GEO ENERGY GROUP

GEO ENERGY RESOURCES LIMITED

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

Unaudited First Quarter Financial Statements Announcement

The initial public offering of the Company's shares was sponsored by Canaccord Genuity Singapore Pte. Ltd. (the "Issue Manager"). The Issue Manager assumes no responsibility for the contents of this announcement.

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FIRST QUARTER RESULTS

1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

1(a) (i) Consolidated statement of comprehensive income

	Group		
	3 months ended 31.03.2013 US$ (Unaudited)	**3 months ended 31.03.2012 US$** (Unaudited)	**Change +/(-) %**
Revenue	17,764,962	19,258,888	(8)
Cost of sales	(8,018,100)	(11,611,126)	(31)
Gross Profit	9,746,862	7,647,762	27
Other income	202,662	62,517	224
General and administrative expenses	(2,038,955)	(1,546,386)	32
Other expenses	(143,239)	(230,807)	(38)
Finance costs	(428,722)	(312,837)	37
Profit before income tax	7,338,608	5,620,249	31
Income tax expenses	(2,207,125)	(1,336,995)	65
Profit after income tax	5,131,483	4,283,254	20
Other comprehensive income: Exchange differences on translation	(1,356,812)	(847,370)	60
Total comprehensive income	3,774,671	3,435,884	10
Profit attributable to:			
Owners of the Company	5,061,164	4,191,666	21
Non-controlling interests	70,319	91,588	(23)
	5,131,483	4,283,254	20
Total comprehensive income attributable to:			
Owners of the Company	3,707,075	3,358,213	10
Non-controlling interests	67,596	77,671	(13)
	3,774,671	3,435,884	10

1(a) (ii) Profit before income tax is arrived at after charging/(crediting) the following:

	Group		
	3 months ended 31.03.2013 US$ (Unaudited)	3 months ended 31.03.2012 US$ (Unaudited)	Change +/(-) %
Other income:			
- Interest income	(160,960)	(5,074)	N.M.
- Foreign exchange gain (net)	-	(51,239)	N.M.
- Gain on disposal of property, plant and equipment	(21,733)	(5,760)	277
Other expenses:			
- Foreign exchange loss (net)	133,816	-	N.M.
Interest expense	428,722	312,837	37
Depreciation of property, plant and equipment	3,061,229	2,353,828	30
Amortisation of deferred expenditure	686,290	-	N.M.

N.M. not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	31.03.2013 US$ (Unaudited)	31.12.2012 US$ (Audited)	31.03.2013 US$ (Unaudited)	31.12.2012 US$ (Audited)
<u>**ASSETS**</u>				
Current assets				
Cash and cash equivalents	55,340,832	69,080,464	50,908,064	63,769,951
Trade and other receivables	15,126,143	4,149,661	12,863,887	2,230,120
Prepayments	8,037,780	3,113,951	74,174	37,483
Inventories	8,839,207	2,080,695	-	-
Total current assets	87,343,962	78,424,771	63,846,125	66,037,554
Non-current assets				
Prepayments	1,490,047	2,520,225	-	-
Investment in subsidiaries	-	-	15,693,029	15,693,029
Deferred expenditure	1,145,836	1,248,869	-	-
Property, plant and equipment	91,926,538	72,098,450	2,721,773	2,789,652
Deferred tax assets	832,515	781,019	-	-
Total non-current assets	95,394,936	76,648,563	18,414,802	18,482,681
Total assets	**182,738,898**	**155,073,334**	**82,260,927**	**84,520,235**

