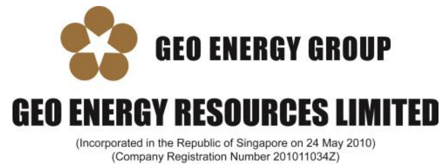


(Incorporated in the Republic of Singapore on 24 May 2010)
(Company Registration Number 201011034Z)

UPDATE ON REFINANCING

The Board of Directors of Geo Energy Resources Limited (the "**Company**", together with its subsidiaries, the "**Group**") refers to the announcement made by the Company on 23 May 2017, and to the proposed incurrence in respect of borrowed moneys in order to, *inter alia*, refinance the S$100,000,000 7.00 per cent. Notes due 2018 (ISIN: SG6SA1000006) comprised in Series 001 issued by the Company pursuant to its S$300,000,000 Multicurrency Medium Term Note Programme prior to their maturity date on 18 January 2018 and any creation of security in connection therewith (the "**Refinancing**").

In connection with the Refinancing, certain information relating to the Group will be provided to potential investors. We have attached such information for the reference of the shareholders of the Company.

By Order of the Board
GEO ENERGY RESOURCES LIMITED

Charles Antonny Melati
Executive Chairman

7 July 2017

BUSINESS

Overview

We are a leading coal producer in Indonesia. For the year ended December 31, 2016 and the three months ended March 31, 2017, we sold 5.5 million tonnes and 2.2 million tonnes of coal with calorific values between 4,000 and 4,200 kcal/kg, respectively. We commenced our business in 2008 as a coal mining services provider and became a listed company on the Mainboard of the SGX-ST in 2012, under the stock code: RE4. We ceased business operations as a coal mining services provider and transitioned into business operations as a coal producer, employing the use of coal mining services providers, in 2015. We believe that this transition has allowed us to change our business model from operating as a relatively small scale mining services provider in an environment of high capital expenditure and relatively low operational efficiency, with high dependence on owners of coal mining concessions, to being a low-cost coal producer with high-quality coal mining assets, working in collaboration with world-class business partners, such as PT Bukit Makmur Mandiri Utama ("BUMA"), our primary coal mining services provider, and Engelhart Commodities Trading Partners (Singapore) Pte Ltd. ("ECTP"), our primary offtaker of coal produced from our SDJ mine.

We currently produce coal at our mine in the SDJ coal mining concession area (the "SDJ mine") in Tanah Bumbu, South Kalimantan. See "— Our Mining Concessions — SDJ Coal Mining Concession." We completed the acquisition of TBR in June 2017 and we expect our mine in the TBR coal mining concession area (the "TBR mine") to begin producing coal in the fourth quarter of 2017. See "Summary — Recent Developments — The TBR Acquisition" and "— Our Mining Concessions — TBR Coal Mining Concession." Our SDJ and TBR mines are situated adjacent to each other and both mines benefit from favorable mining and geological conditions, with relatively thin layers of overburden and thick horizontal coal seams, which allow for efficient and low-cost mining. Our mines have a low average strip ratio of 3.2x. Our SDJ mine produces, and we expect our TBR mine to also produce, sub-bituminous, low-ash and low-sulfur coal with calorific values between 4,000 kcal/kg and 4,200 kcal/kg, at an average stripping ratio of 3.2x. According to JORC-compliant coal resources and reserves reports prepared by SMG Consultants, as of May 19, 2017, the aggregate amount of proved and probable coal reserves at our SDJ and TBR coal mining concession areas were estimated to be 71.8 million tonnes and 13.4 million tonnes, respectively.

We also own two other coal mining concessions: (i) our BEK coal mining concession in Kutai Barat, East Kalimantan and (ii) our STT coal mining concession in Kutai Barat, East Kalimantan. See "— Our Mining Concessions — BEK Coal Mining Concession" and "Business — Our Mining Concessions — STT Coal Mining Concession." According to a JORC-compliant coal resources and reserves report prepared by SMG Consultants, as of December 31, 2016, the amount of proved and probable coal reserves at our BEK coal mining concession area were estimated to be 8.5 million tonnes and 1.5 million tonnes, respectively. As of the same date, our aggregate estimated coal resources at our coal mining concession areas (excluding our STT coal mining concession area, for which a JORC-compliant coal resources and reserves report was not prepared) was 131.9 million tonnes. According to a JORC-compliant exploration target report, as of December 31, 2016, the estimated coal quantity at our STT coal mining concession was between one to 25 million tonnes. We commenced coal mining operations at our BEK mine in February 2012 and placed our BEK mine under care and maintenance in September 2014 as it became less profitable to continue mining and selling the specification of coal produced. Our STT coal mining concession area is currently undeveloped. We intend to resume coal mining operations at our BEK mine and commence coal mining operations at our STT coal mining concession area if there is a conducive coal price environment for coal produced from those coal mining concession areas. We are also in the process of acquiring an additional coal mining concession in Kutai Kartanegara, East Kalimantan with 1.1 million tonnes of estimated coal quantity through the acquisition of PT Parisma Jaya Abadi ("PJA"), which we expect to complete in the fourth quarter of 2017. See "— Our Mining Concessions." We are constantly exploring opportunities to acquire additional coal mining concessions to complement our portfolio of coal mining assets and are also exploring opportunities to divest stakes in our coal mining concessions as a means to collaborate with strategic partners and raise capital.

We subcontract all of our coal mining, overburden removal and crushing operations and substantially all of our hauling and barging operations, which, prior to the transformation of our business operations in 2015,

comprised our primary business. We believe that the transformation of our business operations has allowed us to minimize capital expenditure and working capital requirements and focus on exploration, mine planning and supervision, and sales and marketing. We have appointed BUMA as the coal mining services provider for our SDJ mine and for the AJE mine for which we manage. BUMA generally undertakes all of the mining operations at the SDJ and AJE mines, including land clearing, overburden removal, coal excavation, hauling activities and road maintenance. Once the coal is mined, crushed and stockpiled, PT Armada Rock Karunia Transshipment would barge the loads to a transshipment area at the Satui and Bunati anchorages, located on the southeastern coast of Kalimantan, approximately 15 kilometers to 17 kilometers from the STU and BIR jetties in Tanah Bumbu, South Kalimantan, for export by bulk carriers to our end-customers. Our customers typically arrange and pay for the transportation of coal from the transshipment area at Satui and Bunati anchorages to discharging ports designated by our end-customers. Similar to our SDJ mine, we expect to subcontract all of our mining operations at our TBR mine to BUMA.

We primarily sell our coal to ECTP, a major commodities trader with international operations. ECTP is the primary offtaker of coal from our SDJ mine. We have collaborated with ECTP since the inception of our coal production business and ECTP has been purchasing all the coal produced from our SDJ mine for export since January 2016. In July 2016, ECTP entered into an agreement with us to purchase all the coal produced at our SDJ mine through the life of the mine. See "— Customers — ECTP coal purchase contract for life of mine." ECTP generally on-sells our coal to end-customers, a large proportion of whom are PRC utility companies, who blend our coal with coal from PRC producers to adjust the overall quality of the coal, for use in coal-fired power plants. For the year ended December 31, 2016 and the three months ended March 31, 2017, we sold 5.5 million tonnes of coal, 4.9 million tonnes of which was sold through ECTP and 0.6 million tonnes of which was sold on the spot market within Indonesia, and 2.2 million tonnes of coal, 2.0 million tonnes of which was sold through ECTP and 0.2 million tonnes of which was sold on the spot market within Indonesia, respectively, from the SDJ mine. As of March 31, 2017, we had contracted to sell a minimum of seven million tonnes through ECTP in 2017 (which includes coal sold in the first three months of 2017), of which the price was agreed based on a discount in respect of a coal pricing index. We have historically marketed our coal under our "SDJ" brand, which we believe has become known as good quality low-sulfur and low-ash coal amongst our end-customers. We intend to market our coal from our TBR mine under a new "TBR" brand, which we believe will also be well received by our customers, as coal from our TBR mine is expected to be of similar quality to coal from our SDJ mine.

In October 2016, we entered into a coal mining management service agreement (the "Coal Mining Management Service Agreement") with PT Angsana Jaya Energi ("AJE"), which holds a coal mining concession for an area that is adjacent to our SDJ and TBR coal mining concession areas. Pursuant to the Coal Mining Management Service Agreement, we agreed to manage coal mining operations on 259.5 hectares of AJE's 773.1 hectare coal mining concession area (the "AJE mine") by appointing and supervising the coal mining services provider for the AJE mine in exchange for a monthly management fee of 20% of AJE's profit before tax from coal sales from the AJE mine. See "— Our Coal Mining Management Services." Our managing of the AJE mine also allows us to benefit from other operational synergies, such as significant cost savings with respect to overburden dumping, where we are able to dump overburden from our SDJ mine at areas of the AJE mine that require topsoil placement for rehabilitation. For the three months ended March 31, 2017, revenue from management fees from our management of coal mining operations at the AJE mine amounted to US$286,157.

The transformation of our business operations in 2015 has resulted in significant improvement in our results of operations. For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, our revenue was US$52.6 million, US$18.2 million, US$182.1 million and US$99.3 million, respectively. For the same periods, we recorded a profit of US$2.7 million, a loss of US$7.4 million, a profit of US$23.5 million and a profit of US$14.6 million, respectively, on continuing operations and our EBITDA was negative US$4.1 million, negative US$5.8 million, US$52.8 million and US$25.6 million, respectively, on both continuing and discontinued operations. Our EBITDA for the twelve months ended March 31, 2017 was US$77.0 million. Our coal production business has also benefitted from the recent turnaround in coal prices. Our revenue increased over 900.0% year on year in 2016 to US$182.1 million, as we were able to ramp up coal production at our SDJ mine from 45,493 tonnes in December 2015, which was the first month of operations under our business model as a coal producer, to an average of over 500,000 tonnes of coal per month in 2016, with a high of 829,335 tonnes produced in September 2016.

