Group is in adherence with the required policies. In FY2014, we did not receive any major formal complaints or experience any protests relating to environmental pollution by our Group.

Community Engagement

Geo Energy believes in creating a positive and lasting social impact on the communities around the mining sites where we operate. As we continue to care for the local communities, we are able to develop successful partnerships based on mutual understanding, trust and respect. Together, we work hand in hand to identify and evaluate the needs of the community as well as the actual and potential social consequences of our operations at every stage of the mine's life cycle. This allows us to focus our CSR efforts on improving the livelihood of these communities, in addition to protecting of the environment around the mining sites, as described above.

Economic Empowerment

Community involvement is at the cornerstone of our employment policy at our mines. We, employ local workers and provide these workers with relevant training and skills development. We also seek to support and promote local businesses and economic activity by engaging them as suppliers. We currently procure mainly food supplies from local suppliers around our mine sites.

Community Assistance

In addition to economic empowerment, we are committed to improving the general living standards of the local communities. Together with the project managers on-site, our Community Development personnel invest time and effort in building relationships with local residents. Through regular interactions with them, we are able to identify the needs of the local communities and partner with them to address those needs where practicably possible. We also hold regular meetings with representatives of each village to discuss progress and implementation of our community assistance plans as well as to address any issues, concerns or complaints that may have arisen. Our community assistance efforts include making donations in kind to local schools (including providing building materials to build/repair school premises) as well as supporting any social or religious events of the communities. In the later part of FY2014, we contributed livestock to the local villagers near our mine sites to commemorate The Feast of Islam. In Singapore, we also participated in the 45th Anniversary Charity Dinner of the National Kidney Foundation. We hope that the support extended to the largest dialysis provider in Singapore will help to reduce the financial burden of needy patients.

COAL RESERVES AND RESOURCES STATEMENT

as at 31 December 2014

	Reserves and Resources for BEK Coal Mine		Reserves and Resources for SDJ Coal Mine	
Category	Mineral Type	Tonnes (Millions)	Mineral Type	Tonnes (Millions)
RESERVES				
Proved	Coal	3.8	Coal	33.4
Probable	Coal	7.3	Coal	9.0
Total Reserves	**Coal**	**11.1**	**Coal**	**42.4**
RESOURCES				
Measured	Coal	1.0	Coal	42.1
Indicated	Coal	6.3	Coal	14.1
Inferred	Coal	22.4	Coal	2.2
Total Resources	**Coal**	**29.7**	**Coal**	**58.4**
	See accompanying Qualified Person's Report prepared by: **Mr. Norris E. Brooks, Dr. Robert E. Cameron, and their team of experts**		See accompanying Qualified Person's Report prepared by: **Mr. Keith D. Whitchurch**	

In FY2014, our Group has not carried out any exploration and evaluation activities, save for the coal production taken from the previous uncovered coal seam totalling 121,286 tonnes in our BEK Coal Mine. Barring unforseen circumstances and subject to the completion of certain conditions subsequent, we expect to commence land clearing and overburden removal in our SDJ Coal Mine in the second quarter of 2015.

CORPORATE GOVERNANCE
REPORT

Geo Energy Resources Limited (the "Company", and together with its subsidiaries, the "Group") is committed to maintaining a high standard of corporate governance. The Company understands that good corporate governance is an integral element of a sound corporation and enables it to be more transparent and forward-looking. In addition, sound corporate governance is an effective safeguard against fraud and dubious financial engineering, and hence helps to protect shareholders' interests. This also helps the Company to create long-term value and returns for its shareholders.

The Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST") requires all listed companies to describe in their Annual Reports, their corporate governance practices, with specific reference to the principles of the Code of Corporate Governance 2012 (the "Code").

The Company is pleased to report on its corporate governance processes and activities as required by the Code. For easy reference, sections of the Code under discussion in this Report are specifically identified. However, this Report should be read as a whole as other sections of this Report may also have an impact on the specific disclosures.

Statement of Compliance

The Board of Directors of the Company (the "Board") confirms that for the financial year ended 31 December 2014 ("FY2014"), the Company has generally adhered to the principles and guidelines as set out in the Code, save as otherwise explained below.

1. THE BOARD'S CONDUCT OF ITS AFFAIRS

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board comprises the following members, all of whom have the appropriate core competencies and diversity of experience needed to enable them to effectively contribute to the Group.

Charles Antonny Melati	Executive Chairman
Dhamma Surya	Chief Executive Officer
Huang She Thong	Executive Director
Soh Chun Bin	Lead Independent Director
Ong Beng Chye	Independent Director
Lu King Seng	Independent Director
Karyono	Independent Director
James Beeland Rogers Jr ("Jim Rogers")	Non-Executive Director

The principal functions of the Board, in addition to carrying out its statutory responsibilities, are as follow:-

- overseeing the formulation of and approving the Group's overall long-term strategic objectives and directions, taking into consideration sustainability issues;
- overseeing and reviewing the management of the Group's business affairs, financial controls, performance and resource allocation; and
- establishing a framework of prudent and effective controls to assess and manage risks and safeguard shareholders' interests and the Group's assets.

The approval of the Board is required for matters such as corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, the release of the Group's quarterly and full-year results and interested person transactions of a material nature.

All directors exercise due diligence and independent judgment, and are obliged to act in good faith and consider at all times the interests of the Company.

Directors have the opportunity to meet with the Group's management (the "Management") to gain a better understanding of the Group's business operations. The Board as a whole is updated on changing commercial risks, and key changes in the relevant legal and regulatory requirements, as well as accounting standards. The directors are also encouraged to keep themselves abreast of the latest developments relevant to the Group and attendance of appropriate courses and seminars is arranged and funded by the Company.

Newly appointed directors will receive a formal letter explaining their duties and responsibilities, and will undergo orientation and be briefed on the business and governance practices of the Group as well as industry-specific knowledge.

To assist in the execution of its responsibilities, the Board has established three Board Committees, comprising an Audit Committee (the "AC"), a Nominating Committee (the "NC") and a Remuneration Committee (the "RC"). These committees function within clearly defined written terms of reference and operating procedures.

The Board meets on a regular basis and ad-hoc Board meetings are convened when they are deemed necessary. The number of Board meetings held in FY2014 is set out below:-

		Board Committees		
	Board	**AC**	**NC**	**RC**
Number of meetings held	4	4	1	1
	Number of meetings attended			
Charles Antonny Melati	4	4	1	1
Dhamma Surya	4	4	1	1
Huang She Thong	4	4	1	1
Soh Chun Bin	4	4	1	1
Ong Beng Chye	4	4	1	1
Lu King Seng	4	4	1	1
Karyono	4	4	1	1
Jim Rogers	3	4	-	-

The Articles of Association of the Company provide for meetings of the Board to be held by way of telephonic or video conference or by similar means of communication equipment.

2. BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and substantial shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision-making.

The Board comprises eight directors, of whom four (constituting half of the Board) are independent, namely, Mr Soh Chun Bin, Mr Ong Beng Chye, Mr Lu King Seng and Mr Karyono, and one is non-executive, namely, Mr Jim Rogers. The criterion of independence is based on the definition set out in the Code. The Board considers an "independent" director to be one who has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Company. With four independent directors, the Board is able to exercise independent judgment on corporate affairs and provide the Management with a diverse and objective perspective on issues. There is therefore no individual or small group of individuals who dominate the Board's decision-making.

The independence of each director is reviewed annually. Each independent director is required to complete a checklist annually to confirm his independence based on the guidelines as set out in the Code. The independence of any director who has served on the Board beyond nine years from the date of his first appointment will be subject to more rigorous review, taking into account the need for progressive refreshing of the Board.

The Board has examined its size and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Company, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board committees.

The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. The Board as a group comprises members with core competencies in accounting and finance, business and management experience, industry knowledge, strategic planning and customer-based experience and knowledge.

Where necessary or appropriate, the non-executive directors on the Board will meet without the presence of the Management. The non-executive directors constructively challenge and assist in the development of business strategies, and assist the Board in reviewing the performance of the Management in meeting goals and objectives and monitoring the reporting of performance.

The profiles of the directors are set out in the "Board of Directors" section of this Annual Report.

3. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The positions of Executive Chairman and Chief Executive Officer are held by separate individuals, who are not immediate family members, to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for objective decision-making.

Mr Charles Antonny Melati is the Executive Chairman of the Company and oversees the overall strategic directions and expansion plans for the growth and development of the Group. With the assistance of the company secretary, he also ensures that Board meetings are held as and when required, sets the agenda for the Board meetings and ensures the quality, quantity and timeliness of the flow of information between the Management, the Board and the shareholders.

Mr Dhamma Surya is the Chief Executive Officer of the Company and oversees the overall business and general management of the Group.

The Board is of the view that with the current executive management team and the establishment of the three Board committees, there are adequate safeguards in place to ensure unfettered decision-making, as well as to prevent an uneven concentration of power and authority in a single individual.

In view that the Executive Chairman is not an independent director and is part of the executive management team, Mr Soh Chun Bin had been appointed as the lead independent director and he is available to shareholders where they have concerns and for which contact through the normal channels of the Executive Chairman, Chief Executive Officer or Chief Financial Officer has failed to resolve or is inappropriate.

4. BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC comprises Mr Soh Chun Bin, Mr Ong Beng Chye, Mr Lu King Seng, Mr Karyono, Mr Charles Antonny Melati and Mr Dhamma Surya. The chairman of the NC is Mr Soh Chun Bin, the lead independent director of the Company. The majority of the NC, including the chairman, is independent. The chairman of the NC is not, and is not directly associated with, any substantial shareholder of the Company.

The written terms of reference of the NC have been approved and adopted, and they include the following:-

- making recommendations to the Board on relevant matters relating to the review of board succession plans for directors, in particular, the Executive Chairman and for the Chief Executive Officer, the development of a process for evaluation of the performance of the Board, the Board committees and directors, and the review of training and professional development programs for the Board;

- making recommendations to the Board on the appointment and re-appointment of directors (including alternate directors, if applicable), taking into consideration the composition and progressive renewal of the Board and each director's competencies, commitment, contribution and performance (such as attendance, preparedness, participation and candour);

- ensuring that all directors submit themselves for re-nomination and re-appointment at regular intervals and at least once every three years;

- determining annually, and as and when circumstances require, whether a director (including an alternate director) is independent, bearing in mind paragraph 2.3 of the Code and any other salient factors;

- deciding if a director is able to and has been adequately carrying out his duties as a director of the Company, taking into consideration the director's number of listed company board representations and other principal commitments; and

- assessing the effectiveness of the Board as a whole and its Board committees and the contribution by the Chairman and each individual director to the effectiveness of the Board.

Having carried out its review, the NC is of the view that Mr Soh Chun Bin, Mr Ong Beng Chye, Mr Lu King Seng and Mr Karyono have satisfied the criteria for independence.

The Company does not have a formal process for the selection and appointment of new directors to the Board. However, if required, the Company will be able to procure search services, contacts and recommendations for the purposes of identifying suitably qualified and experienced persons for appointment to the Board.

Board appointments are made by way of a board resolution after the NC has, upon reviewing the resume of the proposed director and conducting appropriate interviews, recommended the appointment to the Board. Pursuant to the Articles of Association of the Company, each director is required to retire at least once every three years by rotation, and all newly appointed directors who are appointed by the Board are required to retire at the next annual general meeting following their appointment. The retiring directors are eligible to offer themselves for re-election. In addition, a director of over 70 years of age is required to be re-appointed every year at the annual general meeting under the Companies Act before he can continue to act as a director.

The dates of initial appointment and last re-election of the directors, together with their directorships in other listed companies, are set out below:-

Director	Position	Date of Initial Appointment	Date of Last Re-election	Current directorships in listed companies	Past directorships in listed companies (in last three years)
Charles Antonny Melati	Executive Chairman	24 May 2010	29 April 2013	–	–
Dhamma Surya	Chief Executive Officer	24 May 2010	29 April 2014	–	–
Huang She Thong	Executive Director	15 June 2010	29 April 2014	–	–
Soh Chun Bin	Lead Independent Director	25 September 2012	29 April 2014	Triyards Holdings Limited ISOTeam Ltd.	Asia Fashion Holdings Limited
Ong Beng Chye	Independent Director	25 September 2012	29 April 2013	Hafary Holdings Limited Heatec Jietong Holdings Ltd. Kitchen Culture Holdings Ltd. IPS Securex Holdings Ltd.	–
Lu King Seng	Independent Director	25 September 2012	29 April 2013	Green Build Technology Limited	–
Karyono	Independent Director	25 September 2012	29 April 2013	–	–
Jim Rogers	Non-Executive Director	3 December 2012	29 April 2014	Spanish Mountain Gold Ltd The Zweig Fund, Inc. The Zweig Total Return Fund, Inc.	FAB Universal Corporation

The NC, in determining whether to recommend a director for re-appointment, will have regard to the director's performance and contribution to the Group and whether the director has adequately carried out his or her duties as a director.

The Board is of the view that there is no necessity at this point in time to determine the maximum number of listed company board representations which a director may hold.

The NC has nominated Mr Charles Antonny Melati, Mr Karyono, Mr Lu King Seng, and Mr Jim Rogers (being above 70 years old), who will be retiring at the forthcoming annual general meeting, to the Board for re-election or re-appointment as directors.

Key information regarding the directors, including their shareholdings in the Company, is set out in the "Board of Directors" section and "Report of the Directors" section of this Annual Report.

5. BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

Board performance is linked to the overall performance of the Group. The Board complies with the applicable laws, and members of the Board are required to act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders.

The NC is responsible for assessing the effectiveness of the Board as a whole and the Board committees and the contribution of the Chairman and each individual director to the effectiveness of the Board. The NC has established a review process and proposed objective performance criteria set out in assessment checklists which are approved by the Board. The NC assesses the Board's effectiveness as a whole by completing a Board Assessment Checklist, which takes into consideration factors such as the Board's structure, conduct of meetings, risk management and internal control, and the Board's relationship with the Management. The performance criteria are not subject to changes from year to year. Nonetheless, where circumstances deem it necessary for any of the criteria to be changed, the Board will justify such changes.

In carrying out its assessment of the Board's effectiveness, the NC simultaneously considers the effectiveness of the Board committees and the contribution of each individual director to the effectiveness of the Board.

The Board and the NC have endeavoured to ensure that directors appointed to the Board possess the background, experience, business knowledge, financial expertise and management skills relevant to the Group's business. They have also ensured that each director, with his special contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made. Based on the results of the performance evaluation by the NC, the Executive Chairman may propose new members for appointment to the Board or seek the resignation of directors, in consultation with the NC.

6. ACCESS TO INFORMATION

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Directors are from time to time furnished with detailed information concerning the Group to support their decision-making process.

Prior to each Board meeting, the members of the Board are each provided with the relevant documents and information necessary for them to comprehensively understand the issues to be deliberated upon and make informed decisions thereon.

As a general rule, notices are sent to the directors one week in advance of Board meetings, followed by the Board papers, in order for the directors to be adequately prepared for the meetings.