	Group		Company	
	31.03.2013	**31.12.2012**	**31.03.2013**	**31.12.2012**
	US$	**US$**	**US$**	**US$**
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Bank borrowing	263,168	266,764	263,168	266,764
Trade and other payables	6,823,724	2,897,937	4,298,762	4,637,844
Amount due to a related party	7,744,007	7,783,247	-	-
Current portion of finance leases	9,357,250	4,073,371	-	-
Income tax payable	5,879,471	3,988,577	61,286	62,313
Total current liabilities	30,067,620	19,009,896	4,623,216	4,966,921
Non-current liabilities				
Bank borrowing	483,083	558,018	483,083	558,018
Amount due to a related party	6,247,760	6,279,420	-	-
Finance leases	13,499,444	1,542,833	-	-
Provisions	1,306,882	896,938	-	-
Deferred tax liabilities	3,625,190	3,051,981	8,091	8,174
Total non-current liabilities	25,162,359	12,329,190	491,174	566,192
Capital, reserves and non-controlling interests				
Share capital	82,518,674	82,518,674	82,518,674	82,518,674
Other reserve	14,349	14,349	-	-
Translation reserve	(6,026,255)	(4,672,166)	(2,236,587)	(1,195,856)
Retained earnings (Accumulated losses)	50,641,523	45,580,359	(3,135,550)	(2,335,696)
Equity attributable to owners of the Company	127,148,291	123,441,216	77,146,537	78,987,122
Non-controlling interests	360,628	293,032	-	-
Total equity	127,508,919	123,734,248	77,146,537	78,987,122
Total liabilities and equity	**182,738,898**	**155,073,334**	**82,260,927**	**84,520,235**

1(b)(ii) Aggregate amount of group's borrowings and debt securities

	Group			
	31.03.2013		31.12.2012	
	Secured US$ (Unaudited)	Unsecured US$ (Unaudited)	Secured US$ (Unaudited)	Unsecured US$ (Unaudited)
Amount repayable in one year or less, or on demand	9,620,418	7,744,007	4,340,135	7,783,247
Amount repayable after one year	13,982,527	6,247,760	2,100,851	6,279,420
Total	23,602,945	13,991,767	6,440,986	14,062,667

Details of any collateral and security:

1) Our Group's bank borrowing is secured by a legal mortgage over our leasehold property.

2) Our Group's obligations under finance lease are secured by the leased assets. In addition, certain obligations under finance lease are secured by a personal guarantee from a director of our Company.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group	
	3 months ended 31.03.2013 US$ (Unaudited)	3 months ended 31.03.2012 US$ (Unaudited)
Operating activities		
Profit before income tax	7,338,608	5,620,249
Adjustments for:		
Amortisation of deferred expenditure	686,290	-
Depreciation of property, plant and equipment	3,061,229	2,353,828
Gain on disposal of property, plant and equipment	(21,733)	(5,760)
Interest expense	428,722	312,837
Interest income	(160,960)	(5,074)
Retirement benefit obligations	439,808	177,503
Net foreign exchange losses (gains)	6,656	(287,862)
Operating cash flows before movements in working capital	11,778,620	8,165,721
Trade and other receivables, and prepayments	(12,893,714)	(7,730,554)
Inventories	(6,758,512)	428,535
Trade and other payables	1,825,270	(1,429,412)
Cash used in operations	(6,048,336)	(565,710)
Income tax paid	(786,248)	(1,870,616)
Retirement benefit paid	(23,689)	-
Net cash used in operating activities	(6,858,273)	(2,436,326)

	Group	
	3 months ended 31.03.2013	3 months ended 31.03.2012
	US$	US$
	(Unaudited)	(Unaudited)
Investing activities		
Deferred expenditure (Note B)	(544,046)	-
Interest received	134,765	5,074
Advance payments for purchase of property, plant and equipment	(1,490,047)	(352,559)
Purchase of property, plant and equipment (Note C)	(1,205,890)	(358,252)
Proceeds on disposal of property, plant and equipment	27,932	20,951
Net cash used in investing activities	(3,077,286)	(684,786)
Financing activities		
Fixed deposit pledged	(239,156)	(296,440)
Interest paid	(428,722)	(312,837)
Proceeds from related party loans	-	4,634,772
Repayment of bank borrowing	(65,199)	(28,083)
Repayment of obligations under finance leases	(2,242,652)	(3,033,703)
Net cash (used in)/from financing activities	(2,975,729)	963,709
Net decrease in cash and cash equivalents	(12,911,288)	(2,157,403)
Cash and cash equivalents at beginning of the period	68,791,416	4,214,407
Effect of exchange rate changes on the balance held in foreign currencies	(1,067,499)	6,626
Cash and cash equivalents at end of the period (Note A)	**54,812,629**	**2,063,630**