Competitive Strengths

We believe that we have the following key competitive strengths:

Strategically located premium coal assets that provide us with a significant competitive advantage

The sub-bituminous coal produced from our SDJ mine contains, and, prospectively, from our TBR mine is expected to contain, some of the lowest levels of ash, sulfur and other trace minerals of any coal traded in the global markets and produces relatively low levels of nitrogen during combustion, which is generally considered by coal end-users to be of premium quality. Our coal facilitates our end-customers' compliance with environmental regulatory requirements by blending it with other relatively lower quality coal. At the same time, the low ash characteristic of our coal also reduces build-up in coal-burning boilers and thereby improves thermal efficiency and maintenance cost. Our coal is also easily stored and handled and does not need to be ground as finely as other types of coal to achieve maximum combustion. Its high surface area and volatility facilitates ignition and stable combustion. Our coal enjoys high demand locally and internationally, particularly from Chinese buyers, due to its characteristics that make it ideal for blending with coal produced in China, which is characterized by high ash and high sulfur content with higher calorific values. We expect regulations on the ash and sulfur content of thermal coal to continue to tighten globally, increasing the relative attractiveness of our coal.

Our SDJ and TBR concession areas also benefit from developed transportation infrastructure that is in relatively close proximity and the use of a perennial river, which, together, allow for relatively low cost and undisrupted transportation of coal from our coal mines to our customers. Our coal mines are connected to a jetty by way of a hauling road and the distance between our coal mines and the jetty is approximately 17 km. The relatively short hauling distance between our coal mines and the jetty enables us to minimize hauling cost and time required to transport the coal from our coal mines to a jetty. From the jetty, our coal is then transported to an anchorage point that is approximately 15 km away via barges down a perennial river. Relatively short delivery cycles and uninterrupted coal delivery have enabled us to reduce the amount of coal inventory stockpiles, thereby reducing our inventory cost and working capital requirements.

We employ a business model that leverages the strengths of our business partners, allowing us to have limited operational and offtake risk as well as minimal capital expenditure requirements

We employ a business model that strategically leverages the strengths of our business partners, which include BUMA, Indonesia's second largest coal mining contractor, in terms of overburden removal volume, according to Wood Mackenzie, and ECTP, a major commodity trading house with international operations and a strong balance sheet.

We have outsourced our mining operations for the life of our SDJ mine to BUMA and we expect to do the same for our TBR mine. Through such arrangements, we are able to manage our operational risks and leverage BUMA's deep expertise, extensive experience, and scale and efficiency in coal mining operations. Substantially all of our coal mining and coal hauling operations, including the supply of all mining equipment and mine maintenance, as well as substantially all of the transportation equipment and the personnel required to operate and maintain the equipment, are executed by BUMA. As such, we maintain a relatively small workforce at our coal mines to supervise and monitor BUMA's operations. We own or develop a minimum amount of mining infrastructure, and do not have significant mining infrastructure maintenance requirements. Outsourcing our mining operations to BUMA has allowed us to significantly reduce our capital expenditure and working capital requirements for coal mining operations. Our coal mining services agreement with BUMA also provides for minimum volumes of coal production through the term of the agreement, which allows us to benefit from stable coal production volumes.

We have entered into life of mine offtake contract with ECTP, a major commodity trading house with international operations and a strong balance sheet, for coal produced from our SDJ mine. Using their global networks, ECTP markets and distributes our coal to buyers from all over the world. Additionally, such life of mine offtake contracts provide for minimum annual offtake volumes, which enables us to secure our future coal

sales and cash flows against the risk of decrease in global coal demand. Under our contract with ECTP, we also have the option to require prepayment for future coal sales, which enables us to further reduce our working capital requirements. We expect to also enter into a life of mine offtake contract with a major commodity trading house for coal produced from our TBR mine. We also have established relationships with our end-customers and maintain regular dialogue with them to understand their coal requirements, which we believe provides us with the flexibility to supply coal directly to them as we continue to grow our business operations.

We believe that our business model allows us to continue to increase the scale of our business operations and to achieve our objective of being one of the largest coal producers in Indonesia.

Our cost structure, which is one of the lowest amongst Indonesian coal producers, affords us scalability in the event of coal price fluctuations

We believe that we have one of the lowest cost structures among Indonesian coal producers, which allows us to continue increasing the scale of our business operations, even with coal price fluctuations. Our SDJ and TBR mines, which are adjacent to each other, benefit from favorable mining and geological conditions, with relatively thin layers of overburden and thick horizontal coal seams, which allow for efficient and low-cost mining. Based on our current mine plans, we expect to mine our existing coal reserves at an average strip ratio of 3.2x throughout the life of mine. We believe that our average strip ratio is one of the lowest among Indonesian coal producers. Our SDJ and TBR concession areas also benefit from developed transportation infrastructure that is in relatively close proximity and the use of a perennial river, which, together, allow for relatively low cost and undisrupted transportation of coal from our coal mines to our customers. See "— Strategically located premium coal assets that provide us with a significant competitive advantage."

In addition, our combined mine plan for our SDJ and TBR mines, and the AJE mine, located next to our SDJ and TBR mines, that we manage under a coal mining management services agreement allows us to benefit from operational synergies and enjoy significant cost savings with respect to overburden dumping. Under our combined mine plan, the overburden from our TBR mine is expected to be dumped in our SDJ mine, while the overburden from our SDJ mine is expected to be dumped in the AJE mine. Such arrangements reduces significant costs incurred with hauling the overburden to grounds for which we have to procure licenses for overburden dumping. Further, our coal reserves are located underneath a palm oil plantation and we have entered into an agreement with the plantation owner to borrow, use, and return the land upon completion of our mining activities. Under the terms of our agreement with the plantation owner, the plantation owner will resume use of the land for cultivation of palm oil trees, thereby lowering our expected costs required for the reforestation of exploited mining sites.

Further, a significant proportion of our mining cost is attributable to BUMA, our mining services provider. Our coal mining services agreement with BUMA provides for fixed prices for the total tonnage of coal produced and for other services, such as overburden removal, which provides us with a high degree of stability on costs. Prices per tonne of coal produced are generally fixed based on the location and terrain of the mine, the estimated strip ratio, the distance coal and overburden is to be transported and other factors affecting the third-party mining contractor's operating costs. See "Business — Mine Operations and Logistics — BUMA — Our Third-party Coal Mining Services Provider." According to Wood Mackenzie, the cash cost at our SDJ and TBR coal mines are within the lowest 5% amongst seaborne thermal coal producers on an energy-adjusted basis. We believe that our low operating costs have enabled us to enjoy competitive and stable EBITDA margins.

We have strong financial performance with access to capital from variety of sources

Since commencement of coal production in December 2015, we have been able to ramp up our quarterly coal sales volume from 0.5 million tonnes in the first quarter of 2016 to 2.2 million tonnes in the first quarter of 2017. Our rapid increase in production, coupled with improvement in coal price, has resulted in significant improvement in our financial performance. We generated US$269.7 million of revenue and an EBITDA of US$77.0 million in the 12 months ended March 31, 2017, which was a significant increase compared to US$32.3 million of revenue and a negative EBITDA of US$4.0 million in the previous year. We believe we have

a strong credit ratio based on our financial performance for the three months ended March 31, 2017. For the twelve months ended March 31, 2017, our total debt to EBITDA ratio was 0.9x and our EBITDA to interest expense ratio was 12.0x. We expect our production and financial performance to further improve as we expect our TBR mine to ramp up its production in the second half of 2017.

Complementing our ability to generate cash flows, we have access to capital to further support our funding needs and growth. We have an option to obtain prepayment from our ECTP for the agreed coal sales volume in a given year. In 2016, we obtained US$40.0 million in prepayment from ECTP for the coal sales in 2017, and have an option to obtain prepayment for future coal sales. We have maintained good relationships with local banks and have also previously issued Singapore dollar denominated medium term notes, which we believe is an alternate source of financing for us.

We have high standards of corporate governance and are led by a deeply-experienced management team

Our management team together has more than 50 years of experience in the coal industry, trading, mining, and operating mines, accounting, financial and treasury management, and mergers and acquisitions. We believe that our management team was instrumental in transitioning our business model in 2015, from operating as a relatively small scale mining services provider in an environment of high capital expenditure and relatively low operational efficiency, with high dependence on owners of coal mining concessions, to being a low-cost coal producer with high-quality coal mining assets.

We have been listed on the Mainboard of the SGX-ST since 2012, and maintain high corporate governance standards in compliance with the Listing Rules of the SGX-ST. Members of our Board of Directors have the appropriate competencies, and a majority of the Board of Directors comprises independent directors. In addition, our Audit Committee and Remuneration Committee fully comprise independent directors. Stemming from our high standards in corporate governance, we were runner-up in the 2013, 2014 and 2015 Investor Choice Awards by the Securities Investors Association (Singapore) for the "Most Transparent Company (Chemical & Resources and New Issues)," and we won the 2017 Listed Companies Award, for the metals and mining category, from the Singapore Business Review.

Strategies

The main elements of our business strategy include the following:

Continue to extract value from our existing coal mines

We believe that being one of the lowest-cost coal producers in Indonesia positions us to benefit from a rising coal price environment, while allowing us to remain profitable in lower coal price environments. We intend to continue to extract value from our existing coal mines by:

- *Mining our existing reserves in SDJ and TBR concession areas while controlling cost and capital expenditures*. We intend to leverage our TBR mine's proximity to our operating SDJ mine, and commence mining operations at our TBR mine. We are in discussions with BUMA with respect to engaging them as the third-party coal mining services provider for our TBR mine. With existing mining infrastructure in place at our SDJ mine, we expect to be able to commence coal mining operations at our TBR mine efficiently and benefit from operational synergies and cost-savings. As the SDJ and TBR mines are situated adjacent to each other, we expect to be able to formulate more efficient mine plans for both coal mines, as a whole, to take into account current and projected demand for and sales of our coal products, as well as the volume and quality of our coal reserves. We believe that the foregoing factors would allow us to maintain efficient and low-cost mining at our SDJ and TBR mines and maintain our cash margins while incurring minimal capital expenditure.
- *Develop our STT coal mining concession area and resume production at our BEK mine.* Our STT coal mining concession area is currently undeveloped. We intend to resume coal mining operations at our BEK mine and commence coal mining operations at our STT coal mining concession area if there is a conducive coal price environment for coal produced from those coal mining concession areas.

- *Identifying and exploring additional potential coal reserves in our existing concession areas.* Our coal reserves at our SDJ and TBR concession areas are currently measured based on an average strip ratio of 3.2x. Depending on our expectation on future coal price, we may increase the threshold for our coal reserve, which would result in increased reserves. In addition, approximately 258.6 hectares of TBR concession area is unexplored and, if explored, may increase our coal reserves.