The Board (whether individually or as whole) has separate and independent access to the Management and the company secretary at all times, and may seek independent professional advice, if necessary, at the expense of the Company. The company secretary attends all Board meetings and ensures that all Board procedures are followed. Where the company secretary is unable to attend any Board meeting, he ensures that a suitable replacement is in attendance and that proper minutes of the same are taken and kept. The company secretary also ensures that the Company complies with the requirements of the Companies Act and the SGX-ST Listing Manual.

7. PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises Mr Lu King Seng, Mr Soh Chun Bin and Mr Ong Beng Chye, all of whom are independent directors. The chairman of the RC is Mr Lu King Seng.

The terms of reference of the RC have been approved and adopted. The functions of the RC include the following:-

- reviewing and recommending for endorsement by the entire Board a general framework of remuneration for the directors and key management personnel;
- reviewing and recommending for endorsement by the entire Board the specific remuneration packages for each director as well as for the key management personnel. The RC shall cover all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind;
- reviewing and recommending to the Board the terms of renewal of the service contracts of directors; and
- reviewing the Company's obligations arising in the event of termination of the executive directors and key management personnel's contracts of services, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The members of the RC are familiar with executive compensation matters as they manage their own businesses and/or are holding other directorships. The RC has access to appropriate external expert advice in the field of executive compensation, if required.

The RC's recommendations will be submitted for endorsement by the Board. No director is involved in deciding his own remuneration.

8. LEVEL AND MIX OF REMUNERATION

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual directors and key management personnel.

Non-executive directors receive directors' fees for their effort and time spent, responsibilities and contribution to the Board, subject to shareholders' approval at annual general meetings.

Remuneration for the executive directors includes a basic salary component and a variable component that is the performance bonus, based on the performance of the Group as a whole. The Company has entered into fixed-term service agreements with its Executive Chairman, Mr Charles Antonny Melati, and its Chief Executive Officer, Mr Dhamma Surya. Either party may terminate the service agreements at any time by giving the other party not less than six months' notice in writing, or payment in lieu of notice.

The Company does not currently have any long-term incentive schemes. The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company. During the year, the Group did not pay any variable bonus/incentive to the Executive Directors and key management personnel, save for the mandatory THR allowance to its staff in Indonesia, which is a labour allowance that must be paid by an employer before a religious holiday.

9. DISCLOSURE ON REMUNERATION

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The Company has established a performance-based remuneration system for executive directors and key management personnel that is flexible and responsive to the market, comprising a base salary and other fixed allowances, as well as a performance bonus which is based on the Group's performance and the individual's performance. Under the terms of their service agreements, Mr Charles Antonny Melati, the Executive Chairman, and Mr Dhamma Surya, the Chief Executive Officer, are entitled to receive a variable performance bonus based on the consolidated audited profit before tax of the Group in each financial year.

The level and mix of remuneration paid or payable to the directors and key management personnel for FY2014 are set out below:-

Remuneration bands	Salary & CPF %	Bonus & CPF %	Director's Fee %	Other Benefits %	Total %
Directors					
S$250,001 to S$500,000					
Charles Antonny Melati(1)	90	–	–	10	100
Dhamma Surya(2)	91	–	–	9	100
Huang She Thong(1)	92	–	–	8	100
S$0 to S$250,000					
Soh Chun Bin	–	–	100	–	100
Ong Beng Chye	–	–	100	–	100
Lu King Seng	–	–	100	–	100
Karyono	–	–	100	–	100
Jim Rogers	–	–	100	–	100
Key management personnel					
S$0 to S$250,000					
Darmin(2)	98	2	–	–	100
Richard Kennedy Melati(1)	98	2	–	–	100
Ng See Yong(1)	100	–	–	–	100
Tan Cheang Shiong	100	–	–	–	100
Junanto	93	6	–	1	100
Yanto Melati(1)	95	5	–	–	100
Mark Zhou You Chuan(3)	100	–	–	–	100

Notes:-

(1) Mr Charles Antonny Melati, Mr Huang She Thong, Mr Richard Kennedy Melati, Mr Ng See Yong and Mr Yanto Melati are brothers.
(2) Mr Dhamma Surya and Mr Darmin are brothers.
(3) Mr Mark Zhou You Chuan left the employment of the Group on 10 November 2014.

The aggregate remuneration (including CPF contributions thereon and bonus) paid to the top five key management personnel of the Group (who are not directors of the Company or the Chief Executive Officer) in FY2014 amounted to approximately S$991,000.

The Board is of the view that full disclosure of the specific remuneration of each individual director and key management personnel is not in the best interests of the Company, taking into account the sensitive nature of the subject, the competitive business environment the Group operates in and the potential negative impact such disclosure will have on the Group.

Save for the above key management personnel and the following employees, there was no employee of the Group who was an immediate family member of a director or the Chief Executive Officer, whose remuneration exceeded S$50,000 during FY2014:

Remuneration bands	
S$100,001 to S$150,000	Yanti Ng[(1)] Tanny[(1)]
S$50,001 to S$100,000	Lim Kok Wah, Eric[(1)]
S$0 to S$50,000	–

Note:-

(1) Ms Yanti Ng is the sister and Mr Tanny and Mr Lim Kok Wah, Eric are the brothers-in-law of Mr Charles Antonny Melati and Mr Huang She Thong, the directors of the Company.

Currently, the Company has not implemented any employee share schemes.

10. ACCOUNTABILITY

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board understands its accountability to the shareholders on the Group's performance, financial position and prospects. In presenting the quarterly and full-year financial statements to shareholders, the Board aims to provide shareholders with a detailed and balanced analysis and explanation of the Group's financial performance, position and prospects. In line with the rules of the SGX-ST Listing Manual, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements.

The Management provides the Board with relevant information on the performance of the Group on a monthly basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

11. RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board recognises the importance of sound internal controls and risk management practices in safeguarding shareholders' interests and the Group's assets. The Group's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial information, and to safeguard and maintain accountability of assets. Procedures are in place to identify major business risks and evaluate potential financial implications, as well as for the authorisation of capital expenditure and investments.

The Management has formed an Enterprise Risk Management ("ERM") Working Group to devise and implement an ERM framework, in consultation with the Company's internal auditors, PricewaterhouseCoopers Business Advisory Services Pte. Ltd.. The ERM Working Group, together with the business and corporate executive heads, identifies the operational, financial and compliance risks faced by the Group and set out the appropriate mitigating actions and monitoring mechanisms to respond to these risks and changes within the Group and the external business environment. The ERM framework is designed to manage the Group's risks and is approved by the Board, taking into consideration the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives. On an on-going basis, the ERM Working Group reviews all significant control policies and procedures, and highlights all significant matters to the Board and the AC. In December 2014, the ERM Working Group conducted an annual risk workshop to assist the Management in identifying and prioritising the top risks affecting the Group as well as to provide counter-measures for the risks identified.

The internal auditors evaluated the related internal control as part of the internal audit plan approved by the AC. Any material non-compliance or weakness, including recommendations for improvements, is reported to the AC. The AC also reviews the effectiveness of actions taken by the Management on the recommendations made by the internal auditors in this respect.

In addition to the work performed by the internal auditors, the external auditors, Deloitte & Touche LLP, also perform tests of certain controls relevant to the preparation of the Group's financial statements. The external auditors report any significant deficiencies of such internal controls to the AC.

During the year, the AC has, together with the internal auditors and the ERM Working Group, reviewed the adequacy, effectiveness and integrity of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls. The Chief Executive Officer and Chief Financial Officer have also provided assurance to the Board (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) regarding effectiveness of the Group's risk management and internal controls.

Based on the ERM framework and internal controls established and maintained by the Group, the work performed by the internal and external auditors, and reviews performed by the Management and the AC, the Board, with the concurrence of the AC, is satisfied with the adequacy and effectiveness of the Group's internal controls, including its financial, operational, compliance and information technology controls, and risk management systems, as at 31 December 2014.

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

12. AUDIT COMMITTEE

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

The AC comprises Mr Ong Beng Chye, as the chairman, and Mr Soh Chun Bin, Mr Lu King Seng and Mr Karyono, as members, all of whom are independent directors. The members of the AC have sufficient accounting or financial management expertise, as interpreted by the Board in its business judgment, to discharge the AC's functions.

The written terms of reference of the AC have been approved and adopted. The main functions of the AC include:-

- reviewing the audit plans of the external auditors and the internal auditors, including the results of the external and internal auditors' review and evaluation of the Group's system of internal controls;

- reviewing the annual consolidated financial statements and the external auditors' report on those financial statements, and discussing any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore financial reporting standards, concerns and issues arising from their audits, including any matters which the auditors may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval;

- reviewing the periodic consolidated financial statements comprising the profit and loss statements and the balance sheets and such other information required by the SGX-ST Listing Manual, before submission to the Board for approval;
- reviewing and discussing with external and internal auditors (if any), any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;
- reviewing the co-operation given by the Management to the external auditors;
- considering the appointment and re-appointment of the external auditors;
- reviewing any interested person transactions falling within the scope of Chapter 9 of the SGX-ST Listing Manual;
- reviewing any potential conflicts of interest;
- reviewing the procedures by which employees of the Group may, in confidence, report to the chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions in relation thereto;
- undertaking such other reviews and projects as may be requested by the Board, and reporting to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- reviewing and recommending hedging policies and instruments, if any, to be implemented by the Company to the Board;
- enquiring on the status of the existing Qualifying Assets (as defined in the Company's prospectus dated 10 October 2012 (the "Prospectus")) and determining if any of the Qualifying Assets should be removed from the QA List (as defined in the Prospectus);
- reviewing and approving the Promoter Interest Register (as defined in the Prospectus); and
- undertaking generally such other functions and duties as may be required by law or the SGX-ST Listing Manual, and by such amendments made thereto from time to time.

The AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position.

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

On an annual basis, the AC meets with the auditors without the presence of the Management. The external auditors also update the AC on any changes in accounting standards impacting the financial statements of the Group before an audit commences.

The fees paid by the Company to the external auditors in FY2014 for audit and non-audit services amounted to S$351,000 and S$111,100, respectively. The AC, having undertaken a review of all non-audit services provided by the external auditors, is of the opinion that such services would not affect the independence of the external auditors.

The Company has complied with Rules 712 and 715 of the SGX-ST Listing Manual in relation to its external auditors.

The Group has implemented a whistle-blowing policy. The policy aims to provide an avenue for employees and other persons to raise concerns about improprieties in matters of financial reporting or other matters and at the same time assure them that they will be protected from reprisals or victimisation for whistle-blowing in good faith. Cases that are significant are reviewed by the AC for adequacy of investigative action and resolution. Contact details of the AC chairman have been made available to all employees.

13. INTERNAL AUDIT

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Company outsources the internal audit function to an external professional firm, PricewaterhouseCoopers Business Advisory Services Pte. Ltd., to perform the review and test of controls of the Group's processes. The internal auditors have unfettered access to all the Group's documents, records, properties and personnel, including access to the AC.

The internal auditors report directly to the chairman of the AC. The AC reviews and approves the annual internal audit plans, and reviews the scope and results of the internal audit performed by the internal auditors. The AC will ensure the adequacy and effectiveness of the internal audit function at least annually. The AC is satisfied that the internal auditors are independent and have the appropriate standing to perform their functions effectively.

14. SHAREHOLDER RIGHTS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company strives for timeliness and consistency in its disclosures to shareholders. It is the Company's policy to keep all shareholders informed of developments or changes that will have a material impact on the Company's share price, through announcements via SGXNET. Such announcements are communicated on an immediate basis, or as soon as possible where immediate disclosure is not practicable.

Shareholders are informed of general meetings through notices published in the newspapers, through reports or circulars sent to all shareholders and via SGXNET. The Company encourages shareholders' participation during the general meetings. Resolutions are passed through a process of voting and shareholders are entitled to vote in accordance with established voting rules and procedures.

15. COMMUNICATION WITH SHAREHOLDERS

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company recognises that effective communication leads to transparency and enhances accountability. The Company regularly conveys pertinent information, gathers views or input, and addresses shareholders' concerns. In this regard, the Company provides timely information to its shareholders via SGXNET announcements and news releases and ensures that price-sensitive information is publicly released and is announced within the mandatory period. The Company does not practise selective disclosure. The views of shareholders are gathered at shareholder meetings where shareholders are permitted to ask questions and seek a better understanding of the Group.

The Company does not have a formal dividend policy. The form, frequency and amount of dividends will depend on the Group's earnings, financial position, results of operations, capital needs, plans for expansion, and other factors as the Board may deem appropriate.

16. CONDUCT OF SHAREHOLDER MEETINGS

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

All shareholders of the Company receive the Annual Report and the notices of general meetings. The notice will also be advertised in a local newspaper and made available on SGXNET. The Company encourages shareholders' participation at general meetings, and all shareholders are given the opportunity to voice their views and to direct queries regarding the Group to directors, including the chairperson of each of the Board committees. The Company's external auditors are also present to assist the Board in addressing any relevant queries from shareholders. The Company also ensures that there are separate resolutions at general meetings on each distinct issue. Minutes of general meetings, including relevant substantial comments or queries from shareholders relating to the agenda of the meeting and responses from the Board or the Management, are available to shareholders upon their request.

The Board supports the Code's principle of encouraging shareholder participation. The Articles of Association of the Company currently allow a member of the Company to appoint up to two proxies to attend and vote at general meetings. Given the attendance level at the Company's general meetings, the Board is of the view that it is not necessary nor cost-effective to put all resolutions to vote by poll and announce the detailed results. For those who hold their shares through CPF nominees and who are not registered as shareholders of the Company, the Company welcomes them to attend the annual general meeting as observers.

17. DEALINGS IN SECURITIES

In compliance with the best practices set out in the SGX-ST Listing Manual on dealings in securities, directors and officers of the Company are advised not to deal in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. The Company prohibits dealings in its shares by its directors and officers during the period commencing two weeks before the announcement of the Company's quarterly financial statements and one month before the announcement of the Company's full-year financial statements, and ending on the date of the announcement of the results.

18. INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reviewed and/or approved by the AC, and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

During FY2014, the Group had entered into the following interested person transactions:-

Name of Interested Person	Aggregate value of all interested person transactions during FY2014 (excluding transactions of less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions of less than S$100,000)
Technical services provided to PT Prima Energytama[(1)]	US$80,000	–

Note:-

(1) PT Prima Energytama is incorporated in Indonesia and is principally engaged in the business of coal mining exploration services. Its shareholders are PT Libra Melati Investment (70%) and PT Geo Surya Energy (30%). PT Libra Melati Investment is a general trading and service company incorporated in Indonesia which primarily focuses on management services. The shareholders of PT Libra Melati Investment are Charles Antonny Melati (28%), Richard Kennedy Melati (18%), Huang She Thong (18%), Ng See Yong (18%) and Yanto Melati (18%). PT Geo Surya Energy is a company incorporated in Indonesia. The shareholders of PT Geo Surya Energy are Darmin (99%) and his half-brother, Junaidi (1%). The technical services agreement was terminated on 31 December 2014.

19. MATERIAL CONTRACTS

Save as disclosed in section 18 above, there were no material contracts of the Group involving the interests of its Chief Executive Officer, each director or controlling shareholder, either still subsisting at the end of FY2014 or if not then subsisting, entered into since the end of the previous financial year.

