



GEO ENERGY GROUP

GEO ENERGY RESOURCES LIMITED

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

Unaudited Financial Statements Announcement for the Third Quarter and Nine Months Ended 30 September 2016

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF RESULTS FOR THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2016

1(a) An income statement and statement of comprehensive income, or 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 profit or loss

	Group					
	3 months ended 30.09.2016 US\$ (Unaudited)	3 months ended 30.09.2015 US\$ (Unaudited)	Change +/(–) %	9 months ended 30.09.2016 US\$ (Unaudited)	9 months ended 30.09.2015 US\$ (Unaudited)	Change +/(–) %
Continuing operations						
Revenue	56,876,074	5,159,250	N.M.	90,158,676	15,209,419	493
Cost of sales	(44,130,315)	(4,725,224)	834	(75,929,491)	(12,368,045)	514
Gross profit	12,745,759	434,026	N.M.	14,229,185	2,841,374	401
Other income	717,597	4,146,451	(83)	7,064,124	6,017,964	17
General and administrative expenses	(1,619,800)	(1,540,325)	5	(4,736,121)	(4,996,183)	(5)
Other expenses	(163,771)	(30,268)	441	(420,709)	(41,471)	914
Finance costs	(1,526,066)	(1,568,736)	(3)	(4,607,971)	(4,918,740)	(6)
Profit (loss) before income tax	10,153,719	1,441,148	605	11,528,508	(1,097,056)	N.M.
Income tax (expense) credit	(2,670,468)	340,228	N.M.	(2,661,972)	(133,422)	N.M.
Profit (loss) after income tax from continuing operations	7,483,251	1,781,376	320	8,866,536	(1,230,478)	N.M.
Discontinued operation						
Loss for the period from discontinued operation	-	(3,189,005)	(100)	(1,348,045)	(8,828,329)	(85)
Profit (loss) for the period	7,483,251	(1,407,629)	N.M.	7,518,491	(10,058,807)	N.M.
Profit (loss) attributable to:						
Owners of the Company	7,441,597	(1,427,707)	N.M.	7,491,801	(10,025,013)	N.M.
Non-controlling interests	41,654	20,078	107	26,690	(33,794)	N.M.
	7,483,251	(1,407,629)	N.M.	7,518,491	(10,058,807)	N.M.

N.M. not meaningful

1(a)(ii) Consolidated statement of profit or loss and other comprehensive income

	Group					
	3 months ended 30.09.2016	3 months ended 30.09.2015	Change +/(-	9 months ended 30.09.2016	9 months ended 30.09.2015	Change +/(-
	US\$	US\$	%	US\$	US\$	%
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Profit (loss) after income tax	7,483,251	(1,407,629)	N.M.	7,518,491	(10,058,807)	N.M.
Other comprehensive income, net of tax:						
<i>Items that may be subsequently reclassified to profit or loss</i>						
- Exchange differences on Translation of foreign operations	1,043,522	(3,527,998)	N.M.	3,408,138	(6,425,694)	N.M.
Total comprehensive income	<u>8,526,773</u>	<u>(4,935,627)</u>	N.M.	<u>10,926,629</u>	<u>(16,484,501)</u>	N.M.
Total comprehensive income attributable to:						
Owners of the Company	8,478,380	(4,906,241)	N.M.	10,903,292	(16,362,184)	N.M.
Non-controlling interests	48,393	(29,386)	N.M.	23,337	(122,317)	N.M.
	<u>8,526,773</u>	<u>(4,935,627)</u>	N.M.	<u>10,926,629</u>	<u>(16,484,501)</u>	N.M.

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

	Group					
	3 months ended 30.09.2016	3 months ended 30.09.2015	Change +/(-	9 months ended 30.09.2016	9 months ended 30.09.2015	Change +/(-
	US\$	US\$	%	US\$	US\$	%
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Continuing operations						
Interest income	(17,045)	(141,771)	(88)	(80,456)	(465,189)	(83)
Gain on disposal of subsidiary	-	-	N.M.	(4,962,232)	-	N.M.
Gain on disposal of property, plant and equipment (net)	(2,334)	(28,025)	(92)	(50,840)	(75,231)	(32)
Foreign exchange (gain) loss	(595,429)	(3,937,521)	(85)	583,319	(5,376,806)	N.M.
Interest expense	1,526,066	1,568,736	(3)	4,607,971	4,918,740	(6)
Depreciation of property, plant and equipment	3,768,348	164,521	N.M.	6,821,538	524,102	N.M.
Reversal of amortisation of deferred stripping costs	(1,152,436)	-	N.M.	-	-	N.M.
Discontinued operation						
Interest income	-	(140)	(100)	(672)	(1,839)	(63)
Foreign exchange loss (gain)	-	2,387,415	(100)	(920,105)	4,239,543	(122)
Loss (gain) on disposal of property, plant and equipment (net)	-	730,180	(100)	(3,426)	2,107,139	N.M.
Loss on disposal of subsidiary	-	-	N.M.	1,267,291	-	N.M.
Interest expense	-	343,024	(100)	823,020	1,148,701	(28)
Depreciation of property, plant and equipment	-	894,890	(100)	827,028	2,953,676	(72)