Continue to develop and maintain strong relationships with best-in-class business partners

We have enjoyed a strong partnership with BUMA since the commencement of our coal mining services agreement. BUMA aided in the development of our mine plans and has provided us with satisfactory mining services that has allowed us to achieve our strong operational and financial performance. We intend to maintain our close relationship with BUMA in the future. Since the start of our coal production in December 2015, we have also enjoyed a strong relationship with ECTP, our coal offtaker of coal produced from our SDJ mine. ECTP owns the right to market and distribute substantially all coal produced in the SDJ coal mine in the international markets. We plan to diversify our customer base by entering into a life of mine offtake contract with another offtaker for the coal produced from our TBR mine. We intend to maintain our strong relationship with ECTP, develop and strong relationship with new offtakers and expand our direct sales efforts.

Continue to actively monitor and execute on attractive opportunities to optimize our asset portfolio

We are constantly exploring opportunities to acquire additional coal mining concessions to complement our portfolio of coal mining assets and are also exploring opportunities to divest stakes in our coal mining concessions as a means to collaborate with strategic partners and raise capital. We have engaged and intend to continue engaging in discussions with third-parties with respect to potential investments and/or collaborations in the Indonesia coal sector, including the acquisition of coal mines, coal mining rights, provision of coal mining management services, entering into joint ventures to jointly develop and operate coal mining concessions, opportunistically divesting stakes in coal mining concessions and other coal-related businesses. For example, in 2017, we acquired a 98.73% stake in TBR as a means to increase our reserve base and increase the scale of our operations. We acquired TBR because of its high quality coal reserves, potential operational synergies with our existing mining operations at our SDJ mine and attractive valuation. TBR is located adjacent to our SDJ concession with its coal reserves and resources within the same coal seam. As such, we are able to use the existing mining facilities at our SDJ mine to ramp-up mining operations at our TBR mine, and thereby minimize the needs of capital expenditure. We acquired TBR at an attractive valuation of US$90.0 million, or around US$2.0 per metric tonne of coal reserve, for an aggregate consideration of US$37.0 million in cash, US$13.0 million in shares in our Company and the assignment of US$40.0 million of our trade and other receivables to the seller.

To scale up our business and transform Geo Energy into a top coal producer in Indonesia, we intend to replicate our asset light business model. We intend to replicate the success we saw over our acquisition of TBR by monitoring potential acquisition opportunities and we may also invest in value-adding businesses that meet our acquisition criteria:

- *Brownfield or producing coal asset that would begin production within six months, with minimum capital expenditure requirements.* We intend to acquire brownfield or producing coal assets that require minimal capital expenditure to develop and to ramp up its production. We believe this approach minimizes uncertainty and enables us to realize immediate cash flows.

- *Attractive and unique asset characteristics with significant competitive advantage.* We intend to acquire coal assets that possess significant competitive advantages compared to other coal assets. We believe that coal assets with attractive characteristics will provide more resilience against any adverse movement in coal price.

- *Potential synergy with our existing assets.* When assessing potential acquisition targets, we determine any potential synergy between the target and our existing assets. Such synergy will create additional value both in new business and our existing business.

- *Structured payments to minimize leverage and upfront cash outlay.* To minimize risk, we intend to structure potential acquisitions in a way that minimizes leverage and upfront cash outlay, such as complementing cash payment with stock payment and deferred payment that is paid at or after the start of production by the acquired mining asset.
- *Self-financing asset with no cash flow impact on existing business.* We intend to minimize negative cash flow impact to our existing business operations by acquiring assets that have the potential to become self-sustaining within a relatively short time horizon.

History

We entered the coal mining industry in 2008 as a coal mine operator and have since grown to become a leading coal mine owner, employing the use of independent third-party coal mine operators for the operation of our coal mines. The following table sets forth a number of key milestones in our history.

Year	Event/s
2008	• Founding of our Company in Indonesia, which was initially focused on the provision of mining services and coal haulage services.
	• Secured our first coal cooperation contract awarded by CV Intan Karya Mandiri for a concession area of 156 hectares in the Banjar Regency, South Kalimantan. Coal production operations under this coal cooperation contract commenced in October 2008 and were completed in July 2009, with a total production of approximately 326,000 tonnes of coal.
2009	• PT Sumber Bara Jaya ("SBJ") and PT Mitra Nasional Pratama ("MNP") were incorporated in 2009 for the purposes of mining services and trading activities.
	• We expanded our business operations to the Regencies in the East Kalimantan Province, including the Kutai Kartanegara and Paser Regencies and Samarinda City, and entered into several further coal cooperation contracts.
2010	• Our Company was incorporated in the Republic of Singapore as a private company limited by shares, under the name, "Geo Energy Resources Pte. Ltd."
2011	• We acquired our first IUP through the acquisition of BEK, which holds a mining concession spanning 4,570 hectares and had an estimated 12.5 million tonnes of proven and probable coal reserves at that time.
2012	• We became a listed company on the Mainboard of the SGX-ST.
2013	• We entered into mining services and mining cooperation agreements for the BJPE and PJA concessions, spanning 740 and 5,000 hectares, respectively.
2014	• We acquired a 66% stake in SDJ, which holds a mining concession spanning 235.5 hectares and had an estimated 42.4 million tonnes of proven and probable coal reserves at that time.
2015	• We entered into a cooperation agreement with BUMA and commenced commercial mining operations for the SDJ concession.
	• We ceased business operations as a coal mining services provider and transitioned into business operations as a coal producer.
	• We acquired the remaining 34% stake in SDJ.
2016	• ECTP entered into an agreement with us to purchase all the coal produced at our SDJ mine, through the life of the mine.
2017	• We acquired TBR, which holds a mining concession spanning 489 hectares and had an estimated 44.4 million tonnes of proven and probable coal reserves at that time.

Our Mining Concessions

We have four coal mining concessions including one active coal mine, namely our SDJ mine. The following diagram sets forth the location of our various coal mining concession areas.

The following table sets forth certain information relating to our four mining concession areas.

	Mining concession holder	Mining concession expiry	Concession area	Coal reserves		Coal resources	Coal quantity
			(Hectares)	Proved	Probable	(Tonnes in millions)	(Tonnes in millions)
				(Tonnes in millions)			
SDJ concession[1]	PT Sungai Danau Jaya	May 2022	235.5				
TBR concession[1]	PT Tanah Bumbu Resources	January 2022	489	71.8	13.4	97.0	—
BEK concession[2]	PT Bumi Enggang Khatulistiwa	April 2031	4,570	8.5	1.5	34.9	—
STT concession[3]	PT Surya Tambang Tolindo	October 2032	4,600	—	—	—	1-25
Total			**14,894**	**80.3**	**14.9**	**131.9**	**1-25**

Notes:

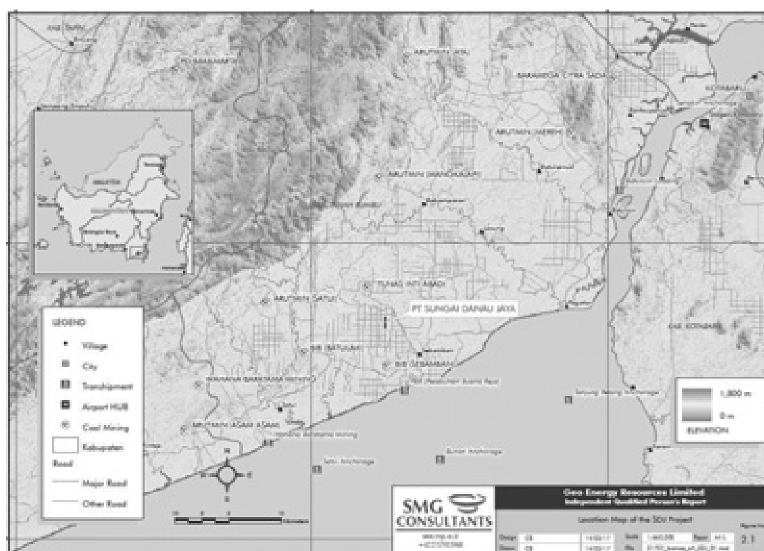
(1) As of May 19, 2017, according to the JORC-compliant coal resources and reserves report prepared by SMG Consultants, see "Appendix A."

(2) As of December 31, 2016, according to the JORC-compliant coal resources and reserves report prepared by SMG Consultants, see "Appendix B."

(3) No JORC-compliant coal resources and reserve report has been prepared for the STT coal mining concession area. As of December 31, 2016, according to the JORC-compliant exploration report prepared by SMG Consultants, see "Appendix C."

SDJ Coal Mining Concession

We own an active mine (the “SDJ mine”), which is situated on the SDJ mining concession area in Tanah Bumbu, South Kalimantan. Our SDJ mining concession spans an area of 235.5 hectares. The following map illustrates the location of the concession area.



SDJ currently holds the SDJ coal mining concession by virtue of an IUP granted in June 2014 and valid until May 2022. The SDJ coal mining concession area contains sub-bituminous, low-ash and low-sulfur coal with calorific values between 4,000kcal/kg and 4,200 kcal/kg. We commenced coal production at our SDJ coal mining concession in December 2015, with BUMA as the third-party coal mining services provider, and delivered the first shipment of 55,000 tonnes of coal to China in January 2016. The SDJ coal concession area is administratively located in Angsana and Sungai Lohan districts, Tanah Bumbu regency, South Kalimantan. It is accessible by plane from Jakarta, through an approximately two hour flight, to the province’s capital of Banjarmasin, and then by car, through an approximately three hours journey, to Tanah Bumbu. From Tanah Bumbu, the concession area can be reached within approximately thirty minutes via a regional tarred road and then palm plant haul road.

The following table sets forth the SDJ mine’s production volume, sales, average selling price per tonne, average strip ratio and cash costs per tonne for the periods indicated:

	Year ended December 31,		Three months ended March 31,
	2015	2016	2017
Production volume (tonnes)	45,493	6,105,068	1,798,457
Sales (US$ in millions)	—	182.1	87.3
Average selling price per tonne (US$)[1]	—	33.0	39.4
Average strip ratio[2]	3.4x	2.9x	2.4x
Cash costs (US$ per tonne)[3]	—	23.4	25.9

Notes:

(1) Average selling price per tonne is calculated by dividing sales by sales volumes for the relevant periods.