20. UTILISATION OF PROCEEDS

The net proceeds from the Company's initial public offering have been fully utilised as at 13 November 2014. The breakdown of the use of proceeds is set out below:

Use of proceeds	Amount allocated US$'million	Amount utilised US$'million	Balance amount US$'million
Acquisition of additional mining equipment and machinery	25.0	(25.0)	–
Construction of jetty and barge loading facilities	2.0	(2.0)	–
Business expansion including acquisitions, joint ventures and/or strategic alliances	10.0	(10.0)	–
General working capital purposes	26.7	(26.7)*	–
Total	63.7	(63.7)	–

* As of 4 July 2013, the amount allocated for general working capital purposes was fully utilised. US$26.7 million was used to satisfy the upfront payments in relation to mining cooperation agreements, and payment of corporate taxes, employee salaries, renovation costs for the Company's new corporate office, and payment for coal purchased for trading and consumable inventories.

REPORT OF THE
DIRECTORS

The directors present their report together with the accompanying audited consolidated financial statements of Geo Energy Resources Limited (the "Company") and its subsidiaries (collectively, the "Group") and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2014.

1 DIRECTORS

The directors of the Company in office at the date of this report are:

Charles Antonny Melati
Dhamma Surya
Huang She Thong
Soh Chun Bin
Ong Beng Chye
Lu King Seng
Karyono
James Beeland Rogers Jr

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the shares in, or debentures of, the Company and related corporations, as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act (Chapter 50) (the "Act"), except as set out below:

	Shareholdings registered in name of director		Shareholdings in which director is deemed to have an interest	
	At beginning of year	**At end of year**	**At beginning of year**	**At end of year**
Ordinary shares of the Company				
Charles Antonny Melati [(a)]	46,395,406	91,395,406	–	–
Dhamma Surya [(a)]	56,810,704	101,810,704	552,326,287	462,326,287
Huang She Thong	29,825,620	29,825,620	–	–
Ong Beng Chye	100,000	190,000	–	–
Lu King Seng	300,000	300,000	–	–
James Beeland Rogers Jr [(a)]	1,700,000	1,700,000	2,000,000	2,000,000
Ordinary shares of PT Geo Energy Coalindo (subsidiary)				
Charles Antonny Melati	–	–	50	50
Ordinary shares of PT Mitra Riau Pratama (subsidiary)				
Charles Antonny Melati	1	1	–	–

(a) Charles Antonny Melati ("CAM") and James Beeland Rogers Jr ("JR") entered into an agreement dated 3 January 2013 to grant JR, on the day after the expiry of CAM's one-year share moratorium (given in connection with the Company's initial public offering) a call option over 2,000,000 shares of the Company (owned or to be owned by CAM). The call option's exercise price is S$0.35 per share, with exercise period of 10 years, commencing 1 January 2015. The call option is exercisable in whole or in part and subject to conditions precedent. The number of shares under the call option is subject to adjustment provisions. Dhamma Surya has provided an undertaking, guaranteeing the obligations of CAM under the aforesaid agreement to grant a call option to JR over 2,000,000 shares.

By virtue of Section 7 of the Act, Dhamma Surya is deemed to have interests in the shares held by the Company in all the subsidiaries of the Company at the beginning and at the end of the financial year.

The directors' interests in the shares and options of the Company at 21 January 2015 were the same at 31 December 2014.

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Except as disclosed in the accompanying financial statements and in this report, since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

5 SHARE OPTIONS

(a) *Options to take up unissued shares*

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

(b) *Option exercised*

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under options*

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

6 AUDIT COMMITTEE

The members of the audit committee of the Company (the "Audit Committee") as at the date of this report are:

Ong Beng Chye	(Chairman of the Audit Committee and Independent Director)
Soh Chun Bin	(Lead Independent Director)
Lu King Seng	(Independent Director)
Karyono	(Independent Director)

The Audit Committee carries out the functions specified in Section 201B(5) of the Act. The main functions of the Audit Committee are as follows:

(i) review the audit plans of the external auditors and internal auditors, including the results of the external and internal auditors' review and evaluation of the Group's system of internal controls;

(ii) review the annual consolidated financial statements and the external auditors' report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore Financial Reporting Standards, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of management, where necessary, before submission to the board of directors (the "Board") for approval;

(iii) review the periodic consolidated financial statements comprising the statements of comprehensive income and statements of financial position and such other information required by the Listing Manual (the "Listing Manual") of Singapore Exchange Securities Trading Limited (the "SGX-ST"), before submission to the Board for approval;

(iv) review and discuss with the external and internal auditors (if any), any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the management's response;

(v) review the co-operation given by the management to the external auditors;

(vi) consider the appointment and re-appointment of the external auditors;

(vii) review any interested person transactions falling within the scope of Chapter 9 of the Listing Manual;

(viii) review any potential conflicts of interest;

(ix) review the procedures by which employees of the Group may, in confidence, report to the Chairman of the Audit Committee, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions in relation thereto;

(x) undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee;

(xi) review and recommend hedging policies and instruments, if any, to be implemented by the Company to the Directors;

(xii) enquire on the status of the existing Qualifying Assets, as defined in the Company's prospectus dated 10 October 2012 (the "Prospectus") and determine if any of the Qualifying Assets should be removed from the QA List (as defined in the Prospectus);

(xiii) review and approve the Promoter Interest Register (as defined in the Prospectus); and

(xiv) undertake generally such other functions and duties as may be required by law or the Listing Manual, and by such amendments made thereto from time to time.

The Audit Committee has recommended to the Board that Deloitte & Touche LLP be nominated for re-appointment as independent auditors of the Company at the forthcoming annual general meeting.

7 INDEPENDENT AUDITORS

The independent auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Charles Antonny Melati

Dhamma Surya

27 March 2015

STATEMENT OF **DIRECTORS**

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 51 to 103 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

Charles Antonny Melati

Dhamma Surya

27 March 2015

INDEPENDENT AUDITORS' REPORT

To the members of Geo Energy Resources Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Geo Energy Resources Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended and a summary of significant accounting policies and other explanatory information as set out on pages 51 to 103.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2014, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte and Touche LLP
Public Accountants and
Chartered Accountants
Singapore

27 March 2015

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

	Note	Group 2014	Group 2013	Company 2014	Company 2013
		US$	US$	US$	US$
ASSETS					
Current assets					
Cash and cash equivalents	7	13,339,167	17,814,850	12,875,141	13,660,913
Trade and other receivables	8	31,596,601	25,529,358	72,615,198	49,221,457
Deposits and prepayments	9	30,176,683	26,380,496	78,398	114,317
Inventories	10	4,768,975	14,970,692	–	–
Total current assets		79,881,426	84,695,396	85,568,737	62,996,687
Non-current assets					
Trade receivables	8	7,565,204	–	–	–
Deposits and prepayments	9	2,373,359	1,639,600	111,264	119,986
Investment in subsidiaries	11	–	–	72,554,117	16,087,770
Deferred expenditure	12	–	871,678	–	–
Property, plant and equipment	13	115,130,106	69,311,901	218,141	329,860
Investment property	14	3,484,058	3,475,513	3,484,058	3,475,513
Other non-current asset	15	132,697	138,390	132,697	138,390
Deferred tax assets	22	2,998,675	1,353,571	–	–
Total non-current assets		131,684,099	76,790,653	76,500,277	20,151,519
Total assets		211,565,525	161,486,049	162,069,014	83,148,206
LIABILITIES AND EQUITY					
Current liabilities					
Bank borrowing	16	264,854	262,845	264,854	262,845
Trade and other payables	17	13,432,330	7,568,334	11,116,943	3,556,344
Amount due to a related party	18	–	1,980,677	–	–
Current portion of finance leases	19	9,704,519	10,389,961	–	–
Income tax payable		50,009	1,558,417	49,286	80,216
Total current liabilities		23,451,712	21,760,234	11,431,083	3,899,405
Non-current liabilities					
Bank borrowing	16	–	276,205	–	276,205
Finance leases	19	2,511,662	12,260,904	–	–
Notes payable	20	72,807,779	–	72,807,779	–
Provisions	21	1,355,269	1,274,381	90,032	89,422
Deferred tax liabilities	22	3,393,411	3,610,501	106,804	48,078
Total non-current liabilities		80,068,121	17,421,991	73,004,615	413,705
Capital, reserves and non-controlling interests					
Share capital	23	82,518,674	82,518,674	82,518,674	82,518,674
Other reserve		14,349	14,349	–	–
Revaluation reserve	24	776,632	776,632	776,632	776,632
Translation reserve		(21,528,139)	(20,088,782)	(4,186,712)	(3,359,822)
Retained earnings (Accumulated losses)		45,870,836	58,495,324	(1,475,278)	(1,100,388)
Equity attributable to owners of the Company		107,652,352	121,716,197	77,633,316	78,835,096
Non-controlling interests		393,340	587,627	–	–
Total equity		108,045,692	122,303,824	77,633,316	78,835,096
Total liabilities and equity		211,565,525	161,486,049	162,069,014	83,148,206

See accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF
PROFIT OR LOSS

Year ended 31 December 2014

	Note	Group 2014	Group 2013
		US$	US$
Revenue	25	53,107,001	108,593,909
Cost of sales		(55,530,433)	(78,046,089)
Gross (loss) profit		(2,423,432)	30,547,820
Other income	26	3,380,907	1,379,890
General and administrative expenses		(8,404,907)	(8,596,450)
Other expenses	27	(3,240,780)	(3,528,771)
Finance costs	28	(5,243,069)	(2,476,014)
(Loss) Profit before income tax		(15,931,281)	17,326,475
Income tax credit (expense)	29A	3,150,959	(4,296,706)
(Loss) Profit for the year	30	(12,780,322)	13,029,769
(Loss) Profit attributable to:			
Owners of the Company		(12,578,189)	12,622,762
Non-controlling interests		(202,133)	407,007
		(12,780,322)	13,029,769
(Loss) Earnings per share	31		
- Basic (cents)		(1.09)	1.09
- Diluted (cents)		(1.09)	1.09

See accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2014

		Group	
	Note	2014	2013
		US$	US$
(Loss) Profit for the year		(12,780,322)	13,029,769
Other comprehensive income, net of tax:			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(1,441,418)	(15,529,028)
Items that will not be subsequently reclassified to profit or loss:			
Remeasurement of defined benefit obligations	21A, 29B	(46,299)	292,203
Revaluation of leasehold property	13	–	776,632
		(46,299)	1,068,835
Other comprehensive income for the year, net of tax		(1,487,717)	(14,460,193)
Total comprehensive income for the year		(14,268,039)	(1,430,424)
Total comprehensive income attributable to:			
Owners of the Company		(14,063,845)	(1,725,019)
Non-controlling interests		(204,194)	294,595
		(14,268,039)	(1,430,424)

See accompanying notes to the financial statements.

STATEMENTS OF
CHANGES IN EQUITY
Year ended 31 December 2014

	Share capital	Other reserve	Revaluation reserve	Translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
	US$	US$	US$	US$	US$	US$	US$	US$
	(Note 23)		(Note 24)					
Group								
Balance at 1 January 2013	82,518,674	14,349	–	(4,672,166)	45,580,359	123,441,216	293,032	123,734,248
Total comprehensive income for the year:								
Profit for the year	–	–	–	–	12,622,762	12,622,762	407,007	13,029,769
Other comprehensive income for the year	–	–	776,632	(15,416,616)	292,203	(14,347,781)	(112,412)	(14,460,193)
Total	–	–	776,632	(15,416,616)	12,914,965	(1,725,019)	294,595	(1,430,424)
Balance at 31 December 2013	82,518,674	14,349	776,632	(20,088,782)	58,495,324	121,716,197	587,627	122,303,824
Total comprehensive income for the year:								
Loss for the year	–	–	–	–	(12,578,189)	(12,578,189)	(202,133)	(12,780,322)
Other comprehensive income for the year	–	–	–	(1,439,357)	(46,299)	(1,485,656)	(2,061)	(1,487,717)
Total	–	–	–	(1,439,357)	(12,624,488)	(14,063,845)	(204,194)	(14,268,039)
Transactions with owners, recognised directly in equity:								
Non-controlling interests arising from acquisition of subsidiaries	–	–	–	–	–	–	9,907	9,907
Balance at 31 December 2014	82,518,674	14,349	776,632	(21,528,139)	45,870,836	107,652,352	393,340	108,045,692

	Share capital	Revaluation reserve	Translation reserve	Accumulated losses	Total
	US$	US$	US$	US$	US$
	(Note 23)	(Note 24)			
Company					
Balance at 1 January 2013	82,518,674	–	(1,195,856)	(2,335,696)	78,987,122
Total comprehensive income for the year:					
Profit for the year	–	–	–	1,235,308	1,235,308
Other comprehensive income for the year	–	776,632	(2,163,966)	–	(1,387,334)
Total	–	776,632	(2,163,966)	1,235,308	(152,026)
Balance at 31 December 2013	82,518,674	776,632	(3,359,822)	(1,100,388)	78,835,096
Total comprehensive income for the year:					
Loss for the year	–	–	–	(374,890)	(374,890)
Other comprehensive income for the year	–	–	(826,890)	–	(826,890)
Total	–	–	(826,890)	(374,890)	(1,201,780)
Balance at 31 December 2014	82,518,674	776,632	(4,186,712)	(1,475,278)	77,633,316

See accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF
CASH FLOWS

Year ended 31 December 2014

	Group	
	2014	**2013**
	US$	US$
Operating activities		
(Loss) Profit before income tax	(15,931,281)	17,326,475
Adjustments for:		
Amortisation of deferred expenditure	–	630,304
Depreciation of property, plant and equipment	6,583,740	10,658,609
Loss on disposal of property, plant and equipment	1,987,855	40,031
Fair value gain on investment property	(157,624)	(67,094)
Allowance for doubtful debts - trade	30,994	–
Loss on financial asset carried at amortised cost	248,606	–
Impairment loss on deferred expenditure	894,013	–
Interest expense	5,243,069	2,476,014
Interest income	(642,056)	(587,899)
Gain on repayment of amount due to a related party	–	(578,222)
Retirement benefit obligations	38,116	861,991
Net foreign exchange (gains) losses	(4,057,237)	2,224,181
Operating cash flows before movements in working capital	(5,761,805)	32,984,390
Trade and other receivables	(10,428,507)	(18,159,089)
Deposits and prepayments	(4,005,197)	(23,840,110)
Inventories	10,201,717	(12,889,997)
Trade and other payables	(3,845,941)	4,665,075
Cash used in operations	(13,839,733)	(17,239,731)
Income tax paid	(3,351,215)	(9,538,404)
Income tax refund	300,579	–
Utilisation of provision for rehabilitation	–	(4,061)
Retirement benefit obligation paid	(38,218)	(2,102)
Net cash used in operating activities	(16,928,587)	(26,784,298)
Investing activities		
Deferred expenditure (Note A)	–	(451,325)
Interest received	240,518	401,233
Advance payments for purchase of property, plant and equipment	(600,542)	(671,188)
Purchase of property, plant and equipment (Note B)	(49,837,895)	(3,202,488)
Proceeds from disposal of property, plant and equipment (Note C)	1,491,270	6,425,858
Additions to investment property through subsequent expenditure	–	(12,686)
Purchase of other non-current asset	–	(139,158)
Net cash (used in) from investing activities	(48,706,649)	2,350,246

	Group	
	2014	2013
	US$	US$
Financing activities		
(Increase) Decrease in deposits pledged	(2,825,502)	264,620
Interest paid	(1,908,968)	(2,392,782)
Proceeds from bank borrowing	8,804,000	–
Repayment of bank borrowings	(9,066,248)	(260,271)
Proceeds from issuance of notes payable	80,593,166	–
Transaction costs pursuant to issuance of notes payable	(3,915,749)	–
Repayment of amount due to a related party	(2,060,465)	(10,380,760)
Repayment of obligations under finance leases	(10,550,240)	(10,957,081)
Net cash from (used in) financing activities	59,069,994	(23,726,274)
Net decrease in cash and cash equivalents	(6,565,242)	(48,160,326)
Cash and cash equivalents at beginning of the year	17,814,850	68,791,416
Effect of exchange rate changes on the balance of cash held in foreign currencies	(583,144)	(2,816,240)
Cash and cash equivalents at end of the year (Note 7)	10,666,464	17,814,850

Notes to consolidated statement of cash flows:

A) In prior year, the Group capitalised US$492,870 as deferred expenditure of which US$41,545 pertained to capitalisation of depreciation on property, plant and equipment and US$451,325 was settled in cash.