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	
	30.09.2016	31.12.2015	30.09.2016	31.12.2015
	US\$	US\$	US\$	US\$
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<u>ASSETS</u>				
Current assets				
Cash and bank balances	17,634,286	12,415,628	2,680,400	8,700,645
Trade and other receivables	76,872,427	32,709,751	63,865,787	58,422,001
Deposits and prepayments	20,333,879	18,506,479	8,572,740	23,509
Inventories	9,715,814	5,417,048	-	-
Total current assets	124,556,406	69,048,906	75,118,927	67,146,155
Non-current assets				
Deposits and prepayments	9,243,466	5,704,123	87,095	103,699
Investment in subsidiaries	-	-	105,860,501	97,554,117
Deferred stripping costs	11,220,392	1,446,472	-	-
Property, plant and equipment	106,065,483	131,869,944	148,358	236,999
Investment properties	540,083	3,336,335	-	2,827,455
Other non-current asset	151,637	123,843	151,637	123,843
Deferred tax assets	5,024,824	3,621,698	463,700	175,768
Total non-current assets	132,245,885	146,102,415	106,711,291	101,021,881
Total assets	256,802,291	215,151,321	181,830,218	168,168,036
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade and other payables	70,582,112	39,639,092	24,630,850	22,113,841
Current portion of finance leases	15,411	6,559,195	15,411	14,396
Income tax payable	4,236,780	27,257	2,095,815	-
Total current liabilities	74,834,303	46,225,544	26,742,076	22,128,237
Non-current liabilities				
Finance leases	50,411	2,848,503	50,411	59,856
Notes payable	72,495,995	69,249,789	72,495,995	69,249,789
Provisions	1,023,928	990,475	94,625	88,225
Deferred tax liabilities	-	1,780,023	-	-
Other non-current liabilities	-	85,962	-	-
Total non-current liabilities	73,570,334	74,954,752	72,641,031	69,397,870

	Group		Company	
	30.09.2016	31.12.2015	30.09.2016	31.12.2015
	US\$	US\$	US\$	US\$
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Capital, reserves and non-controlling interests				
Share capital	89,670,842	86,170,842	89,670,842	86,170,842
Other reserve	(244)	14,105	-	-
Revaluation reserve	-	776,632	-	776,632
Translation reserve	(19,520,974)	(22,946,814)	(5,279,863)	(4,324,438)
Retained earnings (Accumulated losses)	37,987,351	29,718,918	(1,943,868)	(5,981,107)
Equity attributable to owners of the Company	108,136,975	93,733,683	82,447,111	76,641,929
Non-controlling interests	260,679	237,342	-	-
Total equity	108,397,654	93,971,025	82,447,111	76,641,929
Total liabilities and equity	256,802,291	215,151,321	181,830,218	168,168,036

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

	Group			
	30.09.2016		31.12.2015	
	Secured US\$	Unsecured US\$	Secured US\$	Unsecured US\$
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Amount repayable in one year or less, or on demand	15,411	1,039,615	6,559,195	2,250,344
Amount repayable after one year	50,411	72,495,995	2,848,503	69,249,789
	65,822	73,535,610	9,407,698	71,500,133

Details of any collateral and security:

As at 30 September 2016, the Group's finance lease liability is secured by the leased asset, a motor vehicle.

In July 2014, the Group issued Medium Term Notes of S\$100 million. The Notes matures in January 2018 and bear interest at a fixed rate of 7% per annum payable semi-annually in arrears. Separately, the Group has pledged a deposit of S\$3.5 million for the purpose of securing its interest payment obligations.