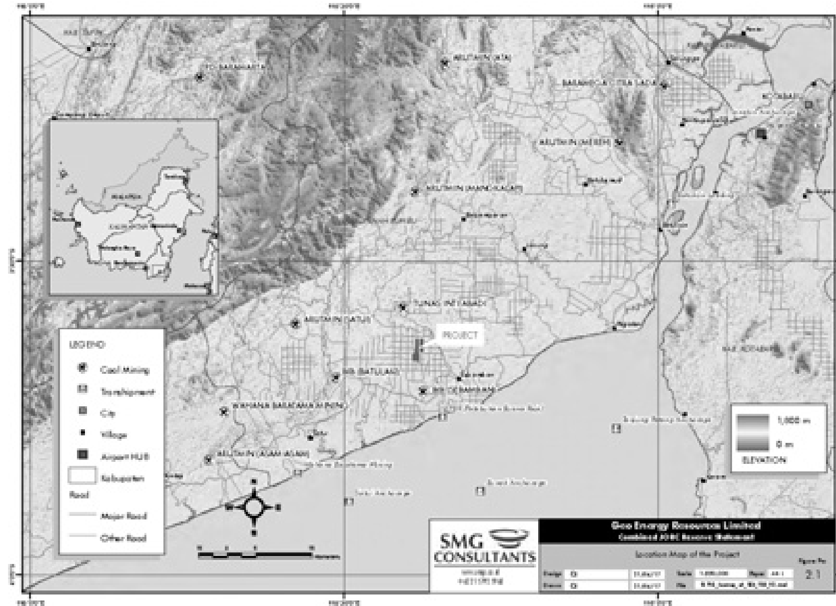
(2) Average strip ratio is calculated by dividing the number of bank cubic meters of overburden (rock and soil) removed during such period by the number of tonnes of coal produced during such period.

(3) Cash cost per tonne is calculated as the sum of (a) mining costs, freight and handling costs, royalties paid to the Government, coal processing and other cash production costs, restoration costs and increases or decreases in coal inventories, divided by (b) sales volumes for the relevant periods. Although depreciation and amortization related to the production of coal is added to our cost of goods sold, it is not included in cash costs.

TBR Coal Mining Concession

We acquired TBR in June 2017, which holds the TBR mining concession area with an area of 489 hectares in Tanah Bumbu, South Kalimantan. See “Summary — Recent Developments — The TBR Acquisition.

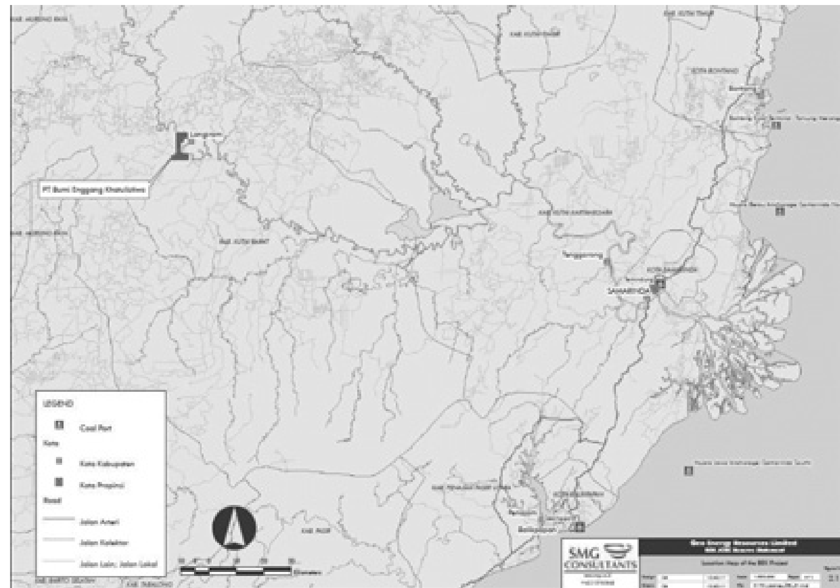
The following map illustrates the known coal deposits located in the concession area.



TBR currently holds the TBR coal mining concession by virtue of an IUP granted in February 2014 and valid until January 2022. The TBR coal mining concession area contains sub-bituminous, low-ash and low-sulfur coal with calorific values between 4,000kcal/kg and 4,200 kcal/kg. We intend to commence mining operations on our TBR mining concession area by way of starting an active mine (the “TBR mine”) in the fourth quarter of 2017. “Risk Factors — Risks Relating to Our Business — We may fail to execute our expansion plans successfully.” The TBR coal concession area is administratively located in Angsana and Sungai Lohan districts, Tanah Bumbu regency, South Kalimantan. It is accessible by plane from Jakarta, through an approximately two hour flight, to the province’s capital of Banjarmasin, and then by car, through an approximately three hours journey, to Tanah Bumbu. From Tanah Bumbu, the concession area can be reached within approximately thirty minutes via a regional tarred road and then palm plant haul road.

BEK Coal Mining Concession

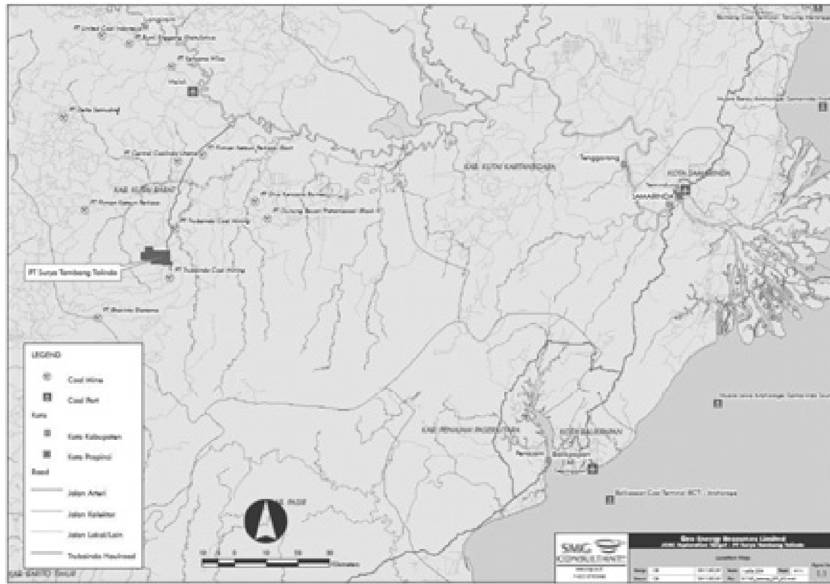
Our BEK mining concession spans an area of 4,570 hectares in Kutai Barat, East Kalimantan. The following map illustrates the location of the concession area.



BEK currently holds the BEK coal mining concession by virtue of an IUP granted in April 2010 and valid until April 2031. The IUP can be extended twice for a period of ten years each. The BEK coal mining concession area contains low-rank thermal coal, with low ash and low sulfur content. We commenced coal mining operations at our BEK mine in February 2012 and placed our BEK mine under care and maintenance in September 2014 as it became less profitable to continue mining and selling the specification of coal produced. We intend to resume coal mining operations at our BEK mine if there is a conducive coal price environment for coal produced from the mine. The BEK coal mining concession area is administratively located within Tering and Long lram districts, Kutai Barat regency, East Kalimantan, approximately 180 km straight line distance northwest of the provincial capital of Samarinda. It is accessible by car, through an approximately eight hour journey, from Balikpapan, or a one hour flight from Balikpapan to Sendawar, followed by an approximately one and a half hour journey by car from Sendawar.

STT Coal Mining Concession

Our STT mining concession spans an area of 4,600 hectares in Kutai Barat, East Kalimantan. The following map illustrates the location of the concession area.



STT currently holds the STT coal mining concession by virtue of an IUP granted in October 2012 and valid for a period of 20 years. The STT coal mining concession area contains high energy, low total moisture and generally high sulfur bituminous coal. Our STT coal mining concession is currently undeveloped and we plan to commence coal mining operations at our STT coal mining concession area if there is a conducive coal price environment for coal produced from the coal mining concession area. The STT coal mining concession is located in the Kutai Barat district province of East Kalimantan. Geographically, the coal mining concession area is situated 150km northwest of the route of an approximately two hour flight from Jakarta to Balikpapan, an approximately thirty minute flight from Balikpapan to Barong Tongkok and a 70km journey by car from Barong Tongkok.

Our Coal Products

Our five mining concession areas generally hold sub-bituminous coal deposits, which feature lower energy levels on combustion and higher levels of moisture as compared to bituminous coal. Our sub-bituminous coal contains some of the lowest levels of ash, sulfur and other trace minerals of any coal traded in the global markets and produces relatively low levels of nitrogen during combustion. Gaseous emissions and particulate airborne emissions from the combustion of such coal are lower than those of most other solid fuels. Sub-bituminous coal is suitable for electricity generation and for use in industrial applications such as the cement and pulp and paper industries. Our coal is easily stored and handled and does not need to be ground as finely as other types of coal to achieve maximum combustion. Its high surface area and volatility facilitates ignition and stable combustion. See "Risk Factors — Risks Relating to Our Business — International trade and demand from certain countries and regions for bituminous, sub-bituminous and low-rank coal may not be sustainable and may decline."

The following table sets forth standard marketing coal specifications for coal from our SDJ, TBR and BEK coal mining concession areas:

	SDJ/TBR[(3)]	BEK[(4)]
Relative density[(1)] (t/m3)	1.26	1.24
Total sulfur[(2)] (%)	0.2	0.23
Volatile matter[(2)] (%)	40.2	34.1
Inherent moisture[(2)] (%)	17.9	31.3
Total moisture[(1)] (%)	35.0	42.9
Ash content[(2)] (%)	4.1	6.9
Average Calorific Value[(1)] (kcal/kg)	4,204	3,437

Notes:

(1) Measured on an "as-received" basis.

(2) Measured on an "air-dried" basis.

(3) As of May 19, 2017, according to the JORC-compliant coal resources and reserves report prepared by SMG Consultants, see "Appendix A."

(4) As of December 31, 2016, according to the JORC-compliant coal resources and reserves report prepared by SMG Consultant, see "Appendix B."