B) During the year, the Group acquired property, plant and equipment amounting to US$57,274,582 (2013 : US$33,572,243) of which US$109,957 (2013 : US$28,367,035) were acquired under finance lease arrangements and US$Nil (2013 : US$87,757) pertained to the provision for office reinstatement. As at 31 December 2014, US$7,304,019 (2013 : US$5,323) remained unpaid and was included as part of trade and other payables.

In addition, the Group utilised its advance payment of US$28,034 (2013 : US$1,909,640) which was paid in prior year to purchase property, plant and equipment. The Group made advance payments of US$600,542 (2013 : US$671,188) and cash payments of US$49,837,895 (2013 : US$3,202,488) to purchase the property, plant and equipment.

C) During the year, the Group disposed of property, plant and equipment for a total sale proceeds of US$1,929,106 (2013 : US$6,425,858). As at 31 December 2014, US$437,836 (2013 : US$Nil) of the sale proceeds is outstanding and included as part of trade and other receivables.

See accompanying notes to the financial statements.

1 GENERAL

The Company (Registration No. 201011034Z) was incorporated in the Republic of Singapore with its principal place of business and registered office at 12 Marina Boulevard, #16-01 Marina Bay Financial Centre Tower 3, Singapore 018982.

The consolidated financial statements are presented in United States dollars to enhance the comparability of the Group's financials to other companies in the coal mining industry.

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2014 were authorised for issue by the Board of Directors on 27 March 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payments*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value adjustments are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value adjustments are observable and the significance of the inputs to the fair value measurement in its entirety which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS - On 1 January 2014, the Group and Company adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

At the date of authorisation of the financial statements, the following new/revised FRSs, amendments to FRSs and improvements to FRSs that are relevant to the Group and the Company have been issued but are not yet effective:

FRS 115 *Revenue from Contracts with Customers*

FRS 109 *Financial Instruments*

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

Amendments to FRS 19 (2011) *Defined Benefit Plans: Employee Contributions*

Improvements to Financial Reporting Standards (January 2014)

Improvements to Financial Reporting Standards (February 2014)

Improvements to Financial Reporting Standards (November 2014)

Management anticipate that the adoption of the above new/revised FRSs, amendments to FRSs and improvements to FRSs in future periods is not expected to have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption, except as disclosed below.

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. More prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

FRS 115 will take effect from financial years beginning on or after 1 January 2017. The Group is currently evaluating the potential impact of the changes in the period of initial adoption.

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) derecognition (iii) general hedge accounting (iv) impairment requirements for financial assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Key requirements for FRS 109:

All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss ("FVTPL"). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income ("FVTOCI"). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL is presented in profit or loss.

In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

FRS 109 will take effect from financial years beginning on or after 1 January 2018. The Group is currently evaluating the potential impact of the changes in the period of initial adoption.

Improvements to Financial Reporting Standards (January 2014)

Standards included in this cycle of improvement project comprised of the following. Amendments apply for annual periods beginning on or after 1 July 2014, unless otherwise stated.

Standard	Topic	Key amendment
FRS 103 *Business Combinations*	Accounting for contingent consideration in a business combination	Clarified that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of FRS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. Amendments are effective for business combinations for which the acquisition date is on or after 1 July 2014.
FRS 108 *Operating Segments*	Aggregation of Operating Segments	Amendments require an entity to disclose the judgement made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'.
	Reconciliation of the total of the reportable segments' assets to the entity's assets	Clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Improvements to Financial Reporting Standards (January 2014) (cont'd)

Standard	Topic	Key amendment
FRS 24 *Related Party Disclosures*	Key Management Personnel	Clarified that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity must disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However disclosure of the components for such compensation is not required.

The Group is currently evaluating the impact of the above Improvements to Financial Reporting Standards (January 2014).

Improvements to Financial Reporting Standards (February 2014)

Standards included in this cycle of improvement project comprised of the following. Amendments apply for annual periods beginning on or after 1 July 2014, unless otherwise stated.

Standard	Topic	Key amendment
FRS 113 *Fair Value Measurement*	Scope of portfolio exception	The scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, FRS 39, even if those contracts do not meet the definitions of financial assets or financial liabilities within FRS 32. Consistent with the prospective initial application of FRS 113, the amendment must be applied prospectively from the beginning of the annual period in which FRS 113 was initially applied.

The Group is currently evaluating the potential impact of the above Improvements to Financial Reporting Standards (February 2014).

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company as Other Reserve.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATION - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 *Share-based Payment*; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date - and is subject to a maximum of one year from acquisition date.

The accounting policy for initial measurement of non-controlling interests is described above.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income or expense is recognised on an effective interest basis for debt instruments.

Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". These are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables when effect of discounting would be immaterial.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below).

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

INVENTORIES - Inventories are classified as follows:

- Coal : These are coals that are extracted from mining activities and available for sale.
- Consumables : These are goods or supplies to be either directly or indirectly consumed in the production process.
- Marketing coal : These are coals purchased with the intention to sell in the near future.

Consumables and other coal inventories are stated at the lower of cost and net realisable value. The cost of coal inventories is determined using the weighted average cost method. Costs include direct material, overburden removal, mining, processing, labour incurred in the extraction process and an appropriate proportion of variable and fixed overhead costs directly related to mining activities. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Marketing coal inventories are recorded at fair value less costs to sell. Unrealised gains and losses from changes in fair values are reported in cost of goods sold.

DEFERRED EXPENDITURE - Expenses incurred during pre-mining services activities such as labour costs and those overhead costs incurred in mobilising the heavy equipment to the mine site are deferred in the statement of financial position and released to profit or loss as expenses when services have been rendered and revenue is recognised from the respective mining services contracts. Expenses are deferred to the extent that there is reasonable probability of recovery from the mining services rendered. When it is probable that the costs incurred or to be incurred on that mining services contract will exceed the estimated recoverable amount of the mining services contract, the expected loss is recognised as an expense in profit or loss immediately.

Deferred expenditure is reviewed at each reporting date as to whether an indication of impairment exists. If any such indication exists, the recoverable amount of the deferred expenditure is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Construction-in-progress for qualifying assets, includes borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost of assets, over the estimated useful lives of the assets using the straight-line method, on the following bases:

	Number of years
Leasehold property	60 (over terms of lease)
Temporary housing facility	2
Jetty	4
Heavy equipment	8
Machineries	4
Motor vehicles	4
Equipment and furniture	4
Computer and software	4

Fully depreciated assets still in use are retained in the financial statements.

Mining property is classified as an asset under property, plant and equipment. Mining property include mining rights and costs transferred from mining evaluation assets once technical feasibility and commercial viability of an area of interest are demonstrable and subsequent costs to develop the mine to the production phase. The economic benefits from the assets are consumed in a pattern which is linked to the production level. These assets are depreciated on a unit-of-production basis. Depreciation starts from the date when commercial production commences.

The estimated useful lives, mining reserves, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INVESTMENT PROPERTY - Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

CLUB MEMBERSHIP - Club membership with indefinite useful life is not amortised, is classified as other non-current asset and is stated at cost less any accumulated impairment loss.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS - At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Sale of coal

Revenue from the sale of coal (coal extracted from mining activities and coal trading) is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the coal;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the coal sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Mining services

Revenue from rendering of mining services that are of a short duration is measured at the fair value of the consideration received or receivable when services are completed.

Rental services

Rental services are recognised on a straight-line basis over the term of the relevant lease.

Interest income

Interest income is accrued on a time apportionment basis, by reference to the principal outstanding and at the effective interest rate applicable.

BORROWING COSTS - Borrowing costs directly attributable to the construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

The cost of providing defined post-employment benefits is determined using the Projected Unit Credit Method. Remeasurement, comprising actuarial gains and losses, is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment.

The retirement benefits obligation recognised in the consolidated statement of financial position represents the present value of the defined benefit obligation.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts 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 balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objection is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each entity within the Group are measured and presented in the currency of the primary economic environment in which the entity within the Group operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in United States dollars, which is not the functional currency of the Company and some entities within the Group. The functional currency of the Company is Singapore dollars.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements and Company's financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments are recognised in other comprehensive income and accumulated in a separate component of equity under the header of translation reserve.

SEGMENT REPORTING - An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components.

Operating segments are reported in a manner consistent with the internal reporting provided to members of management and the chief operating decision makers who are responsible for allocating resources and assessing performance of the operating segments.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in Note 2 to the financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 the Group's accounting policies

There are no critical judgement, apart from those involving estimation (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Fair value of marketing coal inventories

The Group's marketing coal inventories are recorded at fair value less costs to sell. The fair value is estimated by reference to the market indices compiled by market research firms, relevant to the primary market which the Group transacts in. In the absence of a directly comparable index, management will estimate the fair value using observable market transactions or market information, including but not restricted to, indices from comparable markets and adjust for the difference in the markets. The carrying amounts of the Group's marketing coal inventories are disclosed in Note 10 to the financial statements.

Useful lives of property, plant and equipment

As described in Note 2 to the financial statements, the Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the financial year, management determined that the useful lives of property, plant and equipment are based on the industry practice and the Group's operational environment.

Impairment of investment in subsidiaries and amounts due from subsidiaries

Management has carried out a review of the recoverable amount of the investment in subsidiaries and the amounts due from subsidiaries, having regard to the existing performance of the relevant subsidiaries and the carrying value of the net tangible assets in these subsidiaries.

Management has estimated the recoverable amount based on the higher of value in use and fair value less cost to sell. The fair value less cost to sell is determined by reference to the estimated realisable values of the net tangible assets of the subsidiaries. The assessment has led to recognition of allowance for impairment of investment in subsidiaries of US$394,818 (2013 : US$Nil) and amounts due from subsidiaries of US$411,399 (2013 : US$Nil) during the year.

The carrying amounts of the investment in subsidiaries and amounts due from subsidiaries are disclosed in Notes 11 and 8 to the financial statements respectively.

Depreciation of mining property

The amounts recorded for depreciation as well as the recovery of the carrying value of mining property depends on the estimates of coal reserves and the economic lives of future cash flows from related assets. The primary factors affecting these estimates are technical engineering assessments of producible quantities of coal reserves in place and economic constraints such as the assumptions related to anticipated commodity process and the costs of development and production of the reserves. The carrying amounts of the Group's mining property are disclosed in Note 13 to the financial statements.

Impairment of advance payments for purchase of coal, deferred expenditure and property, plant and equipment

The Group assesses annually whether its advance payments for purchase of coal, deferred expenditure and property, plant and equipment exhibit any indication of impairment. Should there be any indicator of impairment, the Group then estimates the recoverable amount based on value in use calculations. These calculations require the use of judgement and estimates.

The carrying value of advance payments for purchase of coal, deferred expenditure and property, plant and equipment are reviewed regularly during the financial year, taking into consideration the available facts and circumstances, and to the extent to which the capitalised value exceeds its recoverable value, the excess is provided for or written-off in the financial year in which this is determined.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Management has carried out a review of the recoverable amount of the advance payments for purchase of coal, deferred expenditure and property, plant and equipment based on their value in use.

The calculation of value in use is most sensitive to the following assumptions:

- Discount rate
- Coal price

The future cash flows are discounted to the value in use based on the discount rate of 8.25% which reflects the current market assessment of the time value of money and the risks specific to the asset.

As at 31 December 2014, any reasonably possible change to the key assumptions applied above is not likely to cause the recoverable amounts of advance payments for purchase of coal, deferred expenditure and property, plant and equipment to be below the respective carrying amounts.

The assessment has led to allowance for impairment of deferred expenditure of US$894,013 (2013 : US$Nil) and no impairment is required for advance payments for purchase of coal and property, plant and equipment during the year.

The carrying amounts of the Group's advance payments for purchase of coal, deferred expenditure and property, plant and equipment are disclosed in Notes 9, 12 and 13 to the financial statements respectively.

Allowances for doubtful debts

The policy for allowances for doubtful debts of the Company and the Group is based on the evaluation of collectibility and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness, the past collection history of each customer and on-going dealings with these parties. If the financial conditions of the counterparties were to deteriorate, resulting in impairment of their ability to make payments, additional allowances may be required.

During the year, management performed a credit evaluation process to review the recoverability of the trade and other receivables balances based on their judgement. The assessment has led to recognition for allowances for doubtful debts of US$30,994 (2013 : US$Nil) during the year.

The carrying amounts of trade and other receivables are disclosed in Note 8 to the financial statements.

Retirement benefit obligations

The determination of defined post-employment benefits obligation is dependent on selection of certain assumptions used by actuary in calculating such amounts. Those assumptions include among others, discount rate and salary increase rate. Actual results that differ from the Group's assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. While it is believed that the Group's assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Group's retirement benefit obligations. The carrying amounts of retirement benefit obligations are disclosed in Note 21A.

Uncertain tax positions

The Group is subject to income taxes in Singapore and Indonesia. In determining the income tax liabilities, management is required to estimate the amount of capital allowances and deductibility of certain expense ("uncertain tax positions") at each jurisdiction. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made. The carrying amounts of the Group's and the Company's current tax and deferred tax provision are disclosed in the statement of financial position with notes where relevant.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	US$	US$	US$	US$
Financial assets				
Loans and receivables at amortised cost (including cash and cash equivalents)	47,273,893	40,869,599	85,601,603	62,987,731
Financial liabilities				
Amortised cost	97,854,051	32,188,317	84,178,612	4,095,394

(b) *Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements*

The Group and Company do not have any financial instruments which are subjected to offsetting, enforceable master netting arrangements or similar netting agreements.