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 30.09.2016 US\$ (Unaudited)	3 months ended 30.09.2015 US\$ (Unaudited)	9 months ended 30.09.2016 US\$ (Unaudited)	9 months ended 30.09.2015 US\$ (Unaudited)
Operating activities				
Profit (loss) before income tax (Note A)	10,153,719	(2,679,642)	9,968,785	(11,298,512)
Adjustments for:				
Depreciation of property, plant and equipment	3,768,348	1,059,411	7,648,566	3,477,778
Reversal of amortisation of deferred stripping costs	(1,152,436)	-	-	-
(Gain) loss on disposal of property, plant and equipment	(2,334)	702,155	(54,266)	2,031,908
Gain on disposal of a subsidiary	-	-	(4,962,232)	-
Loss on disposal of discontinued operation	-	-	1,267,291	-
Interest expense	1,526,066	1,911,776	5,430,991	6,067,441
Interest income	(17,045)	(141,911)	(81,128)	(467,028)
Retirement benefit obligations	79,518	73,918	192,202	257,056
Net foreign exchange losses (gains)	1,795,983	(1,946,017)	2,884,916	(2,475,289)
Operating cash flows before movements in working capital:	16,151,819	(1,020,310)	22,295,125	(2,406,646)
Trade and other receivables	(6,885,104)	862,116	(13,881,096)	(558,457)
Deposits and prepayments	(20,724,972)	805,497	(21,477,185)	1,931,600
Inventories	(3,385,305)	437,897	(4,888,723)	937,823
Trade and other payables	27,670,517	(1,243,026)	35,653,750	1,499,473
Cash generated from (used in) operations	12,826,955	(157,826)	17,701,871	1,403,793
Income tax paid	-	(19,230)	(2,496)	(629,375)
Income tax refund	19,066	352,200	2,267,208	2,298,429
Retirement benefit obligation paid	-	-	(489)	-
Net cash from operating activities	12,846,021	175,144	19,966,094	3,072,847
Investing activities				
Interest received	8,030	82,356	23,256	876,403
Disposal of subsidiaries	-	-	(95,198)	-
Addition to deferred stripping costs	(2,113,804)	-	(9,773,921)	-
Advance payments for purchase of property, plant and equipment	(27,492)	(10,372)	(46,352)	(140,800)
Purchase of property, plant and equipment	(11,407)	(80,148)	(176,861)	(3,819,430)
Proceeds on disposal of property, plant and equipment	48,465	1,158,513	129,959	6,347,342
Proceeds on disposal of investment property	-	-	2,860,585	-
Purchase of other non-current asset	-	-	(23,199)	-
Net cash (used in) from investing activities	(2,096,208)	1,150,349	(7,101,731)	3,263,515

Group

	3 months ended 30.09.2016 US\$ (Unaudited)	3 months ended 30.09.2015 US\$ (Unaudited)	9 months ended 30.09.2016 US\$ (Unaudited)	9 months ended 30.09.2015 US\$ (Unaudited)
Financing activities				
Interest paid	(2,573,251)	(2,847,483)	(5,952,042)	(6,272,144)
Repayment of bank borrowings	-	(62,612)	-	(190,533)
Proceeds from issuance of shares	-	-	-	3,740,537
Share issuance expense	-	-	-	(88,369)
Repayment of obligations under finance leases	(17,770)	(824,020)	(1,964,421)	(4,119,401)
Net cash used in financing activities	<u>(2,591,021)</u>	<u>(3,734,115)</u>	<u>(7,916,463)</u>	<u>(6,929,910)</u>
Net increase (decrease) in cash and cash equivalents	8,158,792	(2,408,622)	4,947,900	(593,548)
Cash and cash equivalents at beginning of the period	4,423,367	12,415,079	7,421,269	10,666,464
Effect of exchange rate changes on the balance held in foreign currencies	(32,863)	(684,239)	180,127	(750,698)
Cash and cash equivalents at end of the period (Note B)	<u>12,549,296</u>	<u>9,322,218</u>	<u>12,549,296</u>	<u>9,322,218</u>

Notes to consolidated cash flow statement:

Note A

Profit (loss) before income tax:

- Continuing operations	10,153,719	1,441,148	11,528,508	(1,097,056)
- Discontinued operation	-	(4,120,790)	(1,559,723)	(10,201,456)
	<u>10,153,719</u>	<u>(2,679,642)</u>	<u>9,968,785</u>	<u>(11,298,512)</u>

Note B

Cash and bank balances	12,544,960	559,512	12,544,960	559,512
Deposits	5,089,326	11,236,432	5,089,326	11,236,432
	<u>17,634,286</u>	<u>11,795,944</u>	<u>17,634,286</u>	<u>11,795,944</u>
Less: Deposit pledged	(5,084,990)	(2,473,726)	(5,084,990)	(2,473,726)
Cash and cash equivalents as per cash flow statement	<u>12,549,296</u>	<u>9,322,218</u>	<u>12,549,296</u>	<u>9,322,218</u>