Notes to consolidated cash flow statement:

Note A:

	Group	
	31.03.2013	31.03.2012
	US$	US$
	(Unaudited)	(Unaudited)
Cash and bank balances	28,674,619	2,063,630
Fixed deposit	26,666,213	296,440
Total	55,340,832	2,360,070
Less: Fixed deposit pledged	(528,205)	(296,440)
Cash and cash equivalents as per cash flow statement	54,812,629	2,063,630

Note B:

During the 3 months ended 31 March 2013, our Group capitalised US$589,310 (31 March 2012: US$NIL) as deferred expenditure of which US$45,264 (31 March 2012: US$NIL) pertained to depreciation on property, plant and equipment.

Note C:

During the 3 months ended 31 March 2013, our Group acquired property, plant and equipment amounting to US$23,386,943 (31 March 2012: US$1,116,474) of which US$17,560,311 (31 March 2012: US$27,327) were acquired under finance lease arrangements. As at 31 March 2013, US$2,100,517 (31 March 2012: US$NIL) remained unpaid and is included as part of trade and other payables.

In addition, our Group utilised the advance payment of US$2,520,225 (31 March 2012: US$730,895) which was previously paid to purchase property, plant and equipment. Cash payments of US$1,205,890 (31 March 2012: US$358,252) were made to purchase property, plant and equipment.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group – financial period ended 31.03.2013 (Unaudited)

	Share capital US$	Other reserve US$	Translation reserve US$	Retained earnings US$	Equity attributable to owners of the Company US$	Non-controlling interests US$	Total US$
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 period	-	-	(1,354,089)	5,061,164	3,707,075	67,596	3,774,671
Balance at 31 March 2013	82,518,674	14,349	(6,026,255)	50,641,523	127,148,291	360,628	127,508,919

Group – financial period ended 31.03.2012 (Unaudited)

	Share capital US$	Translation reserve US$	Convertible loans reserve US$	Retained earnings US$	Equity attributable to owners of the Company US$	Non-controlling interests US$	Total US$
Balance at 1 January 2012	153,846	(244,775)	-	26,655,020	26,564,091	89,640	26,653,731
Arising from convertible loans	-	-	832,253	-	832,253	-	832,253
Total comprehensive income for the period	-	(833,453)	-	4,191,666	3,358,213	77,671	3,435,884
Balance at 31 March 2012	153,846	(1,078,228)	832,253	30,846,686	30,754,557	167,311	30,921,868

Company – financial period ended 31.03.2013 (Unaudited)

	Share capital US$	Translation reserve US$	Accumulated losses US$	Total US$
Balance at 1 January 2013	82,518,674	(1,195,856)	(2,335,696)	78,987,122
Total comprehensive income for the period	-	(1,040,731)	(799,854)	(1,840,585)
Balance at 31 March 2013	82,518,674	(2,236,587)	(3,135,550)	77,146,537

Company – financial period ended 31.03.2012 (Unaudited)

	Share capital US$	Translation reserve US$	Accumulated losses US$	Total US$
Balance at 1 January 2012	153,846	46,884	(311,106)	(110,376)
Total comprehensive income for the period	-	(23,236)	(180,937)	(204,173)
Balance at 31 March 2012	153,846	23,648	(492,043)	(314,549)

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There were no changes in the Company's share capital between 31 December 2012 and 31 March 2013 of S$100,668,617 (US$82,518,674).