(c) *Financial risk management policies and objectives*

The Group and Company's overall financial risk management policies and objectives seek to minimise potential adverse effects on the financial performance of the Group and Company. Management regularly reviews the Group and Company's business and operational activities to identify areas of significant business risks, as well as appropriate measures through which to control and mitigate these risks. On an on-going basis, management reviews all significant control policies and procedures, and highlights all significant matters to the Board of Directors and the audit committee. There has been no significant change to the Group and Company's exposure to these financial risks or the manner in which it manages and measures the risk.

The Group and Company do not hold or issue derivative financial instrument for speculative purposes. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

The Group's foreign currency exposure arises from United States dollars, Indonesia rupiah and Singapore dollars. The Company's foreign currency exposure arises mainly from United States dollars. The Group and the Company do not hedge against foreign exchange exposure as the exposure is managed primarily by using natural hedges that arise from offsetting assets and liabilities that are denominated in the same foreign currencies.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(i) Foreign exchange risk management (cont'd)

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currency other than the respective Group entities' functional currencies are as follows:

	Liabilities		Assets	
	2014	**2013**	**2014**	**2013**
	US$	US$	US$	US$
Group				
United States dollars	47,430,056	33,456,485	90,603,841	59,279,694
Indonesia rupiah	354,605	91,214	5,147,203	4,579,682
Singapore dollars	6,789,565	3,840,523	66,478	990,297
Company				
United States dollars	8,267,000	2,430,357	66,089,218	45,440,418
Indonesia rupiah	–	–	156,752	–

Foreign currency sensitivity

The following table details the sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where they gave rise to an impact on the Group and Company's profit.

If the relevant foreign currency weakens by 5% against the functional currency of each Group entity, the Group's and the Company's loss for the year (2013 : profit for the year) will increase (decrease) by:

	2014	**2013**
	US$	US$
Group		
United States dollars	2,158,689	(1,291,160)
Indonesia rupiah	239,630	(224,423)
Singapore dollars	(336,154)	142,511
Company		
United States dollars	2,891,111	(2,150,503)
Indonesia rupiah	7,838	–

If the relevant foreign currency strengthens by 5% there would be an equal and opposite impact on the Group and Company's profit or loss shown above, on the basis that all other variables remain constant.

(ii) Interest rate risk management

The Group and Company's exposure to interest rate risk are restricted to its interest bearing bank balances and deposits, bank borrowing, finance leases and notes payable as disclosed in Notes 7, 16, 19 and 20 to the financial statements respectively.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(ii) Interest rate risk management (cont'd)

No interest rate sensitivity was performed since the Group and Company's exposure to interest rate on their variable rate borrowing is not significant.

(iii) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group and Company. The Group and Company have adopted a policy of only dealing with creditworthy counterparties.

The Group minimises credit risk via advance payments from customers, sales secured by letters of credit, strict credit terms and regular monitoring of customers' financial standing. However, the Group may accommodate requests for delays in payments on a case by case basis for customers who have an established collection track record with the Group.

As at 31 December 2014, 65% (2013 : 70%) of the Group's revenue are derived from customers in Indonesia which represent concentration risk within this geographical location. There is concentration of credit risk as 89% (2013 : 74%) of the Group's trade receivables at the end of the financial year relate to three customers (2013 : four customers).

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of reporting period.

The Company has an amount due from a related company which accounted for 42% (2013 : 59%) of the Company's other receivables.

The Group and Company place their bank balances with creditworthy financial institutions.

The carrying amount of financial assets represents the maximum credit risk exposure of the Group and Company.

Further details of credit risk on trade and other receivables are disclosed in Note 8 to the financial statements.

(iv) Liquidity risk management

Liquidity risk is the risk that the Group and Company will not be able to meet its financial obligations as they fall due. The Group and Company have been able to service all its debts obligations and fund their operations through internal funds, finance leases, bank borrowings and notes payable.

The Group and Company closely monitor the working capital requirements and minimises its liquidity risk by ensuring sufficient available funds and credit lines.

Liquidity risk analysis

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial liability on the statements of financial position.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(iv) Liquidity risk management (cont'd)

	Weighted average interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustment	Total
	%	US$	US$	US$	US$
Group					
2014					
Non-interest bearing	–	10,153,996	–	–	10,153,996
Finance leases (fixed rate)	5.55 to 15.00	10,449,143	2,579,384	(812,346)	12,216,181
Notes payable (fixed rate)	8.65	5,301,825	89,031,239	(19,114,044)	75,219,020
Bank borrowing (variable rate)	4.98	272,060	–	(7,206)	264,854
Total		26,177,024	91,610,623	(19,933,596)	97,854,051
2013					
Non-interest bearing	–	8,998,402	–	–	8,998,402
Finance leases (fixed rate)	5.55 to 16.00	12,145,857	13,073,844	(2,568,836)	22,650,865
Bank borrowing (variable rate)	4.98	283,729	283,729	(28,408)	539,050
Total		21,427,988	13,357,573	(2,597,244)	32,188,317
Company					
2014					
Non-interest bearing	–	8,694,738	–	–	8,694,738
Notes payable (fixed rate)	8.65	5,301,825	89,031,239	(19,114,044)	75,219,020
Bank borrowing (variable rate)	4.98	272,060	–	(7,206)	264,854
Total		14,268,623	89,031,239	(19,121,250)	84,178,612
2013					
Non-interest bearing	–	3,556,344	–	–	3,556,344
Bank borrowing (variable rate)	4.98	283,729	283,729	(28,408)	539,050
Total		3,840,073	283,729	(28,408)	4,095,394

Non-derivative financial assets

All the financial assets of the Group and the Company in 2014 and 2013 are repayable on demand or due within one year from the end of the reporting period, except for non-current trade receivables and non-current deposits as disclosed in Notes 8 and 9 to the financial statements respectively.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(v) Fair value of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and financial liabilities are disclosed in the respective notes to financial statements.

(d) Capital risk management policies and objectives

The Group and Company manage their capital to ensure that the Group and Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the bank borrowing (Note 16), amount due to a related party (Note 18), finance leases (Note 19) and notes payable (Note 20), and equity attributable to owners of the Company, which comprises issued capital, reserves and retained earnings as disclosed in the notes to the financial statements.

The capital structure of the Company consists of debt, which includes the bank borrowing (Note 16) and notes payable (Note 20), and equity attributable to owners of the Company, which comprises issued capital and reserves net of accumulated losses.

Management regularly monitors compliance with the financial covenants imposed by financial institutions for the facilities granted to the Group. As at the end of the reporting period, the Group is in compliance with externally imposed financial covenants requirements.

The Group's net debt to equity ratio as at the end of the reporting period are as follows:

	Group	
	2014	**2013**
	US$	US$
Total debt	87,700,055	25,170,592
Cash and cash equivalents	(13,339,167)	(17,814,850)
Net debt	74,360,888	7,355,742
Equity attributable to the owners of the Company	107,652,352	121,716,197
Net debt to equity ratio	69%	6%

The Group and Company's overall strategy remains unchanged from prior year.

5 RELATED COMPANIES TRANSACTIONS

Related companies in these financial statements refer to members of the Company's group of companies.

Transactions between the Company and its subsidiaries, which are related companies of the Company, have been eliminated on consolidation and are not disclosed in this note. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

6 OTHER RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Details of significant transactions between the Group and related parties, other than those disclosed elsewhere in the financial statements and the accompanying notes, are as follows:

	Group	
	2014	**2013**
	US$	US$
Entities controlled by the common shareholders of the Company:		
Rental services - vehicle leasing	(5,145)	(27,670)
Other income - technical services	(80,000)	(80,000)

Compensation of directors and key management personnel

The remuneration of directors and other members of key management personnel are as follows:

	Group	
	2014	**2013**
	US$	US$
Short-term benefits	2,077,976	2,154,624
Post-employment benefits	22,384	22,977
Total	2,100,360	2,177,601

The remuneration of directors and other key management personnel is determined by the performance of individuals and market trends.

7 CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	**2013**	**2014**	**2013**
	US$	US$	US$	US$
Cash on hand	13,403	27,362	293	253
Cash at banks (a)	1,185,516	4,748,859	734,600	622,031
Deposits (b)	12,140,248	13,038,629	12,140,248	13,038,629
Total	13,339,167	17,814,850	12,875,141	13,660,913
Less: Deposit pledged (c)	(2,672,703)	–	(2,672,703)	–
Cash and cash equivalents in the consolidated statement of cash flows	10,666,464	17,814,850	10,202,438	13,660,913

(a) The cash at banks bore an average effective interest rate of 1.10% (2013 : 1.20%) per annum.

(b) The deposits bore effective interest rate ranging from 1.15% to 4.00% (2013 : 1.00% to 4.00%) per annum.

(c) As at 31 December 2014, the Group and Company pledged a deposit of US$2,672,703 (2013 : US$Nil), for purpose of securing the Group and Company's coupon payment obligations for the notes payable (Note 20).

8 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	2014	2013
	US$	US$	US$	US$
Current assets:				
Trade receivables from:				
- Third parties [(a)]	18,025,421	18,942,477	–	–
Less: Allowance for doubtful debt [(d)]	(29,610)	–	–	–
	17,995,811	18,942,477	–	–
- Entities controlled by common shareholders of the Company (Note 6)	–	1,444	–	–
	17,995,811	18,943,921	–	–
Other receivables comprise of:				
- Subsidiaries (Note 5)	–	–	67,143,412	46,871,835
Less: Allowance for doubtful debt [(d)]	–	–	(395,365)	–
	–	–	66,748,047	46,871,835
- Third parties	1,723,984	1,202,266	–	–
- Entities controlled by the common shareholders of the Company (Note 6)	80,000	80,000	80,000	80,000
- Goods and Services Tax ("GST") receivables	328,875	16,559	–	14,625
- Prepaid income tax	5,680,780	3,031,615	–	–
- Refundable deposits in relation to the conditional acquisition of mining concessions	2,000,000	2,000,000	2,000,000	2,000,000
- Refundable payment to secure the rights to use and purchase jetty facilities	3,156,752	–	3,156,752	–
- Interest receivables	630,399	254,997	630,399	254,997
Total	31,596,601	25,529,358	72,615,198	49,221,457
Non-current assets:				
Trade receivables from:				
- Third parties [(a)]	7,565,204	–	–	–

The credit period granted to customers is generally up to 60 days (2013 : 60 days). No interest is charged on the outstanding balances.

In determining the recoverability of receivables from third parties, related parties and subsidiaries, the Group and Company considers the financial strength and performance of the third parties, related parties and subsidiaries. Accordingly, management believes that there are no further credit allowances required in excess of the allowance for doubtful debts.

8 TRADE AND OTHER RECEIVABLES (cont'd)

The table below is an analysis of the Group and Company's trade receivables as at the end of the reporting period:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	US$	US$	US$	US$
Not past due and not impaired	20,133,232	6,183,624	–	–
Past due but not impaired [(b)]	5,398,173	12,760,297	–	–
	25,531,405	18,943,921	–	–
Impaired receivables - individually assessed [(c)]	59,220	–	–	–
Less: Allowance for doubtful debt [(d)]	(29,610)	–	–	–
	29,610	–	–	–
Total trade receivables, net	25,561,015	18,943,921	–	–

(a) Included in this balance is an amount of US$16,648,990 (2013: US$Nil) which is under instalment plans.

Movement in trade receivables under instalment plans are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	US$	US$	US$	US$
Amount placed under instalment plans	16,886,495	–	–	–
Less: Loss recognised on financial asset carried at amortised cost charged to profit or loss (Note 27)	(248,606)	–	–	–
Exchange difference	11,101	–	–	–
	16,648,990	–	–	–
Less: Non-current portion	(7,565,204)	–	–	–
Current portion	9,083,786	–	–	–

(b) Aging of trade receivables that are past due but not impaired:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	US$	US$	US$	US$
< 3 months	3,133,848	11,370,337	–	–
3 months to 6 months	1,571,265	1,082,440	–	–
> 6 months to 12 months	–	307,520	–	–
> 12 months	693,060	–	–	–
	5,398,173	12,760,297	–	–

Included in the Group's trade receivables are debtors with a carrying amount of US$5,398,173 (2013 : US$12,760,297) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

(c) These amounts are stated before any deduction for impairment losses.

8 TRADE AND OTHER RECEIVABLES (cont'd)

(d) Movement in the allowance for doubtful debts are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	US$	US$	US$	US$
At beginning of year	–	–	–	–
Allowance for doubtful debt charged to profit or loss (Note 27)	30,994	–	411,399	–
Exchange difference	(1,384)	–	(16,034)	–
At end of year	29,610	–	395,365	–

The Group's trade receivables that are determined to be impaired at the end of the reporting period relate to debtors that have defaulted on payments.

These trade and other receivables are not secured by any collateral or credit enhancements.

9 DEPOSITS AND PREPAYMENTS

	Group		Company	
	2014	**2013**	**2014**	**2013**
	US$	US$	US$	US$
Current assets:				
Prepayments [a]	2,714,277	821,248	78,398	114,317
Advance payments for purchase of coal [b]	27,462,406	25,559,248	–	–
Total	30,176,683	26,380,496	78,398	114,317
Non-current assets:				
Deposits [c]	782,576	573,565	111,264	119,986
Advance payments for purchase of property, plant and equipment	1,590,783	1,066,035	–	–
Total	2,373,359	1,639,600	111,264	119,986

(a) Included in this balance in prior year was prepayments of US$51,857 for the Group and Company, being non-audit fees paid to auditors of the Company.

(b) Included in this balance is upfront payments of US$27,462,406 (2013 : US$25,393,873) for the Group, made pursuant to coal purchase contracts entered with third parties.

(c) Included in this balance is deposits of US$627,414 (2013 : US$429,588) for the Group, made to the relevant government authorities to ensure fulfilment of compliance in respect of reclamation and rehabilitation obligations (Note 21B).

10 INVENTORIES

	Group	
	2014	2013
	US$	US$
Coal, at cost	3,591,499	5,936,483
Consumables, at cost	1,177,476	1,542,792
Marketing coal, at fair value less costs to sell	–	7,491,417
Total	4,768,975	14,970,692

Fair value measurement of the Group's marketing coal

The fair value is estimated by reference to the market indices compiled by market research firms, relevant to the primary market which the Group transacts in. In the absence of a directly comparable index, management will estimate the fair value using observable market transactions or market information, including but not restricted to, indices from comparable markets and adjust for the difference in the markets.

Information about the fair value and fair value hierarchy as at 31 December 2013 were as follows:

	Level 1	Level 2	Level 3	Fair value as at 31 December 2013
	US$	US$	US$	US$
Marketing coal	–	8,028,270	–	8,028,270

There were no transfers between Levels 1 and 2 in the prior year.

11 INVESTMENT IN SUBSIDIARIES

	Company	
	2014	2013
	US$	US$
Unquoted equity shares, at cost	57,833,551	972,386
Less: Allowance for impairment	(394,818)	–
	57,438,733	972,386
Deemed investment [(a)]	15,115,384	15,115,384
	72,554,117	16,087,770

(a) The amount is stated at cost as it is deemed to be part of the Company's equity investment in the subsidiary.