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 30.09.2016

	Share capital US\$	Other reserve US\$	Revaluation reserve US\$	Translation reserve US\$	Retained earnings US\$	attributable to owners of the Company US\$	Non-controlling interests US\$	Total US\$
Balance at 1 January 2016	86,170,842	14,105	776,632	(22,946,814)	29,718,918	93,733,683	237,342	93,971,025
Issue of share capital	3,500,000	-	-	-	-	3,500,000	-	3,500,000
Profit (loss) for the period	-	-	-	-	50,204	50,204	(14,964)	35,240
Other comprehensive income for the period	-	-	(776,632)	2,374,708	776,632	2,374,708	(10,092)	2,364,616
Balance at 30 June 2016	89,670,842	14,105	-	(20,572,106)	30,545,754	99,658,595	212,286	99,870,881
Profit for the period	-	-	-	-	7,441,597	7,441,597	41,654	7,483,251
Other comprehensive income for the period	-	(14,349)	-	1,051,132	-	1,036,783	6,739	1,043,522
Balance at 30 September 2016	89,670,842	(244)	-	(19,520,974)	37,987,351	108,136,975	260,679	108,397,654

Group – financial period ended 30.09.2015

	Share capital US\$	Other reserve US\$	Revaluation 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 2015	82,518,674	14,349	776,632	(21,528,139)	45,870,836	107,652,352	393,340	108,045,692
Loss for the period	-	-	-	-	(8,597,306)	(8,597,306)	(53,872)	(8,651,178)
Share issuance	3,740,537	-	-	-	-	3,740,537	-	3,740,537
Share issuance expense	(88,369)	-	-	-	-	(88,369)	-	(88,369)
Other comprehensive income for the period	-	-	-	(2,858,637)	-	(2,858,637)	(39,059)	(2,897,696)
Balance at 30 June 2015	86,170,842	14,349	776,632	(24,386,776)	37,273,530	99,848,577	300,409	100,148,986
Loss for the period	-	-	-	-	(1,427,707)	(1,427,707)	20,078	(1,407,629)
Other comprehensive income for the period	-	-	-	(3,478,534)	-	(3,478,534)	(49,464)	(3,527,998)
Balance at 30 September 2015	86,170,842	14,349	776,632	(27,865,310)	35,845,823	94,942,336	271,023	95,213,359

Company – financial period ended 30.09.2016

	<u>Share capital</u> US\$	<u>Revaluation reserve</u> US\$	<u>Translation reserve</u> US\$	<u>Accumulated losses</u> US\$	<u>Total</u> US\$
Balance at 1 January 2016	86,170,842	776,632	(4,324,438)	(5,981,107)	76,641,929
Issue of share capital	3,500,000	-	-	-	3,500,000
Loss for the period	-	-	-	(4,639,155)	(4,639,155)
Other comprehensive income for the period	-	(776,632)	(1,340,749)	776,632	(1,340,749)
Balance at 30 June 2016	89,670,842	-	(5,665,187)	(9,843,630)	74,162,025
Profit for the period	-	-	-	7,899,762	7,899,762
Other comprehensive income for the period	-	-	385,324	-	385,324
Balance at 30 September 2016	89,670,842	-	(5,279,863)	(1,943,868)	82,447,111

Company – financial period ended 30.09.2015

	<u>Share capital</u> US\$	<u>Revaluation reserve</u> US\$	<u>Translation reserve</u> US\$	<u>Accumulated losses</u> US\$	<u>Total</u> US\$
Balance at 1 January 2015	82,518,674	776,632	(4,186,712)	(1,475,278)	77,633,316
Loss for the period	-	-	-	(3,742,883)	(3,742,883)
Share issuance	3,740,537	-	-	-	3,740,537
Share issuance expense	(88,369)	-	-	-	(88,369)
Other comprehensive income for the period	-	-	(109,426)	-	(109,426)
Balance at 30 June 2015	86,170,842	776,632	(4,296,138)	(5,218,161)	77,433,175
Profit for the period	-	-	-	811,645	811,645
Other comprehensive income for the period	-	-	(350,970)	-	(350,970)
Balance at 30 September 2015	86,170,842	776,632	(4,647,108)	(4,406,516)	77,893,850

- 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**

On 22 March 2016, the Company issued 27,222,222 new ordinary shares as the consideration shares for the acquisition of the remaining 34% shareholding interest in Borneo International Resources Pte. Ltd., which owns the SDJ coal mine. Please refer to the relevant announcement for further information.

As at 30 September 2016, the Company's share capital comprised 1,212,273,113 shares (30 June 2016: 1,212,273,113). There were no outstanding convertibles or treasury shares as at 30 September 2016 and 30 September 2015.

- 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.**

	30 September 2016	31 December 2015
Total number of issued shares (excluding treasury shares)	1,212,273,113	1,185,050,891

- 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 does 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**

Save as disclosed in Paragraph 5 below, the Group has consistently applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2015.

- 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 2016. 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.