There were no outstanding convertibles or treasury shares held by the Company as at 31 March 2013 and 31 March 2012, save that the Company had received convertible loans amounting to S$19.6 million or US$15.6 million (based on an exchange rate of US$1:S$1.256 as at 31 March 2012) which were fully converted to 98,702,639 ordinary shares on 5 October 2012.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	31 March 2013	31 December 2012
Total number of issued shares (excluding treasury shares)	1,157,050,891	1,157,050,891

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. Our Company did not hold any treasury shares.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited nor reviewed by our Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied

Except as disclosed in Paragraph 5 below, our Group has consistently applied the same accounting policies and methods of computation in our Group's financial statements for the current reporting period as compared with the audited financial statements for the year ended 31 December 2012.

5. **If there are any changes in accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Our Group has adopted the applicable new and revised Financial Reporting Standards ("**FRS**") and Interpretations of Financial Reporting Standards ("**INT FRS**") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2013. The adoption of these new/revised FRSs INT FRSs and amendments to FRSs has no material impact on the financial performance or position of the Group.

During the quarter, the Group commenced its coal trading business activities. Inventories held for trading business are measured at fair value less costs to sell, with changes in fair value less costs to sell recognised in the profit or loss in the period of the charge.

Other than the above, our Group has consistently applied the same accounting policies and methods of computation in our Group's financial statements for the current reporting period as compared with the audited financial statements for the year ended 31 December 2012.

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

		Group	
		3 months ended 31.03.2013 (Unaudited)	**3 months ended 31.03.2012** (Unaudited)
Profit attributable to owners of the Company (US$)		5,061,164	4,191,666
(i)	Basic earnings per ordinary share (US cents)	0.44	0.52
	- Weighted average number of ordinary shares	1,157,050,891	800,000,000*
(ii)	Earnings per ordinary share on a fully diluted basis (US cents)	0.44	0.47
	- Adjusted weighted average number of ordinary shares	1,157,050,891	898,702,639**

* The weighted average number of ordinary shares is arrived at on the assumption that the sub-division of every one ordinary share into 4,000 ordinary shares had taken place on 1 January 2012 (sub-division was completed on 5 October 2012).

** For the purpose of computing diluted earnings per share, the adjusted weighted average number of shares comprises:

(a) weighted average number of ordinary shares in issue, on the assumption that the sub-division of every one ordinary share into 4,000 ordinary shares had taken place on 1 January 2012 (sub-division was completed on 5 October 2012); and

(b) weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares arising from converting the convertible loans into 98,702,639 ordinary shares on 5 October 2012.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group		Company	
	31.03.2013	**31.12.2012**	**31.03.2013**	**31.12.2012**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net asset value per ordinary share (US cents)	10.99	10.67	6.67	6.83
Number of issued shares	1,157,050,891	1,157,050,891	1,157,050,891	1,157,050,891

Net asset value per ordinary share is calculated based on equity attributable to owners of the Company divided by the number of issued shares.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

8.1 Income Statement (1Q2013 vs. 1Q2012)

8.1 (a) Income and Expenses

Our Group recorded gross profit and net profit of US$9.7 million and US$5.1 million respectively for the first quarter ended 31 March 2013 ("**1Q2013**"). The improvement in financial performance in 1Q2013 as compared to the first quarter ended 31 March 2012 ("**1Q2012**") was mainly due to:
(i) increase in coal production and sales from BEK mining concession;
(ii) commencement of mining services in the fourth quarter of 2012 ("**4Q2012**");
(iii) commencement of coal trading business activities ("**Coal Trading**") in 1Q2013; and
(iv) increase in profit generated from equipment rental,
which were partially offset by the cessation of earnings from coal cooperation contracts which were terminated in September 2012.

The increase in gross profit of US$2.1 million, coupled with an increase in other income of US$0.1 million, were partially offset by increases in (i) general and administrative expenses of US$0.5 million; and (ii) income tax expenses of US$0.9 million.

As a result of the aforementioned, net profit increased by US$0.8 million from US$4.3 million in 1Q2012 to US$5.1 million in 1Q2013.