11 INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the Company's subsidiaries are as follows:

Name of subsidiaries	Principal activities/ Country of incorporation and operation	Effective equity interest of the Company	
		2014	2013
		%	%
Geo Coal International Pte. Ltd.[(a)]	Coal trading/Singapore	100	100
PT Geo Energy Coalindo [(b) (c)]	Investment holding/Indonesia	99.00	99.00
Borneo International Resources Pte. Ltd. [(a) (d)]	Investment holding/Singapore	66.00	–
Held by PT Geo Energy Coalindo			
PT Mitra Riau Pratama [(b) (c)]	Rental of equipment/Indonesia	98.99	98.99
PT Mitra Nasional Pratama [(b) (c)]	Mining/Indonesia	98.01	98.01
PT Sumber Bara Jaya [(b) (c)]	Mining/Indonesia	98.90	98.90
PT Geo Mineral Trading [(b) (c)]	Coal trading/Indonesia	98.90	98.90
Held by PT Sumber Bara Jaya			
PT Bumi Enggang Khatulistiwa [(b) (c)]	Mining/Indonesia	98.88	98.88
Held by Borneo International Resources Pte. Ltd.			
PT Era Tiga Putra [(c) (d) (e)]	Investment holding/Indonesia	65.34	–
Held by PT Era Tiga Putra			
PT Karunia Mitra Berkat [(c) (d) (e)]	Investment holding/Indonesia	65.08	–
Held by PT Karunia Mitra Berkat			
PT Sungai Danau Jaya [(c) (d) (f)]	Mining/Indonesia	65.07	–

Notes

(a) Audited by Deloitte & Touche LLP, Singapore.

(b) Audited by Osman Bing Satrio and Eny, Indonesia (a member firm of Deloitte & Touche Tohmatsu).

(c) Under the Indonesian Company Law, a limited liability company incorporated in Indonesia is required to have a minimum of two shareholders. As a result, certain subsidiaries are held by a non-controlling interest party.

(d) The subsidiaries were acquired during the financial year (Note 35).

(e) Not audited as deemed not material to the Group.

(f) Reviewed for consolidation purpose.

There were no significant restrictions on the Company or its subsidiaries' ability to access or use the assets and settle the liabilities of the Group.

There are no subsidiaries that have non-controlling interests that are material to the Group.

12 DEFERRED EXPENDITURE

	Group	
	2014	**2013**
	US$	US$
Cost:		
At beginning of year	1,417,884	1,248,869
Additions	–	492,870
Exchange difference	(28,608)	(323,855)
At end of year	1,389,276	1,417,884
Accumulated amortisation:		
At beginning of year	546,206	–
Amortisation (Note 30)	–	630,304
Exchange difference	(11,021)	(84,098)
At end of year	535,185	546,206
Allowance for impairment:		
At beginning of year	–	–
Impairment loss charged to profit or loss (Note 27)	894,013	–
Exchange difference	(39,922)	–
At end of year	854,091	–
Carrying amount:		
At end of year	–	871,678
At beginning of year	871,678	1,248,869

During the year, the Group made an impairment loss of US$894,013 (2013 : US$Nil) after considering the feasibility of performing the mining services and likelihood of recovery of these deferred expenditure incurred in connection with the mining services contracts. The impairment loss has been recognised in profit or loss and included in the line item other expenses (Note 27) .

13 PROPERTY, PLANT AND EQUIPMENT

	Leasehold property	Temporary housing facility	Jetty	Heavy equipment	Machineries	Motor vehicles	Equipment and furniture	Computer and software	Mining property	Construction –in–progress	Total
	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$
Group											
Cost:											
At 1 January 2013	2,775,452	46,904	–	38,655,936	2,173,718	3,788,301	465,854	436,370	38,102,162	729,867	87,174,564
Additions	–	452,184	317,350	30,213,786	711,123	241,525	431,404	296,733	858,708	49,430	33,572,243
Disposals	–	(42,940)	–	(9,827,971)	(59,545)	(152,821)	(16,125)	(14,657)	–	–	(10,114,059)
Offset of accumulated depreciation transferred to investment property	(118,667)	–	–	–	–	–	(84,795)	–	–	–	(203,462)
Revaluation increase	776,632	–	–	–	–	–	–	–	–	–	776,632
Transferred to investment property (Note 14)	(3,327,963)	–	–	–	–	–	(54,668)	–	–	–	(3,382,631)
Reclassification	–	–	663,273	–	–	–	–	–	–	(663,273)	–
Exchange differences	(105,454)	(64,297)	(130,842)	(10,708,707)	(536,162)	(794,732)	(77,834)	(123,200)	(7,988,833)	(68,934)	(20,598,995)
At 31 December 2013	–	391,851	849,781	48,333,044	2,289,134	3,082,273	663,836	595,246	30,972,037	47,090	87,224,292
Additions [(a)]	–	19,157	–	154,720	66,799	1,094	41,357	12,066	56,861,164	118,225	57,274,582
Disposals	–	(93,056)	–	(6,338,890)	(49,884)	(25,775)	(26,421)	(74,189)	–	(19,750)	(6,627,965)
Reclassification	–	31,167	–	–	–	–	–	115,605	–	(146,772)	–
Exchange differences	–	(5,998)	(17,146)	(699,058)	(46,943)	(61,088)	(22,095)	(14,951)	(625,050)	1,207	(1,491,122)
At 31 December 2014	–	343,121	832,635	41,449,816	2,259,106	2,996,504	656,677	633,777	87,208,151	–	136,379,787

13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Leasehold property	Temporary housing facility	Jetty	Heavy equipment	Machineries	Motor vehicles	Equipment and furniture	Computer and software	Mining property	Construction –in–progress	Total
	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$
Accumulated depreciation:											
At 1 January 2013	96,369	25,627	–	8,922,047	1,051,018	1,703,030	237,677	153,243	2,887,103	–	15,076,114
Depreciation	26,327	62,998	102,147	5,617,523	526,598	681,410	149,610	126,489	3,407,052	–	10,700,154
Disposals	–	(29,000)	–	(3,489,700)	(26,979)	(82,107)	(9,406)	(10,978)	–	–	(3,648,170)
Offset of accumulated depreciation transferred to investment property	(118,667)	–	–	–	–	–	(84,795)	–	–	–	(203,462)
Exchange differences	(4,029)	(9,832)	(13,628)	(2,127,754)	(283,868)	(431,913)	(45,231)	(44,745)	(1,051,245)	–	(4,012,245)
At 31 December 2013	–	49,793	88,519	8,922,116	1,266,769	1,870,420	247,855	224,009	5,242,910	–	17,912,391
Depreciation	–	112,827	217,889	4,818,873	446,169	442,316	155,041	137,757	252,868	–	6,583,740
Disposals	–	(31,872)	–	(2,593,306)	(40,137)	(20,604)	(6,556)	(18,529)	–	–	(2,711,004)
Exchange differences	–	(4,620)	(11,516)	(279,401)	(43,691)	(56,570)	(12,450)	(10,122)	(117,076)	–	(535,446)
At 31 December 2014	–	126,128	294,892	10,868,282	1,629,110	2,235,562	383,890	333,115	5,378,702	–	21,249,681
Carrying amount:											
At 31 December 2014	–	216,993	537,743	30,581,534	629,996	760,942	272,787	300,662	81,829,449	–	115,130,106
At 31 December 2013	–	342,058	761,262	39,410,928	1,022,365	1,211,853	415,981	371,237	25,729,127	47,090	69,311,901

(a) The additions to mining property of US$56,861,164 relates to acquisition of a new mining concession through the acquisition of Borneo International Resources Pte. Ltd. (Note 35).

13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Leasehold property	Equipment and furniture	Computer and software	Total
	US$	US$	US$	US$
Company				
Cost:				
At 1 January 2013	2,775,452	174,836	25,431	2,975,719
Additions	–	371,375	1,841	373,216
Disposals	–	(13,173)	–	(13,173)
Offset of accumulated depreciation transferred to investment property	(118,667)	(84,795)	–	(203,462)
Revaluation increase	776,632	–	–	776,632
Transferred to investment property (Note 14)	(3,327,963)	(54,668)	–	(3,382,631)
Exchange differences	(105,454)	(10,076)	(884)	(116,414)
At 31 December 2013	–	383,499	26,388	409,887
Exchange differences	–	(15,773)	(1,084)	(16,857)
At 31 December 2014	–	367,726	25,304	393,030
Accumulated depreciation:				
At 1 January 2013	96,369	80,889	8,809	186,067
Depreciation	26,327	80,150	6,606	113,083
Disposals	–	(7,444)	–	(7,444)
Offset of accumulated depreciation transferred to investment property	(118,667)	(84,795)	–	(203,462)
Exchange differences	(4,029)	(3,823)	(365)	(8,217)
At 31 December 2013	–	64,977	15,050	80,027
Depreciation	–	95,587	6,547	102,134
Exchange differences	–	(6,398)	(874)	(7,272)
At 31 December 2014	–	154,166	20,723	174,889
Carrying amount:				
At 31 December 2014	–	213,560	4,581	218,141
At 31 December 2013	–	318,522	11,338	329,860

The carrying amount of the Group's heavy equipment and motor vehicles includes assets acquired under finance leases amounting to US$21,863,630 (2013 : US$27,616,036) (Note 19).

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

	Group 2014	Group 2013
	US$	US$
Charged to profit or loss (Note 30)	6,583,740	10,658,609
Capitalised as deferred expenditure	–	41,545
	6,583,740	10,700,154

14 INVESTMENT PROPERTY

	Group and Company	
	2014	2013
	US$	US$
At beginning of year	3,475,513	–
Transferred from property, plant and equipment (Note 13)	–	3,382,631
Additions through subsequent expenditure	–	12,686
Change in fair value (Note 26)	157,624	67,094
Exchange difference	(149,079)	13,102
At end of year	3,484,058	3,475,513

The Group and Company's investment property is held under leasehold interests.

Fair value measurement of the Group and Company's investment property

As at the end of the reporting period, the fair value of the Group and Company's investment property has been determined on the basis of valuation carried out by an independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The valuation was arrived using direct market comparison method (2013 : direct market comparison method).

Details of the investment property and information about the fair value hierarchy as at the end of the reporting period are as follows:

	Level 1	Level 2	Level 3	Fair value
	US$	US$	US$	US$
Investment property located at 10 Anson Road, #20-16, International Plaza, Singapore 079903				
31 December 2014	–	–	3,484,058	3,484,058
31 December 2013	–	3,475,513	–	3,475,513

During the year, in evaluating the fair value of investment property, the highest and best use of the property is their current use. There has been no change to the valuation technique during the year. Significant adjustments have to be made to the observable market inputs in the valuation of investment property as at 31 December 2014, and hence, the fair value hierarchy has been transferred from Level 2 to Level 3.

	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity
Investment property Gross floor: 219 sq.m	Direct market comparison method. The key input is the adjusted market price.	Adjusted market price: Approximate US$15,909 per sq.m	There is no indication that any slight change in the adjusted market price would result in significant higher or lower fair value measurement.

The property rental income from the investment property of which is leased out under operating lease, amounted to US$135,427 (2013 : US$34,131). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment property amounted to US$30,593 (2013 : US$24,277).

As at the end of the reporting periods, the investment property was pledged to secure bank facilities as disclosed in Note 16 to the financial statements.

15 OTHER NON-CURRENT ASSET

This represents transferable club membership stated at cost. No impairment loss was recognised during the year.

16 BANK BORROWING

	Group and Company	
	2014	**2013**
	US$	US$
Bank loan	264,854	539,050
Less: Amount due for settlement within 12 months (shown under current liabilities)	(264,854)	(262,845)
Amount due for settlement after 12 months	–	276,205

The bank loan bore an interest rate of 4.98% (2013 : 4.98%) per annum.

The bank loan is repayable in 60 monthly instalments commencing December 2010 and would be fully repaid by November 2015.

As at the end of the reporting period, the Group's bank facilities are secured by:

(i) legal mortgage over the Group's investment property (Note 14);

(ii) a pledge over cash balance in the escrow account;

(iii) undertaking to secure payment obligation from a subsidiary and a key management personnel; and

(iv) a corporate guarantee by the Company for all the monies owing.

At the end of the reporting period, the Group had available US$15,000,000 (2013 : US$Nil) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

The fair value of the Group and Company's bank borrowing approximates its carrying amount.

17 TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	2014	2013
	US$	US$	US$	US$
Trade payables due to:				
- Third parties	1,646,721	4,513,631	–	–
Other payables comprise of:				
- Third parties	23,946	118,863	14,884	27,284
- Subsidiaries (Note 5)	–	–	967,000	3,050,287
- Value-Added Tax (“VAT”) payables	290,496	422,228	10,964	–
- Withholding tax payables	80,765	122,066	–	–
- Advances from customers	495,832	6,315	–	–
- Deposits received	32,537	33,512	43,004	44,429
- Accrued purchase consideration for acquisition of asset (Note 35)	7,300,000	–	7,300,000	–
- Accrued interest on notes payable (Note 20)	2,411,241	–	2,411,241	–
- Accrued expenses	1,150,792	2,351,719	369,850	434,344
Total	13,432,330	7,568,334	11,116,943	3,556,344

The credit period on purchases is up to 30 days (2013 : 30 days). No interest is charged on the outstanding balances.

18 AMOUNT DUE TO A RELATED PARTY

This represented the outstanding balance payable of US$1,980,677 as at 31 December 2013, by the Group to a related party, an entity controlled by the common shareholders of the Company, arising from the purchase of mining property in 2011. The amount was fully repaid during the year ended 31 December 2014.

During the year ended 31 December 2013, the Group made a repayment of US$10,380,762 for the amount due to a related party, of which US$5,203,998 was net of a 10% discount upon repayment. A gain on repayment of amount due to a related party of US$578,222 was credited to profit or loss and included in the line item other income (Note 26).

The amount due to a related party was unsecured and interest-free.

19 FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2014	2013	2014	2013
	US$	US$	US$	US$
Group				
Amounts payable under finance leases:				
Within one year	10,449,143	12,145,857	9,704,519	10,389,961
In the second to fifth year inclusive	2,579,384	13,073,844	2,511,662	12,260,904
Total	13,028,527	25,219,701	12,216,181	22,650,865
Less: Future finance charges	(812,346)	(2,568,836)	NA	NA
Present value of lease obligations	12,216,181	22,650,865	12,216,181	22,650,865
Less: Amount due for settlement within 12 months (shown under current liabilities)			(9,704,519)	(10,389,961)
Amount due for settlement after 12 months			2,511,662	12,260,904

The Group leased certain of its heavy equipment and motor vehicles under finance leases. The finance lease term is up to three years with an effective interest rate ranging from 5.55% to 15.00% (2013 : 5.55% to 16.00%) per annum. Interest rates for 62% (2013 : 60%) of the finance leases are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All finance leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair values of the Group's lease obligations approximate their carrying amounts.

The Group's obligations under finance lease are secured by the leased assets (Note 13).

20 NOTES PAYABLE

The notes payable is issued under the S$300,000,000 Multicurrency Medium Term Note Programme first established in June 2014, which carried fixed interest of 7% per annum (interest payable semi-annually in arrear) and will mature in January 2018.

The notes payable is unsecured and listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company has pledged a deposit of US$2,672,703 for the purpose of securing the Company's coupon payment obligations during the term of the notes payable (Note 7).