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 30.09.2016 (Unaudited)	3 months ended 30.09.2015 (Unaudited)	9 months ended 30.09.2016 (Unaudited)	9 months ended 30.09.2015 (Unaudited)
Earnings per share ("EPS")				
Earnings for computing EPS (US\$)				
- Continuing operations	7,441,594	1,761,298	8,839,843	(1,196,684)
- Discontinued operation	-	(3,189,005)	(1,348,045)	(8,828,329)
Weighted average number of ordinary shares ⁽¹⁾	1,212,273,113	1,185,050,891	1,204,225,667	1,167,820,122
Basic and diluted EPS based on weighted average number of ordinary shares (US cents) ⁽²⁾				
- Continuing operations	0.61	0.14	0.73	(0.10)
- Discontinued operation	-	(0.26)	(0.11)	(0.75)

(1) The calculation for the basic and diluted EPS is based on the weighted average number of ordinary shares in issue during the respective financial periods.

(2) The basic and diluted EPS were the same as the Group did not have any potentially dilutive instruments for the respective financial periods.

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	
	30.09.2016 (Unaudited)	31.12.2015 (Unaudited)	30.09.2016 (Unaudited)	31.12.2015 (Unaudited)
Net assets value ("NAV") per share				
NAV (US\$)	108,136,975	93,733,683	82,447,111	76,641,929
Number of issued shares	1,212,273,113	1,185,050,891	1,212,273,113	1,185,050,891
Net asset value per ordinary share (US cents)	8.92	7.91	6.80	6.47

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

Financial performance (3Q2016 vs. 3Q2015)

Revenue from continuing operations increased by US\$51.7 million from US\$5.2 million in 3Q2015 to US\$56.9 million in 3Q2016 mainly due to revenue contribution from coal mining following the commencement of SDJ coal mine operation and production in December 2015.

The Group sold 1,813,836 tonnes of coal in 3Q2016, of which 944,395 tonnes were sold in September 2016. The average selling price in 3Q2016 was US\$31.40, an increase of US\$6.23 over the US\$25.17 in 2Q2016.

There were no coal sales in 2015 other than coal trading where the Group earns a marketing commission. The Group's BEK coal mine production has been under care and maintenance in 2015 and 2016.

Gross profit was US\$12.7 million in 3Q2016. Excluding non-cash depreciation and reversal of amortisation of deferred stripping costs amounting to US\$3.7 million and US\$1.2 million respectively, the Group's cash gross profit in 3Q2016 stands at US\$15.2 million.

Cash cost of sales in 3Q2016 was US\$22.98 per tonne.

Cash profit for coal mining segment increased from an average of US\$4.50 per tonne in 2Q2016 to US\$8.42 per tonne in 3Q2016, an increase of US\$3.92 in 3 months.

The increase in cash profit is in line with the increase in the Indonesian Coal Index (ICI) for 4200 GAR (Gross As Received) price index for coal sales from the average index price of US\$27.20 per tonne in 2Q2016 to US\$32.15 per tonne in 3Q2016, an increase of US\$4.95 per tonne. ICI price index closed at US\$36.89 on 30 September 2016.

The lower sales volume for July and August 2016 was due to the transition period on the signing of the second prepayment and offtake agreement with ECTP on 4 July 2016. The lower cash cost of sales in September 2016 was due to the improved and more efficient mining activities, and allocation of fixed costs over higher production volume.

Profit before income tax of US\$10.2 million in 3Q2016 includes:

- Other income of US\$0.7 million, a decrease of US\$3.4 million from US\$4.1 million in 3Q2015, mainly due to decrease in forex gain and interest income;
- General and administrative expenses remained at US\$1.6 million;
- Other expenses of US\$0.2 million, an increase of US\$0.1 million from US\$0.03 million in 3Q2015, mainly due to increase in loss on disposal of property, plant and equipment during the period;
- Finance costs of US\$1.5 million, a decrease of US\$0.1 million from US\$1.6 million in 3Q2015, mainly due to lower amortised borrowing costs pertaining to the MTN notes payable;
- Depreciation of US\$3.8 million, an increase of US\$3.6 million from US\$0.2 million in 3Q2015, due to the commencement of SDJ mining operations in December 2015.

Income tax expense increased by US\$3.0 million, from US\$0.3 million tax credit in 3Q2015 to US\$2.7 million tax expense in 3Q2016, mainly due to increase in profit before tax.

Overall, the Group's profit for the period increased by US\$8.9 million, from US\$1.4 million net loss in 3Q2015 to US\$7.5 million net profit in 3Q2016.