8.1 (b) Revenue

Our Group derived revenue from coal sales, mining services and equipment rental in 1Q2013. Revenue decreased by US$1.5 million from US$19.3 million in 1Q2012 to US$17.8 million in 1Q2013, mainly due to the termination of coal cooperation contracts and decrease in average selling price ("**ASP**") by US$47.5 per tonne from US$70.4 per tonne in 1Q2012 to US$22.9 per tonne in 1Q2013, partially offset by increases in (i) coal sales and production volumes from BEK mining concession; and (ii) revenue from mining services and equipment rental.

The decrease in ASP was mainly due to the lower average calorific value of coal produced from our BEK mining concession as compared to coal sales under our coal cooperation contracts.

8.1 (c) Gross Profit and Gross Profit Margin

Our Group's gross profit increased by US$2.1 million, from US$7.6 million in 1Q2012 to US$9.7 million in 1Q2013. The increase in gross profit is mainly due to:

(i) increases in revenue from BEK mining concession, mining services and equipment rental, partially offset by the termination of coal cooperation contracts; and

(ii) recognition of changes in fair value less costs to sell, amounting to US$1.4 million, in respect of the inventories held for Coal Trading. Please refer to Paragraph 5 on the related accounting policy and method of computation.

Excluding item (ii) above, gross profit margin in 1Q2013 was at 47%, increasing by 7 percentage points from 40% in 1Q2012 despite a lower ASP, due mainly to an increase in production volume by 0.2 million tonnes from 0.3 million tonnes in 1Q2012 to 0.5 million tonnes in 1Q2013 with a less than proportionate increase in production costs as our average strip ratio decreased from 11.7 (1Q2012) to 3.6 (1Q2013).

8.1 (d) Other Income

Other income mainly relates to foreign exchange gain and interest income. The increase from US$0.1 million in 1Q2012 to US$0.2 million in 1Q2013 is mainly due to interest income generated from the placement of unutilised IPO proceeds with financial institutions.

8.1 (e) General and Administrative Expenses

General and administrative expenses increased by US$0.5 million, from US$1.5 million in 1Q2012 to US$2.0 million in 1Q2013. The increase was mainly due to higher employee related expenses and professional fees, in line with our business expansion and transition to a public listed company.

8.1 (f) Other Expenses

Other expenses mainly relate to foreign exchange loss and loss on disposal of property, plant and equipment. Other expenses decreased from US$0.2 million in 1Q2013 to US$0.1 million in 1Q2012.

8.1 (g) Finance Costs

Finance costs increased by US$0.1 million, from US$0.3 million in 1Q2012 to US$0.4 million in 1Q2013, in line with an increase in finance leases in 1Q2013 to finance our acquisition of mining equipment.

8.1 (h) Profit Before Income Tax

Profit before income tax increased by US$1.7 million from US$5.6 million in 1Q2012 to US$7.3 million in 1Q2013, mainly due to an increase in gross profit.

8.1 (i) Other Comprehensive Income

Other comprehensive income consists of exchange losses on translating the financial statements of the Group entities from their functional currencies to the Group's presentation currency. The increase of US$0.6 million from US$0.8 million in 1Q2012 to US$1.4 million in 1Q2013 mainly arose from the depreciation of SGD and IDR against USD in 1Q2013.

8.2 Statement of Financial Position (Group)

Our Group's equity attributable to owners of the Company increased by US$3.7 million, from US$123.4 million as at 31 December 2012 to US$127.1 million as at 31 March 2013. The increase reflected our Group's earnings in 1Q2013, partially offset by the translation loss in 1Q2013.

8.2 (a) Current Assets

Our Group's current assets increased by US$8.9 million, from US$78.4 million as at 31 December 2012 to US$87.3 million as at 31 March 2013. The increase was mainly due to increases in (i) trade and other receivables of US$11.0 million; (ii) prepayments of US$4.9 million; and (iii) inventory of US$6.8 million, partially offset by the decrease in cash and cash equivalents of US$13.7 million.