The notes payable is recorded at amortised cost net of transaction costs of US$3,915,749. Such expenses were amortised over the life of the notes payable by charging the expenses to profit or loss and increasing the net carrying amount of the notes payable with the corresponding amounts.

	Group and Company	
	2014	2013
	US$	US$
Nominal value of notes payable issued	80,593,166	–
Transaction costs [(a)]	(3,915,749)	–
At date of issue	76,677,417	–
Cumulative interest accrued	3,286,725	–
Exchange difference	(4,745,122)	–
Total	75,219,020	–
Interest payable within one year included in other payables (Note 17)	(2,411,241)	–
Liability (non-current) at end of year	72,807,779	–

(a) Included in transaction costs is a non-audit fee of US$69,355 for the Group and Company, paid to auditors of the Company.

20 NOTES PAYABLE (cont'd)

Management has estimated the fair value of the notes payable at 31 December 2014 to be approximately US$71,953,344 based on price obtained from bank's publication as at 31 December 2014. The fair value measurement is classified under Level 2 of the fair value hierarchy.

There are no transfers between Level 1 and Level 2 of the fair value hierarchy during the year.

21 PROVISIONS

As at the end of the reporting period, the Group and Company have made the following provisions:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	US$	US$	US$	US$
Retirement benefit obligations (Note A)	943,344	902,340	–	–
Provision for rehabilitation (Note B)	321,893	282,619	–	–
Provision for reinstatement costs (Note C)	90,032	89,422	90,032	89,422
	1,355,269	1,274,381	90,032	89,422

(A) RETIREMENT BENEFIT OBLIGATIONS

	Group	
	2014	**2013**
	US$	US$
Present value of unfunded obligations	943,344	902,340

Changes in the present value of the defined obligations:

Opening defined benefit obligations	902,340	623,699
Employee benefits expense (Note 30)	38,116	861,991
Remeasurement, charged (credited) to other comprehensive income:		
- Actuarial loss (gains) from changes in financial assumptions	59,404	(523,461)
- Actuarial loss from changes in financial assumptions	2,328	133,857
Benefits paid	(38,218)	(2,102)
Exchange differences	(20,626)	(191,644)
Closing defined benefit obligations	943,344	902,340

Employee benefits expense comprised of:

	Group	
	2014	**2013**
	US$	US$
Current service cost	683,808	1,171,198
Past service cost	(720,803)	(356,693)
Interest cost	75,111	47,486
Total	38,116	861,991

The Group's subsidiaries recognised defined post-employment benefits in accordance with the Republic of Indonesia Labor Law No. 13 year 2003. No funding has been made to the defined benefit scheme.

21 PROVISIONS (cont'd)

(A) RETIREMENT BENEFIT OBLIGATIONS (cont'd)

The actuarial valuation of present value of the defined benefit obligation was carried out at 31 December 2014 and 2013 by PT. Padma Radya Aktuaria. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	Valuation at	
	2014	**2013**
Discount rate per annum	8.25%	8.75%
Expected rate of salary increases per annum	10%	10%
Mortality rate *	100% TMI 3	100% TMI 3
Disability rate	5% TMI 3	5% TMI 3
Resignation rate	5% per annum until age 35 then decrease linearly to 0% at age 55 years	5% per annum until age 35 then decrease linearly to 0% at age 55 years
Normal retirement age	55 years	55 years

* Standard Ordinary Mortality table in Indonesia ("TMI")

Sensitivity analysis was not performed on each of the significant actuarial assumption, in view that the changes in the actuarial assumptions are not expected to be material.

(B) PROVISION FOR REHABILITATION

	Group	
	2014	**2013**
	US$	US$
At beginning of the year	282,619	273,239
Interest accretion charged to profit or loss	42,915	80,672
Utilisation during the year	–	(4,061)
Exchange difference	(3,641)	(67,231)
At the end of the year	321,893	282,619

This represents net present value of the costs expected to be incurred for rehabilitation of mining property. Management uses a discount rate of 15% (2013 : 15%).

As at 31 December 2014, deposits of US$627,414 (2013 : US$429,588) are made to the relevant government authorities to ensure fulfilment of compliance in respect of reclamation and rehabilitation obligations (Note 9).

21 PROVISIONS (cont'd)

(C) PROVISION FOR REINSTATEMENT COSTS

	Group and Company	
	2014	**2013**
	US$	US$
At beginning of the year	89,422	–
Provision for the year, capitalised as property, plant and equipment	–	87,757
Interest accretion charged to profit or loss	4,461	2,560
Exchange difference	(3,851)	(895)
At the end of the year	90,032	89,422

This represents net present value of the costs expected to be incurred for reinstating the leased office premises. Management uses a discount rate of 5% (2013 : 5%).

22 DEFERRED TAX

The following are the major deferred (assets) liabilities recognised by the Group and the movements thereon, during the year:

	Retirement benefit	Tax losses	Accelerated tax depreciation	Total
	US$	US$	US$	US$
Group				
At 1 January 2013	(131,873)	(898,685)	3,301,520	2,270,962
(Credited) Charged to profit or loss (Note 29A)	(239,246)	(250,176)	909,996	420,574
Charged to other comprehensive income (Note 29B)	97,401	–	–	97,401
Exchange difference	46,180	219,104	(797,291)	(532,007)
At 31 December 2013	(227,538)	(929,757)	3,414,225	2,256,930
Charged (Credited) to profit or loss (Note 29A)	349	(2,776,901)	919,598	(1,856,954)
Credited to other comprehensive income (Note 29B)	(15,433)	–	–	(15,433)
Exchange difference	5,264	115,530	(110,601)	10,193
At 31 December 2014	(237,358)	(3,591,128)	4,223,222	394,736

22 DEFERRED TAX (cont'd)

	Accelerated tax depreciation
	US$
Company	
At 1 January 2013	8,174
Charged to profit or loss	40,584
Exchange difference	(680)
At 31 December 2013	48,078
Charged to profit or loss	63,165
Exchange difference	(4,439)
At 31 December 2014	106,804

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset) for statement of financial position purposes:

	Group		**Company**	
	2014	**2013**	**2014**	**2013**
	US$	US$	US$	US$
Deferred tax liabilities	3,393,411	3,610,501	106,804	48,078
Deferred tax assets	(2,998,675)	(1,353,571)	–	–
	394,736	2,256,930	106,804	48,078

At the end of the financial year, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is US$33,382,000 (2013 : US$47,176,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

23 SHARE CAPITAL

	Group and Company			
	2014	**2013**	**2014**	**2013**
	Number of ordinary shares		US$	US$
At beginning and end of year	1,157,050,891	1,157,050,891	82,518,674	82,518,674

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividend income when declared by the Company.

24 REVALUATION RESERVE

The property revaluation reserve arises on the revaluation of leasehold property prior to its reclassification to investment property in 2013. Where revalued leasehold property is sold, the portion of property revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to the retained earnings. The revaluation reserve is not available for distribution to the Company's shareholders.

25 REVENUE

	Group	
	2014	**2013**
	US$	US$
Sale of coal:		
- Coal extracted from mining activities	3,342,710	34,831,718
- Coal trading	26,326,166	42,860,467
Mining services	22,977,048	22,382,814
Rental services	461,077	8,518,910
Total	53,107,001	108,593,909

26 OTHER INCOME

	Group	
	2014	**2013**
	US$	US$
Foreign exchange gain - net	2,361,350	–
Interest income	642,056	587,899
Rental income - investment property	135,427	34,131
Gain on repayment of amount due to a related party (Note 18)	–	578,222
Fair value gain on investment property (Note 14)	157,624	67,094
Others	84,450	112,544
Total	3,380,907	1,379,890

27 OTHER EXPENSES

	Group	
	2014	**2013**
	US$	US$
Loss on disposal of property, plant and equipment - net	1,987,855	40,031
Foreign exchange loss - net	–	3,219,100
Allowance for doubtful debt - trade (Note 8)	30,994	–
Loss on financial asset carried at amortised cost (Note 8)	248,606	–
Impairment loss on deferred expenditure (Note 12)	894,013	–
Others	79,312	269,640
Total	3,240,780	3,528,771

28 FINANCE COSTS

	Group	
	2014	2013
	US$	US$
Interest expense on:		
- Notes payable	3,286,725	–
- Finance leases	1,783,445	2,372,244
- Bank borrowings	125,523	20,538
Imputed interest on:		
- Provisions (Notes 21B and 21C)	47,376	83,232
Total	5,243,069	2,476,014

29 INCOME TAX (CREDIT) EXPENSE

A) Income tax recognised in profit or loss

	Group	
	2014	2013
	US$	US$
Income tax:		
- Current tax	24,732	3,876,132
- Overprovision in prior years	(1,318,737)	–
Deferred tax (Note 22)		
- Current	(2,536,726)	420,574
- Underprovision in prior years	679,772	–
Income tax (credit) expense	(3,150,959)	4,296,706

Domestic income tax for Singapore incorporated companies is calculated at 17% (2013 : 17%) of the estimated assessable (loss) profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Majority of the Company's subsidiaries operate in Indonesia and hence, they are subject to Indonesian tax law. In accordance to the Indonesian tax law No. 36/2008, the fourth amendment of tax law No. 7/1983 on income taxes, the corporate tax rate is set at 25% (2013 : 25%).

29 INCOME TAX (CREDIT) EXPENSE (cont'd)

A) Income tax recognised in profit or loss (cont'd)

The total (credit) charge for the financial year can be reconciled to the accounting (loss) profit as follows:

	Group	
	2014	2013
	US$	US$
(Loss) Profit before income tax	(15,931,281)	17,326,475
Tax at statutory rate of 25% (2013 : 25%) *	(3,982,820)	4,331,619
Tax effect of expenses that are not deductible in determining taxable profit	214,150	264,984
Tax effect of income that are not taxable in determining taxable profit	(284,107)	(223,419)
Tax exemption	(13,798)	(30,416)
Tax effect of unrecognised tax losses	1,590,771	–
Effect of different tax rates of companies operating in other jurisdictions	(36,190)	(46,062)
Adjustments recognised in the current year in relation to current and deferred tax of prior years	(638,965)	–
Income tax (credit) expense	(3,150,959)	4,296,706

* Statutory income tax is calculated at a rate in which the Company's significant subsidiaries are domiciled, i.e. Indonesian income tax rate.

At the end of the financial year, no deferred tax has been recognised in respect of US$6,079,000 (2013 : US$Nil) of unutilised tax losses due to unpredictability of future profit streams, of which the entire amount will expire in 2019.

B) Income tax relating to each component of other comprehensive income

	Group	
	2014	2013
	US$	US$
Deferred tax:		
- Remeasurement of defined benefit obligations (Note 22)	(15,433)	97,401
Total deferred tax on components of other comprehensive income	(15,433)	97,401

30 (LOSS) PROFIT FOR THE YEAR

This has been arrived at after charging:

	Group	
	2014	2013
	US$	US$
Directors' remuneration	1,142,055	1,152,034
Employee benefits expense (including directors' remuneration)	9,370,291	10,903,170
Costs of defined contribution plans (included in employee benefits expense)	88,169	84,590
Costs of defined benefit plans (included in employee benefits expense) (Note 21A)	38,116	861,991
Cost of inventories recognised as expense	29,733,646	42,970,194
Depreciation of property, plant and equipment (Note 13)	6,583,740	10,658,609
Amortisation of deferred expenditure (Note 12)	–	630,304
Audit fees paid/payable to:		
- Auditors of the Company	149,350	154,773
- Other auditors	127,282	135,626
Non-audit fees paid/payable to:		
- Auditors of the Company	70,222	57,139
- Other auditors	–	150,000

31 (LOSS) EARNINGS PER SHARE

Basic and diluted earnings per share for the financial year ended 31 December 2014 is calculated based on the loss for the year attributable to owners of the Company of US$12,578,189 (2013 : profit for the year US$12,622,702) divided by the weighted average number of shares issued of 1,157,050,881 (2013 : 1,157,050,881).

32 SEGMENT INFORMATION

For the purpose of resource allocation and assessment of segment performance, the Group's chief operating decision makers have focused on the business operating units which in turn, are segregated based on their services. This forms the basis of identifying the segments of the Group under FRS 108.

Operating segments are aggregated into a single reportable operating segment if they have similar economic characteristic, such as long-term average gross margins, and are similar in respect of nature of services and process, type of customers, method of distribution, and if applicable, the nature of the regulatory environment.

The Group's reportable segments under FRS 108 are therefore as follows:

Segment	Principal activities
Coal production	- Sale of coal extracted from operating the Group's coal mines.
Coal trading	- Purchase of coal from third parties with the intention to sell in the near future.
Mining services and others	- Mining contracting and equipment rental services.

Segment revenue represents revenue generated from external and internal customers. Segment results represent the profit earned from each segment after allocating costs directly attributable to a segment as well as those that can be allocated on a reasonable basis. This is the measure reported to the chief operating maker for the purpose of resource allocation and assessment of segment performance.

Assets and liabilities are not allocated by segment as they are not considered critical by the chief operating decision maker in resource allocation and assessment of segment performance.