We believe our coal offers our end-customers a low-cost fuel alternative compared to other solid fuels and other types of coal. Many coal consumers have been required by local regulations to install flue gas desulfurization equipment, use selective catalytic reduction systems designed to remove emissions of nitrous oxides from or reduce the sulfur content in the coal used in their coal-burning facilities. Our coal, with its low sulfur and nitrogen content, enables our end-customers to comply with regulatory standards by burning our coal directly or blending it with other coal, thereby avoiding the significant capital expenditures otherwise required to upgrade existing facilities. In addition, by blending our coal with higher ash-producing coals, ash disposal costs can be reduced. The relatively low ash-levels of our coal reduces ash build-up in coal-burning boilers, thereby improving thermal efficiency and reducing maintenance costs.

Mine Operations and Logistics

Mine Planning

With information collected through our exploration activities, we prepare mine plans in relation to further exploration and operation of each pit within our mines. We begin with a conceptual life-of-mine plan and determine the potential production profiles for a particular mine throughout its life. With a view on production levels within the short-to-mid-term, we then begin discussions with our third-party mining contractors to agree on optimal fleet sizes and annual production levels necessary to reach a certain production profile. We also account for surface features such as topography, position of rivers and creeks, local villages and associated infrastructure, and begin planning for rehabilitation of disturbed areas. See "Risk Factors — Risks Relating to Our Business — We have ongoing mine reclamation and rehabilitation obligations." As more exploration data is collected, the geological model is revised, which necessitates revisions to mine plans. We prepare plans for 12-month periods in cooperation with our mining contractors on an ongoing basis alongside three-month and monthly rolling mine plans which are intended to capture differences in the anticipated strip ratio, the configuration of the coal seam, equipment failures and malfunctions, changes in operating costs and weather conditions.

Coal Mining

In its natural state, the land in our mining concession areas are covered with primary and secondary forest. To get to the coal seam, the land has to be cleared. First, marketable timber is recovered and vegetation is cleared. Top soil is then removed and transported directly to reclamation areas or stockpiled until required. To shatter the overburden layer, drilling, blasting and dozer ripping are performed to fragment the layer. Waste is then removed using typical hydraulic shovel-and-truck configuration. Waste is typically removed to a level slightly above the coal seam.

Our mines generally feature coal seams varying in thickness over three meters. Coal is mined using surface open-cut mining methods. Once the coal is exposed, it is mined using hydraulic backhoe and transported by rear dump trucks. Coal is dumped directly into either a crusher surge bin hopper or delivered to a stockpile. This is then transported to the crushing plants located at STU and BIR. As our mines generally benefit from a relatively parallel seam structure, we enjoy relatively lower strip ratios. Our contractors generally remove relatively less overburden to extract the same quantity of coal as a mine with a inclined seam structure, thereby resulting in relatively lower extraction costs.

We have adopted an operating strategy of contracting out all of our mining activities with a view to maximizing efficiency while minimizing costs. All of our mining activities are conducted by BUMA, who supplies substantially all of the mining and transportation equipment and the personnel required to operate and maintain the equipment. See "— BUMA — Our Third-Party Coal Mining Services Provider" and "Risk Factors — Risks Relating to Our Business — We rely on third-party independent contractors to conduct our mining operations, and such contractors may be constrained by labor disputes, face operational difficulties or perform unsatisfactory work, which may result in a significant reduction in their services or termination or modification of our operating agreements." Other related activities, such as stevedoring, coal-quality analysis and substantially all of the barging are also outsourced to other third-party contractors. However, pursuant to the Mining Law, we conduct our own coal mining, processing and refining activities as mining services companies are only allowed to perform overburden removal, drilling and blasting operations and to transport coal. See "Risk Factors — Risks Relating to Our Business — The regulatory framework governing the Indonesian mineral resource and mining industry sectors is undergoing significant change, and adverse changes or developments in mining laws or regulations may be difficult to comply with, may significantly increase our operating costs or may otherwise adversely affect our business, financial condition and results of operations."

Mining operations at our mines can be impacted by adverse weather conditions, particularly during the rainy season, when heavy rains can slow down overburden removal and reduce coal production volumes. See "Risk Factors — Risks Relating to Our Business — We may experience unexpected disruptions to our mining operations as a result of operational and infrastructure risks, inclement weather and natural disasters" and "Risk Factors — Risks Relating to Our Business — Our mining operations are concentrated in South Kalimantan, Indonesia, exposing us to disruptions and risks resulting from conditions that may be specific to these regions, such as adverse weather conditions." Our mine planning function anticipates and adjusts production levels to take into account such weather-related delays.

BUMA — Our Third-party Coal Mining Services Provider

We typically select our mining contractors through direct negotiations with existing contractors or by way of a competitive open tender, with potential contractors submitting their bids based on the requirements we specify. We select our mining contractors after considering various factors such as price, equipment, experience and previous track record in our mining operations. We believe that outsourcing our coal mining operations and logistics to third-party mining contractors allows us to focus on mine exploration, exploring strategic acquisition opportunities to increase our mining assets and sales and marketing to increase our sales to ECTP and other commodities traders and end-customers. Outsourcing coal mining operations and logistics also reduces the risk of fluctuations in coal production costs by shifting the responsibility for providing a mining equipment, materials, supplies and labor from us to contractors.

Substantially all of our mining and all of our coal hauling operations, including the supply of all mining equipment and road maintenance, as well as substantially all of the transportation equipment and the personnel required to operate and maintain the equipment, are carried out by BUMA. See "Risk Factors — Risks Relating to Our Business — We rely on third-party independent contractors to conduct our mining operations, and such contractors may be constrained by labor disputes, face operational difficulties or perform unsatisfactory work, which may result in a significant reduction in their services or termination or modification of our operating agreements."

On June 29, 2015, we, through our subsidiary SDJ, entered into a contract with BUMA ("the BUMA Mining Contract") for overburden removal and coal hauling services at our SDJ mine, for the life of the mine. BUMA's overburden removal fees under the BUMA Mining Contract are based on the volume of overburden removed, and shall be increased if the overburden is to be transported more than 1,000 meters from the loading point at the mine pit to the dumping point. On the other hand, BUMA's coal hauling rates are based on the volume of coal to be hauled from the loading point at the mine pit to the port (a distance of around 17 kilometers). The agreed rates per volume of overburden removed or coal hauled will be adjusted if there are changes to the Indonesian Coal Index 4200 GAR. We bear all fuel costs exceeding contractual levels. BUMA invoices us for their services on a monthly basis and we are required to pay them within 30 days. BUMA's fees are paid in U.S. dollars.

BUMA carries out mining operations based on an annual mining plan which we prepare, and monthly production targets prepared by BUMA and which we approve. We work very closely with BUMA, specifying details such as the capacity of equipment to be used, and conducting weekly and monthly meetings with BUMA's mining operations supervisors at our mines. All mining support operations that are performed by BUMA are supervised by our personnel. These include fleet maintenance, equipment repairs and haul-road maintenance. BUMA has generally been able to maintain an effective fleet or mobilize additional equipment as necessary. The BUMA Mining Contract sets out production schedules of overburden to be removed and coal to be hauled for the years 2015 to 2023. For example, for 2017, the agreed production schedule is 16.5 bank cubic meters of overburden to be removed and 7.0 million tonnes of coal to be hauled. We have agreed to provide BUMA at least 90% of the production volume per year ("Guaranteed Volumes"); if we fail to provide BUMA the Guaranteed Volumes, we must pay BUMA compensation calculated as 30% of the agreed unit rates multiplied by the volume below the Guaranteed Volumes. We have also agreed to pay bonuses to BUMA if they exceed production by more than 10% of the annual production volume commitment. Such bonuses are calculated at 2.0% of the agreed unit rate for production multiplied by the production volume that exceeds 110% of BUMA's annual production volume commitment. Conversely, BUMA must pay us penalties if they fail to achieve at least 90% of the annual production volume commitment. Such penalties are calculated at 4.0% of the agreed unit rate for production multiplied by the production volume that falls below 90% of BUMA's annual production volume commitment. We can suspend production or any part of BUMA's works under the BUMA Mining Contract for, among other reasons, a significant drop in coal demand or land compensation or community problems, but we must pay BUMA compensation based on the number of hours BUMA's equipment is on standby.

The BUMA Mining Contract may be terminated by either party in the event of an insolvency or a force majeure event persisting for more than six months. In addition, we are entitled to terminate the contract with notice if BUMA fails to (i) achieve a monthly production target; (ii) perform material obligations under the BUMA Mining Contract; or (iii) comply with applicable law. BUMA may terminate the BUMA Mining Contract with notice if we fail to pay BUMA's fees or to perform our obligations thereunder. In the event of termination of the BUMA Mining Contract, we can request BUMA to continue to provide its services for three months after the termination date; however, BUMA may refuse our request. Thus, while we may be able to find other contractors if this contract is terminated, mining operations at SDJ may be disrupted for a period of up to three months to allow BUMA to remove its equipment and the new contractor to install its equipment. See "Risk Factors — Risks Relating to Our Business — We rely on third-party independent contractors to conduct our mining operations, and such contractors may be constrained by labor disputes, face operational difficulties or perform unsatisfactory work, which may result in a significant reduction in their services or termination or modification of our operating agreements."

Coal Hauling, Processing and Delivery

We provide several delivery alternatives for our coal: delivery through the transshipment point at Satui and Bunati anchorages where barge unloading and vessel loading services are carried out in open water and direct barging to customers from BIR or STU. See "Risk Factors — Risks Relating to Our Business — We may experience unexpected disruptions to our mining operations as a result of operational and infrastructure risks, inclement weather and natural disasters" and "Risk Factors — Risks Relating to Our Business — Fluctuations in

transportation costs and disruptions in transportation generally could adversely affect demand for our coal and increase competition from coal producers in other parts of Asia and elsewhere in the world."

Coal from the SDJ and TBR mines is transported by front-end loaders and trucks operated by BUMA from the pits at the mines to STU. The STU coal handling facilities comprise ROM coal handling and stockpiles, crushed coal handling and stockpiles and barge loading facilities. Coal is received into a hopper/feeder and conveyed to a stockpile via an overhead skyline conveyor tripper system for placement on discrete stockpiles. The coal is then reclaimed from the stockpiles via underground feeders, conveyed overland and transferred to the barge loader at BIR. The reclaimed coal is sampled by an automatic, mechanical sampling system installed ahead of the barge loader before being loaded onto barges to be transported by PT Armada Rock Karunia Transshipment to the offshore transshipment point at the Bunati anchorage located on the southeastern coast of Kalimantan, which is located approximately 15 kilometers from BIR and STU. As of June 30, 2017, STU's barge loading capacity was 1,500 tonnes of coal per hour and BIR's barge loading capacity was 300 tonnes of coal per hour. Both STU and BIR have berthing capacity for 7,500 - tonne barges.