Trade and other receivables at 31 March 2013 mainly comprised US$10.0 million trade receivables, US$3.0 million prepaid taxes and US$2.0 million refundable deposit in relation to the conditional acquisitions of mining concessions.

Trade receivable balance increased by US$6.3 million, from US$3.7 million as at 31 December 2012 to US$10.0 million as at 31 March 2013, mainly due to:

(i) increase in mining services and equipment rental revenue by US$8.3 million, from US$0.1 million (1Q2012) to US$8.4 million (1Q2013); and

(ii) credit terms extended to coal sale customers after partial down payment (31 December 2012: advance payment basis).

The general collection cycle of trade receivable balance ranges from 30 to 90 days. As at the date of this announcement, approximately 85% of the aforementioned trade receivables had been collected.

Inventory balance at 31 March 2013 comprised US$6.4 million coal inventories held for trading activities; US$0.4 million coal inventories produced from BEK mining concession and the remaining pertained to consumable inventories. The increase in inventories balance is in line with increased production output from BEK mining concession and the commencement of our coal trading business activities in 1Q2013.

Prepayments at 31 March 2013 included US$6.9 million of down payments pursuant to coal purchase contracts as announced in December 2012 and January 2013.

8.2 (b) Non-current Assets

Our Group's non-current assets increased by US$18.8 million, from US$76.6 million as at 31 December 2012 to US$95.4 million as at 31 March 2013. The increase was mainly due to an increase in property, plant and equipment of US$19.8 million, partially offset by a decrease in prepayments of US$1.0 million.

The increase in property, plant and equipment was due mainly to additions of mining equipment and machinery in 1Q2013, partially offset by depreciation expense and translation loss.

8.2 (c) Current Liabilities

Our Group's current liabilities increased by US$11.1 million, from US$19.0 million as at 31 December 2012 to US$30.1 million as at 31 March 2013. The increase was mainly due to increases in (i) trade and other payables of US$3.9 million; (ii) finance leases of US$5.3 million; and (iii) income tax payable of US$1.9 million.

Trade and other payables at 31 March 2013 mainly comprised (i) US$2.3 million trade payables pertaining to coal purchased for trading and consumable inventory; (ii) US$2.1 million payables in relation to the purchase of mining equipment; and (iii) US$1.3 million for accrued operating expenses.

8.2 (d) Non-Current Liabilities

Our Group's non-current liabilities increased by US$12.9 million, from US$12.3 million as at 31 December 2012 to US$25.2 million as at 31 March 2013. The increase was mainly due to increases in (i) finance lease of US$12.0 million to finance our acquisitions of mining equipment; (ii) provisions of US$0.4 million relating to retirement benefit obligations; and (iii) deferred tax liabilities of US$0.6 million.

8.3 Statement of Financial Position (Company)

Our Company's equity decreased by US$1.9 million from US$79.0 million as at 31 December 2012 to US$77.1 million as at 31 March 2013.

8.3 (a) Current Assets

Our Company's current assets decreased by US$2.2 million, from US$66.0 million as at 31 December 2012 to US$63.8 million as at 31 March 2013. The decrease was mainly due to a decrease in cash and cash equivalents of US$12.9 million, partially offset by the increase in trade and other receivables of US$10.6 million. The increase in trade and other receivables was mainly due to the utilisation of IPO proceeds by our subsidiaries. Please refer to Paragraph 14 for breakdown of IPO proceeds utilisation.

8.3 (b) Non-current Assets

Our Company's non-current assets decreased by US$0.1 million, from US$18.5 million as at 31 December 2012 to US$18.4 million as at 31 March 2013. The decrease was mainly due to depreciation expenses.

8.3 (c) Current Liabilities

Our Company's current liabilities mainly related to bank borrowing, trade and other payables and income tax payable. Current liabilities balance remained relatively stable as compared to 31 December 2012.