32 SEGMENT INFORMATION (cont'd)

	Coal production	Coal trading	Mining service and others	Eliminations	Unallocated	Total
	US$	US$	US$	US$	US$	US$
31 December 2014						
Revenue						
External revenue	3,342,710	26,326,166	23,438,125	–	–	53,107,001
Inter-segment revenue	–	–	956,320	(956,320)	–	–
Total revenue	3,342,710	26,326,166	24,394,445	(956,320)	–	53,107,001
Segment results	(4,643,801)	(227,274)	2,447,643	–	–	(2,423,432)
Allocated amounts:						
Other expenses	(30,994)	–	(1,142,619)	–	–	(1,173,613)
Unallocated amounts:						
Other income						3,380,907
General and administrative expenses						(8,404,907)
Other expenses						(2,067,167)
Finance costs						(5,243,069)
Loss before income tax						(15,931,281)
Income tax credit						3,150,959
Loss for the year						(12,780,322)
Other segmental information						
Depreciation of property, plant and equipment	963,817	–	5,167,617	–	452,306	6,583,740
Loss on disposal of property, plant and equipment	–	–	–	–	1,987,855	1,987,855
Allowance for doubtful debt - trade	30,994	–	–	–	–	30,994
Impairment loss on deferred expenditure	–	–	894,013	–	–	894,013
Loss on financial asset carried at amortised cost	–	–	248,606	–	–	248,606
Fair value gain on investment property	–	–	–	–	(157,624)	(157,624)

32 SEGMENT INFORMATION (cont'd)

	Coal production	Coal trading	Mining service and others	Eliminations	Unallocated	Total
	US$	US$	US$	US$	US$	US$
31 December 2013						
Revenue						
External revenue	34,831,718	42,860,467	30,901,724	–	–	108,593,909
Inter-segment revenue	–	–	9,740,528	(9,740,528)	–	–
Total revenue	34,831,718	42,860,467	40,642,252	(9,740,528)	–	108,593,909
Segment results	10,197,133	8,463,127	11,887,560	–	–	30,547,820
Unallocated amounts:						
Other income						1,379,890
General and administrative expenses						(8,596,450)
Other expenses						(3,528,771)
Finance costs						(2,476,014)
Profit before income tax						17,326,475
Income tax expense						(4,296,706)
Profit for the year						13,029,769
Other segmental information						
Depreciation of property, plant and equipment	5,401,050	–	4,742,547	–	515,012	10,658,609
Amortisation of deferred expenditure	–	–	630,304	–	–	630,304
Loss on disposal of property, plant and equipment	–	–	–	–	40,031	40,031
Fair value gain on investment property	–	–	–	–	(67,094)	(67,094)

Geographical segments

The Group's information about the segment revenue by geographical location is detailed below:

	Revenue	
	2014	2013
	US$	US$
Based on location of customer:		
Republic of Indonesia	34,397,077	76,265,656
People's Republic of China	15,012,713	1,216,216
Republic of Singapore	3,112,087	23,488,550
Republic of Korea	468,648	–
Republic of Switzerland	116,476	415,198
Republic of India	–	7,208,289
Total	53,107,001	108,593,909

32 SEGMENT INFORMATION (cont'd)

The Group's information about the segment assets by geographical location are detailed below:

	Non-current assets	
	2014	2013
	US$	US$
Republic of Indonesia	124,067,952	70,919,754
Republic of Singapore	3,834,896	3,943,763
Total	127,902,848	74,863,517

Major customer information

The Group's revenue derived from customers who individually account for 10% or more of the Group's revenue is detailed below:

	Coal production		Coal trading		Mining services and others	
	2014	2013	2014	2013	2014	2013
	US$	US$	US$	US$	US$	US$
Customer						
Top 1st	–	–	–	–	15,208,494	17,612,669
Top 2nd	1,514,476	587,289	7,449,239	14,241,496	–	–
Top 3rd	–	3,401,444	8,456,745	10,356,163	–	–
Top 4th	–	NA	232,531	NA	7,359,162	NA
Top 5th	–	NA	6,555,967	NA	–	NA

33 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	Group	
	2014	2013
	US$	US$
Minimum lease payments under operating leases recognised as an expense in the financial year	701,636	538,787

At the end of the reporting period, the Group and Company have outstanding commitments under non-cancellable operating lease, which fall due as follows:

	Group		Company	
	2014	2013	2014	2013
	US$	US$	US$	US$
Within one year	583,838	570,880	431,685	450,200
In the second to fifth year inclusive	183,399	659,228	179,869	637,784
Total	767,237	1,230,108	611,554	1,087,984

Operating lease payments represents rentals payable by the Group for lands, office premises and staff accommodations, and by the Company for its office premise. The average lease term of the office premises and staff accommodations range from one to three years and rentals are fixed throughout the lease term.

33 OPERATING LEASE ARRANGEMENTS (cont'd)

For the leases of land prior to 31 December 2012, there are certain discrepancies relating to the execution of the land lease agreements. Some land lease agreements were not executed by the registered owners of the land, certain payments were not made to the registered owners and some of the registered owners are deceased. As a result, there may be causes of action challenging the validity of the leases which may require monetary compensation. In light of these discrepancies, a shareholder of the Company, Master Resources International Limited, has provided a blanket indemnification to a subsidiary in the Group against any claims, losses or damages suffered in relation to any causes of action arising from the execution of the land lease agreements.

For the lease of office premise, the Company sublet to a subsidiary for 35 months and rental is fixed throughout the sublease term. The Company expect to receive future minimum sublease payments under non-cancellable sublease of US$88,971 (2013 : US$158,284).

The Group as lessor

The Group and Company leases out its investment property (Note 14). At the end of the reporting period, the Group and Company has contracted with tenant for the following future minimum lease payments:

	Group and Company	
	2014	**2013**
	US$	US$
Within one year	130,149	135,731
In the second to fifth year inclusive	97,612	237,530
Total	227,761	373,261

34 COMMITMENT

At the end of the year, the capital expenditure contracted for but not recognised in the consolidated financial statements is as follows:

	Group	
	2014	**2013**
	US$	US$
Commitment for purchase of property, plant and equipment	155,008	720,034

35 ACQUISITION OF ASSET

During the year, the Company acquired 66% equity interest in Borneo International Resources Pte. Ltd., which owns a mining concession through its subsidiary, for a consideration of US$56,861,164 (Note 13) including transaction costs of US$1,861,164. The transaction was determined by management to be an acquisition of asset rather than business combination as defined in FRS103 *Business Combinations*.

As at 31 December 2014, the balance of US$7,300,000 remained outstanding and included in trade and other payables (Note 17).

STATISTICS OF

SHAREHOLDINGS

As at 16 March 2015

Issued and fully paid-up capital	:	S$104,469,762
Number of issued shares	:	1,157,050,891
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share
Treasury shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	3	0.08	113	0.00
100 - 1,000	25	0.63	23,062	0.00
1,001 - 10,000	1,129	28.49	9,195,368	0.80
10,001 - 1,000,000	2,765	69.77	176,587,680	15.26
1,000,001 AND ABOVE	41	1.03	971,244,668	83.94
TOTAL	**3,963**	**100.00**	**1,157,050,891**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	323,958,130	28.00
2	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	112,160,000	9.69
3	HL BANK NOMINEES (SINGAPORE) PTE LTD	105,960,000	9.16
4	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	94,635,908	8.18
5	DB NOMINEES (SINGAPORE) PTE LTD	57,398,296	4.96
6	OCBC SECURITIES PRIVATE LIMITED	41,140,000	3.56
7	MAYBANK KIM ENG SECURITIES PTE. LTD.	35,880,000	3.10
8	CITIBANK CONSUMER NOMINEES PTE LTD	35,447,730	3.06
9	UOB KAY HIAN PRIVATE LIMITED	33,028,500	2.85
10	DHAMMA SURYA	16,000,000	1.38
11	PHILLIP SECURITIES PTE LTD	10,029,000	0.87
12	CHARLES ANTONNY MELATI	8,000,000	0.69
13	LAU HOOI KHENG	7,880,000	0.68
14	TAN SONG KAR	7,367,946	0.64
15	DBS NOMINEES (PRIVATE) LIMITED	7,075,800	0.61
16	CHAN KIM HOO	6,581,407	0.57
17	BANK OF SINGAPORE NOMINEES PTE. LTD.	6,550,080	0.57
18	NOMURA SINGAPORE LIMITED	6,477,000	0.56
19	HONG LEONG FINANCE NOMINEES PTE LTD	6,290,000	0.54
20	RAFFLES NOMINEES (PTE) LIMITED	5,407,059	0.47
	TOTAL	**927,266,856**	**80.14**

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 16 March 2015)

Name of Shareholder	Direct Interest (No. of Shares)	%	Deemed Interest (No. of Shares)	%
Master Resources International Limited[(1)]	462,326,287	39.96	–	–
Dhamma Surya[(2)]	101,810,704	8.80	462,326,287	39.96
Charles Antonny Melati[(3)]	91,395,406	7.90	–	–

Notes:-

(1) Master Resources International Limited ("Master Resources") is a company incorporated in the British Virgin Islands. The shareholders of Master Resources are Charles Antonny Melati (19.6%), Dhamma Surya (24.0%), Huang She Thong (12.6%), Richard Kennedy Melati (12.6%), Ng See Yong (12.6%), Yanto Melati (12.6%) and Darmin (6.0%). All of the foregoing shareholders are also directors of Master Resources.

(2) The Company's Chief Executive Officer, Dhamma Surya, holds 24.0% of the shares in Master Resources. As such, Dhamma Surya is deemed to be interested in the 462,326,287 Shares held by Master Resources by virtue of Section 7 of the Companies Act (Chapter 50). In addition, Dhamma Surya has provided an undertaking, guaranteeing the obligations of Charles Antonny Melati under an agreement to grant a call option to James Beeland Rogers Jr over 2,000,000 shares of the Company (owned or to be owned by Charles Antonny Melati). The call option's exercise price is S$0.35 per share, with exercise period of 10 years, commencing 1 January 2015. The call option is exercisable in whole or in part and subject to conditions precedent. The number of shares under the call option is subject to adjustment provisions.

(3) Charles Antonny Melati has granted to James Beeland Rogers Jr a call option over 2,000,000 shares of the Company (owned or to be owned by Charles Antonny Melati). The call option's exercise price is S$0.35 per share, with exercise period of 10 years, commencing 1 January 2015. The call option is exercisable in whole or in part and subject to conditions precedent. The number of shares under the call option is subject to adjustment provisions.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information available to the Company as at 16 March 2015, approximately 40.58% of the Company's shares listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") was held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Bridge Room, Raffles Marina, 10 Tuas West Drive, Singapore 638404, on Wednesday, 29 April 2015 at 9.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS

Resolution 1
1. To receive and adopt the audited accounts for the financial year ended 31 December 2014, together with the Reports of the Directors and the Independent Auditors and the Statement of Directors.

Resolution 2
2. To re-elect Mr Charles Antonny Melati, who is retiring pursuant to Article 91 of the Company's Articles of Association and who, being eligible, is offering himself for re-election as a Director.

Resolution 3
3. To re-elect Mr Karyono, who is retiring pursuant to Article 91 of the Company's Articles of Association and who, being eligible, is offering himself for re-election as a Director.

   Mr Karyono will, upon re-election as a Director, remain as a member of the Audit Committee and the Board considers him to be independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual").

Resolution 4
4. To re-elect Mr Lu King Seng, who is retiring pursuant to Article 91 of the Company's Articles of Association and who, being eligible, is offering himself for re-election as a Director.

   Mr Lu King Seng will, upon re-election as a Director, remain as a member of the Audit Committee and the Board considers him to be independent for the purpose of Rule 704(8) of the Listing Manual.

Resolution 5
5. To re-appoint Mr James Beeland Rogers Jr, who is above 70 years old, as a Director to hold office until the next Annual General Meeting of the Company pursuant to Section 153(6) of the Companies Act, Chapter 50.
   [See Explanatory Note (i)]

Resolution 6
6. To approve the payment of Directors' fees of S$375,000 for the financial year ending 31 December 2015, to be paid half-yearly in arrears (FY2014:S$375,000).

Resolution 7
7. To re-appoint Deloitte & Touche LLP as the Company's auditors and to authorise the Directors to fix their remuneration.

8. To transact any other ordinary business that may be properly transacted at an annual general meeting.

AS SPECIAL BUSINESS

Resolution 8
9. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution, with or without modifications:-

   "Authority to allot and issue shares

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

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

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

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(B) (notwithstanding that this authority may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this authority was in force,

provided that:-

(1) the aggregate number of shares to be issued pursuant to this authority (including shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below) ("Issued Shares"), of which the aggregate number of shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 20% of the total number of Issued Shares;

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of Issued Shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this authority is given, after adjusting for:-

(i) new shares arising from the conversion or exercise of any convertible securities;

(ii) new shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this authority is given, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(iii) any subsequent bonus issue, consolidation or sub-division of shares;

(3) in exercising the authority conferred by this Resolution, the Directors shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) this authority shall continue in force until the conclusion of the next annng of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."
[See Explanatory Note (ii)]

BY ORDER OF THE BOARD

Vincent Lim
Company Secretary
Singapore
14 April 2015

NOTICE OF

ANNUAL GENERAL MEETING

Explanatory Notes:-

(i) Ordinary Resolution 5 is to re-appoint Mr James Beeland Rogers Jr, who is above 70 years old, as a Director of the Company to hold office until the next Annual General Meeting of the Company. Section 153(6) of the Companies Act, Chapter 50, requires such re-appointment by way of an ordinary resolution at the Annual General Meeting of the Company.

(ii) Ordinary Resolution 8 is to empower the Directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, with a sub-limit of 20% for issues other than on a pro-rata basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time Ordinary Resolution 8 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities, (b) new shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time Ordinary Resolution 8 is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and (c) any subsequent bonus issue, consolidation or sub-division of shares. Such authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company.

Notes:-

(i) A member of the Company entitled to attend and vote at the above Meeting may appoint not more than two proxies to attend and vote instead of him.

(ii) Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.

(iii) If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.

(iv) The instrument appointing a proxy must be deposited at Geo Energy Resources Limited c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding the above Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), and (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

GEO ENERGY RESOURCES LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 201011034Z)

ANNUAL GENERAL MEETING
PROXY FORM

IMPORTANT:

CPF Investors

1. For investors who have used their CPF monies to buy shares in the capital of Geo Energy Resources Limited, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is therefore not valid for use by such CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend the Annual General Meeting as OBSERVERS have to submit their requests through their respective Agent Banks so that their Agent Banks may register, in the required format, with the Company Secretary, Geo Energy Resources Limited. (Agent Banks: please see note 8 on required format)

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 April 2015.

I/We ______________________ (Name), NRIC/Passport Number/Company Registration Number of ______________________

____ (Address)

being a shareholder/shareholder(s) of GEO ENERGY RESOURCES LIMITED (the "Company") hereby appoint:

Name	Address	NRIC / Passport Number	Proportion of Shareholdings (Note 2)	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC / Passport Number	Proportion of Shareholdings (Note 2)	
			No. of Shares	%

or failing the person or both of the persons above, the Chairman of the Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the Annual General Meeting ("AGM") of the Company to be held at Bridge Room, Raffles Marina, 10 Tuas West Drive, Singapore 638404, on Wednesday, 29 April 2015 at 9.00 a.m., and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the AGM and at any adjournment thereof.

No.	Resolutions relating to:	For	Against
1.	Audited accounts for financial year ended 31 December 2014 and Reports of the Directors and the Independent Auditors and Statement of Directors		
2.	Re-election of Mr Charles Antonny Melati as a Director		
3.	Re-election of Mr Karyono as a Director		
4.	Re-election of Mr Lu King Seng as a Director		
5.	Re-appointment of Mr James Beeland Rogers Jr as a Director		
6.	Approval of Directors' fees of S$375,000 for financial year ending 31 December 2015		
7.	Re-appointment of Deloitte & Touche LLP as auditors		
8.	Authority to allot and issue shares		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the resolution as set out in the Notice of AGM.)

Dated this __________ day of ____________________ 2015

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature(s) of Shareholder(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:-

1. A shareholder of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a shareholder of the Company.

2. Where a shareholder appoints two proxies, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat this proxy form as invalid.

3. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this proxy form shall be deemed to relate to all the shares held by you.

4. This proxy form must be deposited at Geo Energy Resources Limited c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time set for the AGM.

5. This proxy form must be under the hand of the appointer or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.

6. Where this proxy form is signed on behalf of the appointer by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.

7. The Company shall be entitled to reject a proxy form which is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the shareholder, being the appointer, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

8. Agent Banks acting on the request of CPF Investors who wish to attend the meeting as Observers are required to submit in writing, a list with details of the Investor's name, NRIC/Passport numbers, addresses and numbers of shares held. The list, signed by an authorised signatory of the Agent Bank, should reach the Company Secretary at the registered office of the Company not later than 48 hours before the time appointed for the holding of the meeting.

GEO ENERGY GROUP

GEO ENERGY RESOURCES LIMITED
(Incorporated in the Republic of Singapore on 24 May 2010)
(Company Registration Number 201011034Z)

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