Financial performance (9M2016 vs. 9M2015)

Revenue from continuing operations increased by US\$75.0 million from US\$15.2 million in 9M2015 to US\$90.2 million in 9M2016, mainly due to revenue contribution from coal mining following the commencement of SDJ coal mine operation and production in December 2015. The Group sold 3,148,517 tonnes of coal in 9M2016. There were no coal sales in 2015 other than coal trading where the Group earns a marketing commission. The Group's BEK coal mine production has been under care and maintenance in 2015 and 2016.

Gross profit was US\$14.2 million in 9M2016. Excluding non-cash depreciation of US\$6.3 million, the Group's cash profit and cash profit from coal mining segment in 9M2016 was at US\$20.5 million or US\$6.51 per tonne.

Profit before income tax of US\$11.5 million in 9M2016 includes:

- Other income of US\$7.1 million, an increase of US\$1.1 million from US\$6.0 million in 9M2015, mainly due to gain on disposal of subsidiary in June 2016 of US\$5.0m, forfeited deposit from a customer and increase in other interests of US\$2.9 million; partially offset by decrease in forex gain;
- General and administrative expenses of US\$4.7 million, a decrease of US\$0.3 million from US\$5.0 million in 9M2015, mainly due to cost cutting measures;
- Other expenses of US\$0.4 million, an increase of US\$0.4 million from US\$0.04 million in 9M2015, mainly due to increase in forex loss;
- Finance costs of US\$4.6 million, a decrease of US\$0.3 million from US\$4.9 million in 9M2015, mainly due to lower amortised borrowing costs pertaining to the MTN notes payable;
- Depreciation of US\$6.8 million, an increase of US\$6.3 million from US\$0.5 million in 9M2015, due to the commencement of SDJ mining operations in December 2015.

Income tax expense increased by US\$2.6 million, from US\$0.1 million in 9M2015 to US\$2.7 million in 9M2016, mainly due to increase in profit before tax. Tax expense was recorded in 9M2015 despite operating losses due to additional tax assessments and non-recognition of deferred tax asset for tax losses relating to certain Indonesian entities for which there is no group tax relief.

Loss on disposal and discontinued operation of the mining service and haulage business was US\$1.3 million.

Overall, the Group's profit for the period increased by US\$17.6 million, from US\$10.1 million net loss in 9M2015 to US\$7.5 million net profit in 9M2016.

Financial Position - Group

Current Assets

Current assets increased by US\$55.6 million, from US\$69.0 million as at 31 December 2015 to US\$124.6 million as at 30 September 2016.

Trade and other receivables of US\$76.9 million as of 30 September 2016 comprise mainly trade receivables of US\$40.0 million (of which US\$19.7 million was received in October 2016) and non-trade receivables of US\$36.9 million. Included in trade receivables was US\$19.3 million to be set off against the purchase consideration payable on the proposed acquisitions of PJA and CLS mining properties announced by the Company on 29 February and 4 March 2016 respectively (please refer to the relevant announcements for further information).

Non-trade receivables of US\$36.9 million comprise mainly US\$24.5 million intercompany receivables reclassified to third party upon the disposal of the mining and haulage services business on 29 June 2016, and refundable deposits of US\$5.2 million on the acquisition of mining concessions and rights to use a jetty.

Inventories increased by US\$4.3 million, from US\$5.4 million as at 31 December 2015 to US\$9.7 million as at 30 September 2016 due to increased coal production at the SDJ mine in anticipation of increased coal sales in the coming months.

Non-current Assets

Non-current assets decreased by US\$13.9 million, from US\$146.1 million as at 31 December 2015 to US\$132.2 million as at 30 September 2016, mainly due to the decrease in property, plant and equipment of US\$25.8 million caused by the disposal of the mining and haulage services business and depreciation expenses for 9M2016, and sale of an investment property of US\$2.8 million. These were offset by the increases in deposits and prepayments of US\$3.5 million, deferred stripping costs of US\$9.8 million and deferred tax assets of US\$1.4 million.

Current Liabilities

Current liabilities increased from US\$46.2 million as at 31 December 2015 to US\$74.8 million as at 30 September 2016. The amount payable as at 30 September 2016 comprised (1) trade payables of US\$19.0 million (mainly due within 90 days) and (2) accrued production costs of US\$17.0 million unbilled from the operations of the SDJ coal mine (of which US\$17.0 million was paid as of the date of this announcement). It also includes (1) a US\$8.0 million refundable performance guarantee deposit from the SDJ mining contractor, (2) US\$16.3 million advances from customers, (3) US\$4.5 million payable on the acquisition of remaining 34% of SDJ coal mining concession (due payable end of the year) and (4) US\$1.0 million accrued interest on the MTN payable in January 2017.

Finance leases drastically decreased due to the disposal of our mining service and haulage business.