Quality Control

The quality-control process occurs during all stages of our mining and logistics operations to ensure that the product delivered to our customers satisfies the minimum quality requirements specified in our sales contracts. This process primarily starts with the geological modeling and the detailed scheduling included in our mine plan.

Quality control begins during exploration drilling where coal samples taken from the cores of boreholes are analyzed to assess the quality of such coal. The next phase of quality control is during production coal quality drilling. During this stage, the in situ coal quality of a particular coal block or seam is confirmed for consistency. Coal from different blocks or seams and separate pits is then scheduled and mined in accordance with the detailed mine plan in order to meet marketing requirements. The coal is separately stockpiled according to its quality classification and additional testing is conducted on samples from each stockpile to ensure consistency.

During the barge-loading stage, coal loaded on each barge is sampled and analyzed by an independent laboratory before the barge is sent to the transshipment point or to the customers' vessels. In the process of loading coal on vessels, coal samples are again taken before the vessels leave the port and coal quality is certified by an independent laboratory.

Reclamation

Reclamation is part of the ongoing mining activities and we carry out the reclamation process on the previous digging area while mining in other areas. The revegetation is performed by Sime Darby Group, the owners of the land on which our mining concessions are situated. Pursuant to Government Regulation No. 78 of 2010 on Reclamation and Post-Mining, we must also provide a reclamation and closing-of-mines guarantee. See "Regulation Overview — Environmental Regulations."

Our Coal Mining Management Services

In October 2016, we, through our subsidiary MNP, entered into a coal mining management service agreement (the "Coal Mining Management Service Agreement") with PT Angsana Jaya Energi ("AJE"), which holds a 773.1 hectare coal mining concession adjacent to our SDJ and TBR coal mining concession areas. We have agreed to manage its coal mining operations for the life of the AJE mine. Our management services under this agreement consist of appointing the coal mining services provider for the AJE mine on behalf of AJE and supervising the coal mining operations at the AJE mine. Our monthly management fee is 20% of AJE's profit before tax from coal sales from the AJE mine, which must be paid as long as the AJE mine is profitable. We are not responsible for losses arising from the AJE mine, and AJE must indemnify us from any claims by third-parties in relation to the AJE mine.

During the term of the agreement, AJE may not appoint another party to provide similar management services for the AJE mine, although we may hire third-parties to provide certain management and consulting

services for the AJE mine. AJE has appointed BUMA as the coal mining services provider for the AJE mine and we have engaged a number of third-party consultants to assist us with mine planning for the AJE mine. The Coal Mining Management Service Agreement does not give either party a right to terminate the contract, although Indonesian law allows any party to terminate for material breaches by the other.

Sales and Marketing

We market coal produced from our SDJ mine under our "SDJ" brand, which we believe is considered a "premium" brand due to its relatively low ash and sulfur content. There has been strong demand for our coal, since the commencement of our coal production operations, from PRC based end-customers, in particular PRC utility companies, which blend our coal with coal from PRC producers to adjust the overall quality of the coal, for use in coal-fired power plants. See "— Customers."

Under our coal mining business, we sell most of our coal to ECTP and a small proportion of our coal directly to end-customers in Indonesia. For our coal trading business, we generally sell coal that we have procured from less efficient coal mines, which typically are able to only operate economically in favorable coal market conditions, to commodity traders and coal end-customers. For both our coal mining and coal trading businesses, prior to commencing a business relationship with a potential customer, we examine the potential customer and assess its creditworthiness. For our coal mining business, if the potential customer satisfactorily meets our credit criteria, a trial shipment is sent to such potential customer to ensure that our coal products comply with the customer's product specifications, before the rest of the shipment is delivered. Similar to our coal mining business, we proceed with purchasing coal from coal suppliers and on-selling such coal to our customers after both have cleared our credit checks and met our credit criteria.

Generally, for our coal mining business, we require ECTP to either make prepayments for coal sales or purchase our coal on letter-of-credit terms. We typically sell coal to our domestic customers through telegraphic transfer terms. Generally, for our coal trading business, we pay our coal suppliers and receive payments from our customers through letters of credit.

Customers

We currently sell all our coal produced from our SDJ mine for export to ECTP, a global and diversified commodities trader. See "Risk Factors — Risks Relating To Our Business — We depend on a small number of customers for a substantial portion of our total revenues." As of March 31, 2017, we had 38 end-customers, primarily located in China, Thailand, India and Indonesia. Our end-customers comprise some of the world's largest utility and industrial companies, including utility companies, such as China Resources Power, PT Perusahaan Listrik Negara and China Light and Power, and industrial companies, such as Zhejiang Material Industry, China National Forest Products and China National Building Material Company. We have established relationships with our end-customers and maintain regular dialogue with them to understand their coal requirements. We believe that our mix of end-customers provides us with balanced geographic sector exposure, a wide customer base and favorable growth prospects.

The following table sets forth certain information on aggregate coal sales to our five largest end-customers of coal sold through ECTP for the year ended December 31, 2016 and the three months ended March 31, 2017:

No.	End-customer	Volume of coal sales ('000s tonnes)	% of total coal sales volume
1.	China Resources Power	2,189	31.8%
2.	China National Forest Products	937	13.6%
3.	China Light and Power	571	8.3%
4.	ZJMI Environment Energy	433	6.3%
5.	China National Building Materials	431	6.2%
		4,561	66.2%
	All of our customers:	6,891	100.0%

With respect to aggregate coal sales to ECTP for the year ended December 31, 2016 and the three months ended March 31, 2017, which amounted to 6.9 million tonnes of coal and US$244.7 million in sales value, of which end-customers from China, India and Thailand accounted for 6.1 million tonnes of coal and 89.2% of sales value, 0.3 million tonnes of coal and 4.1% of sales value, and 0.5 million tonnes of coal and 6.7% of sales value, respectively.

The following table sets forth the amount sold to our five largest customers for the period indicated, in absolute terms and expressed as a percentage of total revenue:

Customer	Years of relationship	Year ended December 31,						Three months ended March 31,	
		2014		2015		2016		2017	
		(US$ in millions, except percentages)							
ECTP	2	—	—	9.5	42.7%	164.0	89.5%	80.7	81.3%
PT Parisma Jaya Abadi	4	15.2	28.6%	—	—	—	—	—	—
CV Mandiri Makmur Citra Tambang	3	7.6	14.3%	7.3	32.9%	—	—	—	—
PT Limas Tunggal	1	—	—	—	—	10.1	5.5%	—	—
PT Angsana Jaya Energi	<1	—	—	—	—	—	—	9.9	10.0%
PT Commodities & Energy Resources	2	9.0	17.0%	—	—	—	—	—	—
Aempire Resource Limited	2	8.5	15.9%	—	—	—	—	—	—
Hongkong Brother International Energy Trading	2	6.6	12.3%	—	—	—	—	—	—
PT Inti Mustika Karyatama	<1	—	—	—	—	—	—	4.1	4.2%
Guangzhou China Resources Thermal Power Co,. Ltd.	1	—	—	—	—	3.7	2.0%	—	—
Gandhar Global Singapore Pte Ltd	1	—	—	2.2	10.0%	—	—	—	—
PT Indokarya Cipta Nusantara	1	—	—	2.2	9.7%	—	—	—	—
Caravale Carbons Limited	<1	—	—	—	—	—	—	2.1	2.1%
PT Bumi Nusantara Jaya	1	—	—	—	—	—	—	1.9	2.0%
Asia Green Energy Public Company Limited	1	—	—	—	—	1.5	0.8%	—	—
PT Centra Nusa Indonesia	1	—	—	—	—	1.1	0.6%	—	—
PT Usaha Baratama Jesindo	2	—	—	0.5	2.3%	—	—	—	—

Our relationship with ECTP

We have collaborated with ECTP since the inception of our coal production business and ECTP has been purchasing nearly all the coal produced from our SDJ mine. We, through our subsidiary Geo Coal International Pte. Ltd., entered into our first coal offtake agreement with ECTP on July 1, 2015 (the "2015 Coal Offtake Agreement"). We delivered 23 shipments of coal under the agreement comprising an aggregate volume of 1.5 million tonnes, between July 2015 and 2016. On July 4, 2016, we entered into an agreement with ECTP, whereby ECTP agreed to purchase and we agreed to sell to ECTP nearly all the coal produced at our SDJ mine, through the life of the mine (the "ECTP Coal Purchase Contract for Life of Mine"). On the same date, we entered into an agreement with ECTP, whereby ECTP agreed to make prepayments for coal purchased under the ECTP Coal Purchase Contract for Life of Mine (the "ECTP Prepayment Contract").

ECTP Coal Purchase Contract for Life of Mine

The term of the ECTP Coal Purchase Contract for Life of Mine is from July 4, 2016 to the last day coal reserves at the SDJ mine is expected to be produced. For every calendar year within the term of this contract, ECTP has agreed to purchase all the coal produced from the SDJ mine that has been produced in accordance with the mine plan for the mine. We may agree with ECTP for the coal covered by the ECTP Coal Purchase Contract for Life of Mine to be sourced from a mine other than, or in addition to, the SDJ mine. Under the ECTP Coal

Purchase Contract for Life of Mine, we and ECTP must agree on coal prices for each calendar year and, if no price is agreed, the price will be determined with reference to the average of (i) the Indonesian Coal Index 4 price published by Argus/Coalindo and (ii) the price of Indonesian FOB 4,200 kcal/kg gross as received coal published by IHS Energy/McCloskey Fax. Unless otherwise agreed, ECTP has agreed to pay us for each shipment of coal by sight letter of credit. A sight letter of credit is payable immediately after we submit documentation relating to the coal sale to the relevant bank. We are generally able to receive payment through a sight letter of credit within five to ten days of the relevant coal sale. We have agreed to deliver coal to ECTP's nominated vessel at the Bunati Anchorage, South Kalimantan, Indonesia, or such other loading port as may be agreed between us.