8.3 (d) Non-Current Liabilities

Our Company's non-current liabilities mainly consist of bank borrowing and deferred tax liabilities. Bank borrowing decreased by US$0.1 million due to repayments.

8.4 Cash Flow Statement (1Q2013 vs. 1Q2012)

Our Group's net cash used in operating activities in 1Q2013 was US$6.8 million. Operating cash flows before movements in working capital amounted to US$11.8 million and this was partially offset by cash outflows of (i) US$17.8 million to meet our working capital requirements; and (ii) US$0.8 million for payments of income tax and retirement benefit obligations.

Net cash used in investing activities in 1Q2013 of US$3.1 million was mainly due to cash outflows in relation to (i) advance payments and payments for the purchase of property, plant and equipment of US$2.7 million; and (ii) deferred expenditure of US$0.5 million; partially offset by cash inflows from interest income of US$0.1 million.

Net cash used in financing activities in 1Q2013 of US$2.4 million was mainly due to cash outflows in relation to (i) repayment of bank borrowing and finance leases of US$2.3 million; and (ii) interest payment of US$0.4 million.

As a result of the aforementioned, there was a net decrease of US$12.9 million in cash and cash equivalents in 1Q2013.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable as no forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

We noted that the Indonesian Coal Reference Price (HBA) has decreased by approximately 3.4% in the last three months from US$88.35 as at 13 February 2013 to US$85.33 as at 13 May 2013[(1)]. Barring unforeseen circumstances and subject to execution risks, we intend to increase production volume from our BEK mining concession. We expect our key operating costs, mainly in relation to fuel and labour, to increase generally in line with the inflation rates in Indonesia.

Our Group will continue to look out for business expansion opportunities which may include acquisitions, joint ventures and/or strategic alliances to expand our business operations and increase our coal production levels. In addition to the mining services contracts as well as coal sale and purchase contracts which we have recently secured, we intend to continue to enter into suitable coal mining arrangements with other third party sources to gain access to new concession areas to expand our operations. Since the beginning of FY2013, we have entered into conditional sale and purchase agreements to purchase five mining concessions in Kutai Barat Regency, East Kalimantan. Please refer to the respective announcements for further information.

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

11. If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared

None.

(b)(i) Amount per share

Not applicable.

(b)(ii) Previous corresponding period

None.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country whether the dividend is derived

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared or recommended for the first quarter ended 31 March 2013.

13. If the group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect

No IPT mandate has been obtained from shareholders. In addition, there was no IPT whose value exceeded S$100,000 during the first quarter ended 31 March 2013.

14. Use of IPO Proceeds

As of the date of this announcement, the utilisation of our Group's IPO net proceeds is set out below:

Use of proceeds	Amount allocated (as disclosed in the Prospectus) (US$ 'million)	Amount utilised as at the date of this announcement (US$ 'million)	Balance of net proceeds as at the date of this announcement (US$ 'million)
Acquisition of additional mining equipment and machinery	25.0	(2.6)	22.4
Construction of jetty and barge loading facilities	2.0	-	2.0
Business expansion including acquisitions, joint ventures and/or strategic alliances	10.0	(5.0)	5.0
General working capital purposes	26.7	(17.4)*	9.3
Net proceeds	**63.7**	**(25.0)**	**38.7**

* As of 27 February 2013, US$5 million was used to satisfy the upfront payment in relation to a mining cooperation agreement. Since then, an additional US$12.4 million used for general working capital purposes was mainly used for upfront payment of a mining cooperation agreement, and payment of corporate taxes, employee salaries, and renovation costs for the Company's new corporate office.

15. Negative confirmation pursuant to Rule 705(5)

We, Charles Antonny Melati and Dhamma Surya, being Directors of the Company, do hereby confirm, on behalf of the Board of Directors of the Company (the "**Board**") that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for the first quarter ended 31 March 2013 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Charles Antonny Melati
Executive Chairman

Dhamma Surya
Chief Executive Officer

13 May 2013