Non-current Liabilities

Non-current liabilities decreased by US\$1.4 million from US\$75.0 million as at 31 December 2015 to US\$73.6 million as at 30 September 2016, mainly due to decreases in finance leases and deferred tax liabilities after the disposal of our mining service and haulage business. The amount payable as at 30 September 2016 comprises mainly the amount owing on the MTN of US\$72.5 million.

Contingent Liability

During the year, two subsidiaries were audited by the Indonesian Tax Office (“ITO”). ITO assessed an underpayment of tax expenses of approximately US\$3.4 million (IDR43 billion), US\$2.3 million in respect of a subsidiary for capitalisation of an intercompany loan as equity and US\$1.1 million in respect of another subsidiary mainly for additional Value-Added Tax (“VAT”). Management has sought advice from professional tax consultants and holds the view that there is a lack of basis under the tax laws for the assessment of underpaid tax and additional VAT. Accordingly, an appeal for cancellation to the additional tax assessment and a tax objection on the VAT have been filed.

No provision has been recognised in the financial statements in respect of the additional assessment as the Group does not consider that there is any probable loss.

If the Group were to apply for Tax Amnesty programme introduced by the Indonesian government in relation to the subsidiary assessed for additional VAT, the underpayment of the tax expenses would increase from US\$3.4 million to US\$4.4 million, for unutilised tax losses foregone. This will finalise the tax assessment for that subsidiary for the financial years up to 2015, resulting in a realised tax expense of US\$2.1 million, which will be reflected in the following quarter results.

Financial Position - Company

Current Assets

Current assets as at 30 September 2016 of US\$75.1 million comprise mainly intercompany receivables reclassified to third party upon the disposal of the mining and haulage services business of US\$37.9 million, intercompany receivables of US\$20.4 million, amount prepaid in relation to the proposed acquisition of a mining concession under Fortune Coal Resources Pte Ltd of US\$8.6 million (please refer to the relevant announcements for further information), and refundable deposits of US\$5.2 million on the acquisition of mining concessions and rights to use a jetty.

Current assets increased by US\$8.0 million, from US\$67.1 million as at 31 December 2015 to US\$75.1 million as at 30 September 2016, mainly due to increases in intercompany receivables and the abovementioned prepaid amount relating to the proposed acquisition of a mining concession, partially offset by (1) the receipt of the payment on the sale of an investment property of US\$2.8 million and (2) the reclassification of intercompany receivables as deemed investment in subsidiaries.

Non-current Assets

Non-current assets comprise mainly investment in subsidiaries of US\$105.9 million. The increase of US\$5.7 million, from US\$101.0 million as at 31 December 2015 to US\$106.7 million as at 30 September 2016, was mainly due to the reclassification of some intercompany receivables as deemed investment in subsidiaries, less the sale of an investment property of US\$2.8 million.

Current Liabilities

Current liabilities increased by US\$4.6 million, from US\$22.1 million as at 31 December 2015 to US\$26.7 million as at 30 September 2016, mainly due to increase in intercompany payables and income tax payable arising from the management fees charged by the Company to intercompanies, partially offset by the payment of the balance purchase consideration for the acquisition of the remaining 34% in the SDJ mining concession by way of issuance of new shares of the Company on 22 March 2016.

Non-current Liabilities

Non-current liabilities refer mainly to amount owing on the MTN of US\$72.5 million. The increase of US\$3.2 million, from US\$69.4 million as at 31 December 2015 to US\$72.6 million as at 30 September 2016 was due to foreign exchange difference between S\$ and US\$.

Cash Flow (3Q2016 vs. 3Q2015)

The Group recorded a net increase in cash and cash equivalents of US\$8.2 million in 3Q2016 compared to a decrease of US\$2.4 million in 3Q2015.

Net cash from operating activities in 3Q2016 was US\$12.8 million. Operating cash flows before movements in working capital was an inflow of US\$16.2 million and this was offset by cash outflows of US\$3.4 million due to working capital requirements.

Net cash used in investing activities in 3Q2016 of US\$2.1 million was mainly due to additions to deferred stripping costs of US\$2.1 million.

Net cash used in financing activities in 3Q2016 of US\$2.6 million was mainly due to interest payment of US\$2.6 million.

Cash Flow (9M2016 vs. 9M2015)

The Group recorded a net increase in cash and cash equivalents of US\$4.9 million in 9M2016 compared to a decrease of US\$0.6 million in 9M2015.

Net cash from operating activities in 9M2016 was US\$20.0 million, an increase of US\$16.9 million compared to US\$3.1 million in 9M2015. Operating cash flows before movements in working capital was an inflow of US\$22.3 million, offset by cash outflows of US\$4.6 million from working capital movements. Income tax refund of US\$2.3 million was received following the finalisation of tax assessment.