If we fail to deliver coal in accordance with the agreed term and specifications, ECTP may purchase coal from other suppliers and require us to reimburse the price it has paid to such other suppliers and other expenses it has incurred. We or ECTP may terminate the agreement at any time if the other fails to remedy a material breach within five working days' notice. We are required to obtain ECTP's consent if we or any other party serving as guarantor under the ECTP Coal Purchase Contract for Life of Mine ceases to hold, directly or indirectly, at least 98.59% of the voting shares in SDJ. We also require ECTP's consent if we, our business partners or our affiliates cease to control the management of operations or sales of SDJ.

ECTP Prepayment Contract

Pursuant to the ECTP Prepayment Contract, for our coal deliveries to ECTP for 2017, under the ECTP Coal Purchase Contract for Life of Mine, ECTP has advanced to us US$40.0 million for coal purchases to be made in 2017 (the "2017 Advance"). Under the ECTP Prepayment Contract, unless mutually agreed, we are required to repay the 2017 Advance in monthly repayments of US$3.6 million from February to November 2017, with the remainder to be paid December 31, 2017 (the "2017 Repayments"). We intend to repay in full the 2017 Advance with the proceeds of the offering of the Notes. Under the ECTP Prepayment Contract, at the end of every calendar year, we and ECTP will mutually agree to the amount ECTP is to advance to us for coal deliveries and the repayment schedule for such advance for the next calendar year.

Security for our obligations under the ECTP Prepayment Contract

Our obligations to ECTP under the ECTP Prepayment Contract are secured by (i) a share charge, dated December 20, 2016 in favor of ECTP by Geo Energy over its shares in Borneo International Resources Pte. Ltd. one of our subsidiaries and an indirect parent company of SDJ, and (ii) a share charge, dated July 4, 2016, in favor of ECTP by PT Karunia Mitra Berkat, one of our subsidiaries and the parent company of SDJ, over its shares in SDJ, our subsidiary which holds the SDJ coal mining concession, and (iii) a guarantee, dated July 4, 2016, in favor of ECTP by each of Geo Energy and SDJ.

Suppliers

We believe that securing reliable suppliers for our various business segments allows us to be cost efficient and competitive in our pricing and profit margins. Before we transitioned to primarily being a coal producer in December 2015, we also had suppliers with whom we worked with for our mining services and rental services businesses. For our coal trading business, we principally purchase coal from coal suppliers such as PT Parisma Jaya Abadi, Lucky Bloom Pte. Ltd., CV. Mandiri Makmur Citra Tambang and Chin Seng Moh (Import & Export) Pte. Ltd. For our mining services business, we principally engaged AKR Corporindo Tbk., PT Apex Indopacific, PT Dawi Golden Mitra Sejahtera and PT (BJM) Petro Andalan Nusantara for fuel, PT Momentum Indonesia Investama for transshipment of coal, and PT Intraco Penta Prima Service for the repair and maintenance of heavy equipment. In December 2015, we transformed our business and now primarily focus on coal production. We have engaged BUMA as our third-party coal mining services provider for our SDJ mine. We also engaged STU and BIR for coal crushing and loading and PT Armada Rock Karunia Transport for transshipment of our coal.

The following table sets forth the amounts incurred by us for our five largest suppliers for mining operations, processing and transshipment for the periods indicated, in absolute terms and expressed as a percentage of our total cost of goods sold:

Supplier	Nature/type of service	Years of relationship	Year ended December 31,						Three months ended March 31,	
			2014		2015		2016		2017	
			(US$ in millions, except percentages)							
PT Bukit Makmur Mandiri Utama	Mining Contractor	2	—	—	—	—	76,933,716	54.2%	24,731,726	33.4%
PT Sebamban Terminal Umum	Coal loading, crushing and jetty operator	1	—	—	—	—	11,934,991	8.4%	6,210,393	8.4%
PT Armada Rock Karunia Transshipment	Transshipment	2	—	—	—	—	9,616,259	6.8%	4,533,589	6.1%
PT Bina Indo Raya	Coal loading, crushing and jetty operator	2	—	—	—	—	9,174,820	6.5%	2,806,871	3.8%
CV. Mandiri Makmur Citra Tambang	Coal Supplier	3	—	—	11,498,101	52.4%	—	—	—	—
PT Parisma Jaya Abadi	Coal Supplier	3	10,137,774	18.3%	—	—	—	—	—	—
Lucky Bloom Pte. Ltd	Coal Supplier	1	10,019,857	18.0%	—	—	—	—	—	—
PT Ladangrumpun Suburabadi	Land Owner	2	—	—	—	—	5,367,721	3.8%	3,651,430	4.9%
AKR Corporindo Tbk.	Fuel Supplier	2	5,199,316	9.4%	—	—	—	—	—	—
Chin Seng Moh (Import & Export) Pte Ltd	Coal Supplier	1	—	—	3,538,843	16.1%	—	—	—	—
PT Apex Indopacific	Fuel Supplier	2	2,253,009	4.1%	—	—	—	—	—	—
PT Dawi Golden Mitra Sejahtera	Fuel Supplier	2	—	—	1,786,616	8.1%	—	—	—	—
PT Momentum Indonesia Investama	Transshipment	1	1,102,125	2.0%	—	—	—	—	—	—
PT (BJM) Petro Andalan Nusantara	Fuel Supplier	2	—	—	812,386	3.7%	—	—	—	—
PT Intraco Penta Prima Service	Heavy Equipment Maintenance	4	—	—	507,128	2.3%	—	—	—	—

Competition

We compete in the domestic and international coal and fossil fuel markets with other coal producers. Competition is primarily based on coal quality, price, reliability of delivery and the ability to supply coal as and when required by customers. We believe that we have strong competitive advantages over our competitors derived from our product portfolio, consistent product quality, reliable delivery, cost-efficient coal transportation and shipping from our coal mines to our customers, strong relationships with our mining contractors and a history of supplying quality coal to our customers. We believe that we hold a competitive advantage over our Australian and, other than with respect to India, South African competitors when selling coal to customers in

Asia (ex-India) given our relative geographic proximity to such customers and relatively low cost of production. We compete with a significant number of large Indonesian coal producers, including PT Harum Energy Tbk, PT Adaro Energy Tbk, PT Bumi Resources Tbk and PT Bayan Resources Tbk and other large coal producers from Australia, South Africa and China, such as Rio Tinto Ltd, BHP Billiton Limited, Anglo American PLC, Xstrata PLC, Shenhua Coal Trading Co. and China National Coal Industry Import and Export (Group) Corporation. We also face competition in all markets in which we operate from providers of alternative sources of energy to coal, most significantly natural gas. The global economic downturn has affected industrial activity as well as consumer demand for utilities, and has also caused an economic slowdown in China, India and other parts of Asia, which has decreased demand for coal in these regions and, as a result, increased competition. See "Risk Factors — Risks Relating to Our Business — An oversupply of coal could adversely affect our profitability."

Properties

As of March 31, 2017, other than our mining concessions, we owned the site on which our Jakarta office is located and leased the site on which our Singapore office is located. The following table sets forth certain information relating to the properties on which we conduct our business operations.

No.	Location	Type of Facility	Land Area (Square meters)	Type of Property Rights	Expiry of Property Rights
1.	The Suites Tower	Office Space	514	Owned	—
2.	Marina Bay Financial Centre, Singapore	Office Space	353	Leased	May 2019

Environmental, Health and Safety Compliance

We apply international standards of industrial health and safety. Our third-party mining contractors are required to comply with such safety standards. We have not experienced any fatalities among subcontractors in our mining operations. See "Risk Factors — Risks Relating to Our Business — We may experience safety incidents or accidents at our mine sites."

We comply with Indonesian environmental standards. We engage service companies from local cooperatives to reclaim mined land. As part of community programs, we hand back reclaimed land to the local communities for ongoing development. Post-reclamation uses for land include planting of commercial crops, creating fish farms and developing recreational areas. We closely monitor and treat water run-off from disturbed areas in settlement ponds before it is used to develop irrigated areas for more intensive farming. In addition, we attempt to keep disturbed areas to a minimum. We plan out-of-pit waste dumps, with the waste being deposited in mounds up to six meters high. The final dump forms are contoured, covered with topsoil and planted with various fast-growing local grasses and trees. We implement rehabilitation of the land in consultation with the Department of Energy and Mineral Resources of Indonesia which, in turn, consults with the local government.

Waste management principally involves the disposal of used oils, grease and other hydrocarbon products from equipment maintenance and overhaul workshops. Each of our workshops contains drainage systems for holding waste oils before disposal. Waste oils are disposed of through government-licensed disposal companies. We monitor air quality by undertaking continuous air monitoring in our concession area and at intervals along the haul roads to STU and BIR to ensure that dust levels comply with international standards and to minimize impact on local communities. In addition, BUMA surfaces the haul road from our SDJ mine to STU and BIR with chip seal to reduce the amount of dust produced. Coal dust is controlled by fixed water sprays placed at intervals around the coal stockpiles. Water run-off from stock piles is channeled through a drainage system to settling ponds for settlement of all solids, including coal dust. We closely monitor water released from these settling ponds.

We are required to prepare and submit a quarterly report on environmental performance to the Government of Indonesia. The MEMR, in conjunction with the Environmental Ministry, oversees our compliance with environmental laws and regulations in Indonesia. We have, in general, complied with relevant environmental laws and regulations and no significant environmental incident has been noted.

Corporate and Social Responsibility

To further raise our profile and to assist in the development of the communities surrounding our mining concession areas, we instituted a corporate social responsibility program under which we focus on our stated goals of community engagement, economic empowerment and community assistance. To achieve these goals we employ workers from the communities surrounding our mining concession areas, provide them with skills development opportunities and contract with businesses that surround our mining concession areas for the supply of food and necessities to our mine sites. We also donate to the schools and mosques surrounding our mining concession areas in the form of repairs to school grounds, construction of new buildings as well as prayer mats to mosques. In addition to our local community outreach, we also sponsor the Nurul Iman orphanage in Kalimantan and the Uswatun Hassanah orphanage in Jakarta by donating food and other necessities as well as organizing site visits for our staff to spend time with the children.

Insurance

We maintain insurance coverage for our employees and board of directors, vehicles, office premises and SDJ mine site through policies issued by Indonesian and Singaporean insurers, which include Mari Berasuransi and Chubb.