Net cash used in investing activities in 9M2016 of US\$7.1 million was mainly due to additions to deferred stripping costs of US\$9.8 million, less proceeds received on disposal of investment property US\$2.9 million.

Net cash used in financing activities in 9M2016 of US\$7.9 million was mainly due to MTN interest payment of US\$5.1 million and repayment of finance lease obligations and its associated interest of US\$2.8 million.

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

There is no material deviation in the actual results for the third quarter ended 30 September 2016 from what was previously discussed under paragraph 10 of the Company's financial statements for the second quarter ended 30 June 2016.

10. A commentary at the date of the announcement of the 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

The Indonesian Coal Index (ICI) shows promising signs of a sustained uptrend on coal prices. ICI 4200 GAR⁽¹⁾ coal prices had increased from US\$26.69 per tonne in January 2016 to US\$47.20 per tonne on 4 November 2016, an increase of US\$20.51 per tonne or 76.8% in the 10 months' period.

On 1 July 2016, the Company announced that the Group has secured a Coal Offtake Agreement for the life of mine and Prepayment with Engelhart Commodities Trading Partners (Singapore) Pte Ltd (ECTP), for the further development on SDJ coal mine, in a deal worth an estimated US\$1.2 billion at current coal price⁽²⁾.

This Coal Offtake agreement will allow our Group to focus on expanding coal production while ECTP takes care of coal trading and sales. The first Prepayment on the coal offtake agreement of US\$20.0 million was received on 8 July 2016 and future Prepayments at US\$4 per tonne based on SDJ coal production for the following year over the life of mine will provide future funding for the Group and strengthen its cash flow and financial position going forward.

On 18 July 2016, the Company announced that it had entered into a Conditional Sales and Purchase Agreement with International Resources Investment Ltd for the acquisition of 100% shareholding interest in Fortune Coal Resources Pte Ltd⁽³⁾. This proposed acquisition, which is expected to be completed by end of 2016, will allow the Group to access and control the mining concession and the coal deposits located in the mining permit area next to the SDJ coal mine. This will in turn improve the Group's mining efficiency and synergy by having a much larger combined mining plan and area, and increase the quantity of high calorific value coal reserves available for production. It will also increase its coal JORC reserves to more than 100 million tonnes when proposed acquisitions announced by the Company are completed.

Since the commencement of SDJ coal production in December 2015 and the first shipment of 55,000 tonnes of coal in January 2016, the Group had sold 3,148,517 tonnes of coal for the 9 months of 2016 to China and the region's customers. The Group had also sold 740,000 tonnes of coal in October 2016 and at the date of this announcement had signed on for shipments of 910,000 tonnes of coal for exporting shipping dates up to November 2016.

On 31 October 2016, the Company announced that the Group's wholly owned subsidiaries, Geo Coal International Pte Ltd ("GCI") and PT Mitra Nasional Pratama ("MNP") have entered into a Sale and Purchase of Coal Agreement and Coal Mining Management Service Agreement respectively with PT Angsana Jaya Energi ("AJE") for approximately 5 million tonnes of coal in 2017. AJE is a holder of coal mining permit of a coal mine located beside SDJ. MNP intends to appoint PT Bukit Makmur Mandiri Utama ("BUMA") for the provision of overburden removal and coal hauling services. As BUMA is currently providing similar services to SDJ, the agreements will create significant cost savings, economies of scale, enhanced operational efficiency and harness synergies between both SDJ and AJE coal mines. The AJE transaction is not expected to have a material impact on the net tangible assets per share and earnings per share of the Group for the financial year ending 31 December 2016.

Barring any unforeseen circumstances, the Group is expecting an initial target production of 600,000 tonnes of coal for each of the remaining months in 2016; and 10 million tonnes per year of coal production and sales by 2017 subject to the completion of TBR acquisition and start of its production.

⁽¹⁾ Source: Coalspot.com - Indonesian Coal Index (ICI)

⁽²⁾ Please refer to the relevant announcements for further information

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 third quarter ended 30 September 2016.

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 which value exceeded S\$100,000 during the third quarter and nine months ended 30 September 2016.

14. Negative confirmation pursuant to Rule 705(5)

We, Charles Antonny Melati and Tung Kum Hon, 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 statements for the third quarter and nine months ended 30 September 2016 to be false or misleading in any material aspect.

15. Confirmation Pursuant to Rule 720(1) of the Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7 of the Listing Manual) under Rule 720(1) of the Listing Manual.

On behalf of the Board of Directors,

Charles Antonny Melati
Executive Chairman

Tung Kum Hon
Chief Executive Officer

10 November 2016