Our insurance coverage includes the following insurance policies:

- property all risks and earthquake, volcanic eruption, tidal wave, geological and/or meteorological phenomena insurance;
- vehicle insurance for vehicles owned by us;
- life and group personal accidents insurance for all of our employees and directors; and
- legal and defense representation costs.

The insurance policies arranged by us do not cover liability or damage arising from acts of war and terrorism, and other customary exclusions from coverage. Under our operating agreements with our third-party mining contractors, the contractors are responsible for their own employees and they and their employees must also be covered by appropriate insurance including insurance for property and vehicles, loss and damage and third party claims. Neither we nor our contractors carry any business interruption coverage.

We have recently completed a risk survey and are in the process of updating our insurance policies appropriate for the size of our business.

Intellectual Property

We hold two registered trademarks, namely our Company's logo, “ ” and the words “GEO ENERGY GROUP,” which are the most significant intellectual property to our business.

Employees

We had 441 employees as of December 31, 2014, 142 employees as of December 31, 2015, 163 employees as of December 31, 2016 and 168 employees as of March 31, 2017. The following table sets forth a breakdown of our employees by function as of the periods indicated:

	As of December 31,			As of March 31,
	2014	2015	2016	2017
Operations	271	52	65	59
Administration	27	19	26	25
Finance and accounting	32	17	15	16
Sales and marketing	7	10	15	18
Corporate support	11	8	5	6
Human resources development and general affairs	18	9	8	9
General services	75	26	27	33
Investment	–	1	2	2
Total	441	142	163	168

Governmental Regulations and Licenses

Our operations are subject to a variety of laws and regulations promulgated by the national and local governments of each jurisdiction in which we operate. See "Indonesian Regulatory Framework." We believe we are in compliance in all material respects with the applicable governmental regulations in each jurisdiction in which we operate. We are not aware of any governmental proceedings or investigations to which we might become a party and which may have a material adverse effect on our properties and operations.

Various governmental, quasi-governmental, and regulatory agencies require the holding of certain licenses, concessions, and permits with respect to operations in the coal mining industry, including mine operation licenses, forestry permits and environmental permits. Our operations are conducted under valid licenses, concessions, permits, or certificates granted by the applicable regulatory body in that jurisdiction.

We maintain regular dialogue with local governments and regulatory authorities through their management teams or representatives in each jurisdiction. Ensuring compliance with the requirements and conditions for obtaining and maintaining the aforementioned licenses, concessions, permits, or certificates.

Legal Proceedings

We are and, from time to time, may be a party to various legal proceedings arising in the ordinary course of our business. As of the date of this Offering Memorandum, there are no governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which we are aware) that may have a material effect on our financial position or profitability.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is based upon information contained in our financial statements, including the notes thereto, appearing elsewhere in this Offering Memorandum. You should read the following discussion and analysis in conjunction with our financial statements, including the notes thereto. This discussion contains forward-looking statements that reflect our current views with respect to future events and financial performance. See "Forward-Looking Statements" for a discussion of the risks relating to such forward-looking statements. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of factors, such as those set forth under "Risk Factors" and elsewhere in this Offering Memorandum. Our consolidated financial statements have been prepared in accordance with SFRS. SFRS differ in certain significant respects from IFRS. For a summary of certain significant differences between SFRS and IFRS, see "Summary of Certain Significant Differences Between SFRS and IFRS" included elsewhere in this Offering Memorandum.

Overview

We are a leading coal producer in Indonesia. For the year ended December 31, 2016 and the three months ended March 31, 2017, we sold 5.5 million tonnes and 2.2 million tonnes of coal with calorific values between 4,000 and 4,200 kcal/kg, respectively. We commenced our business in 2008 as a coal mining services provider and became a listed company on the Mainboard of the SGX-ST in 2012, under the stock code: RE4. We ceased business operations as a coal mining services provider and transitioned into business operations as a coal producer, employing the use of coal mining services providers, in 2015. We believe that this transition has allowed us to change our business model from operating as a relatively small scale mining services provider in an environment of high capital expenditure and relatively low operational efficiency, with high dependence on owners of coal mining concessions, to being a low-cost coal producer with high-quality coal mining assets, working in collaboration with world-class business partners, such as BUMA, our primary coal mining services provider, and ECTP, our primary offtaker of coal produced from our SDJ mine.

We acquired our first coal mining concession in Kutai Barat, East Kalimantan, in 2011 through the acquisition of BEK. We acquired our second coal mining concession in Tanah Bumbu, South Kalimantan, in 2014 through the acquisition of SDJ and our third coal mining concession in Kutai Barat, East Kalimantan, in 2016 through the acquisition of STT. In June 2017, we acquired an additional coal mining concession through the acquisition of TBR, see "Summary — Recent Developments — The TBR Acquisition." According to JORC-compliant coal resources and reserves reports prepared by SMG Consultants, as of May 19, 2017, the aggregate amount of proved and probable coal reserves at our SDJ and TBR coal mining concession areas were estimated to be 71.8 million tonnes and 13.4 million tonnes, respectively, and, as of December 31, 2016, the amount of proved and probable coal reserves at our BEK coal mining concession area were estimated to be 8.5 million tonnes and 1.5 million tonnes, respectively. As of the same date, our aggregate estimated coal resources at our coal mining concession areas (excluding our STT coal mining concession area, for which a JORC-compliant report was not prepared) was 131.9 million tonnes. According to a JORC-compliant exploration target report, as of December 31, 2016, the estimated coal quantity at our STT coal mining concession was between one to 25 million tonnes. We are also in the process of acquiring an additional coal mining concession in Kutai Kartanegara, East Kalimantan with 1.1 million tonnes of estimated coal quantity through the acquisition of PT Parisma Jaya Abadi ("PJA"), which we expect to complete in the fourth quarter of 2017. See "— Our Mining Concessions." We are constantly exploring opportunities to acquire additional coal mining concessions to complement our portfolio of coal mining assets and are also exploring opportunities to divest stakes in our coal mining concessions as a means to collaborate with strategic partners and raise capital.

We currently produce coal at our SDJ mine. See "— Our Mining Concessions — SDJ Coal Mining Concession." Our SDJ mine began producing coal in December 2016 and we expect our TBR mine to begin producing coal in the fourth quarter of 2017. See "— Our Mining Concessions — TBR Coal Mining Concession." Our SDJ and TBR mines are situated adjacent to each other and both mines benefit from favorable mining and geological conditions, with relatively thin layers of overburden and thick horizontal coal seams,

which allow for efficient and low-cost mining. Both mines have a low average strip ratio of 3.2x. Our SDJ mine produces sub-bituminous, low-ash and low-sulfur coal with calorific values between 4,000 kcal/kg and 4,200 kcal/kg, at an average stripping ratio of 3.2x. We commenced coal mining operations at our BEK mine in February 2012 and placed our BEK mine under care and maintenance in September 2014 as it became less profitable to continue mining and selling the specification of coal produced. Our STT coal mining concession area is currently undeveloped. We intend to resume coal mining operations at our BEK mine and commence coal mining operations at our STT coal mining concession area if there is a conducive coal price environment for coal produced from those coal mining concession areas.

We subcontract all of our coal mining, overburden removal and crushing operations and substantially all of our hauling and barging operations, which prior to the transformation of our business operations in 2015, comprised our primary business. We believe that the transformation of our business operations has allowed us to minimize capital expenditure and working capital requirements and focus on exploration, mine planning and supervision, and sales and marketing. We have appointed BUMA as the coal mining services provider for our SDJ mine and for the AJE mine for which we manage. BUMA generally undertakes all of the mining operations at the SDJ and AJE mines, including land clearing, overburden removal, coal excavation, hauling activities and road maintenance. Once the coal is mined, crushed and stockpiled, PT Armada Rock Karunia Transshipment would barge the coal to a transshipment area at the Satui and Bunati anchorages, located on the southeastern coast of Kalimantan, approximately 15 kilometers to 17 kilometers from STU and BIR jetties in Tanah Bumbu, South Kalimantan, for export by bulk carriers to our end-customers. Our customers typically arrange and pay for the transportation of coal from the transshipment area at Satui and Bunati anchorages to discharging ports designated by our end-customers. Similar to our SDJ mine, we expect to subcontract all of our mining operations at our TBR mine to BUMA.

In October 2016, we entered into the Coal Mining Management Service Agreement with AJE, which holds a coal mining concession for an area that is adjacent to our SDJ and TBR coal mining concession areas. Pursuant to the Coal Mining Management Service Agreement, we agreed to manage coal mining operations at the AJE mine by appointing and supervising the coal mining services provider for the AJE mine in exchange for a monthly management fee of 20% of AJE's profit before tax from coal sales from the AJE mine. See "— Our Coal Mining Management Services." Our managing of the AJE mine also allows us to benefit from other operational synergies, such as significant cost savings with respect to overburden dumping, where we are able to dump overburden from our SDJ and TBR mines at areas of the AJE mine that require topsoil placement for rehabilitation. For the three months ended March 31, 2017, revenue from management fees from our management of coal mining operations at the AJE mine amounted to US$286,157.

We primarily sell our coal to ECTP, a major commodities trader with international operations. ECTP is the primary offtaker of coal from our SDJ mine. We have collaborated with ECTP since the inception of our coal production business and ECTP has been purchasing all the coal produced from our SDJ mine since January 2016. In July 2016, ECTP entered into an agreement with us to purchase all the coal produced at our SDJ mine through the life of the mine. See "— Customers — ECTP coal purchase contract for life of mine. ECTP generally on-sells our coal to end-customers, a large proportion of whom are PRC utility companies, who blend our coal with coal from PRC producers to adjust the overall quality of the coal, for use in coal-fired power plants. For the year ended December 31, 2016 and the three months ended March 31, 2017, we sold 5.5 million tonnes of coal, 4.9 million tonnes of which was sold through ECTP and 0.6 million tonnes of which was sold on the spot market within Indonesia, and 2.2 million tonnes of coal, 2.0 million tonnes of which was sold through ECTP and 0.2 million tonnes of which was sold on the spot market within Indonesia, respectively, from the SDJ mine. As of March 31, 2017, we had contracted to sell a minimum of seven million tonnes through ECTP in 2017 (which includes coal sold in the first three months of 2017), of which the price was agreed based on a discount in respect of a coal pricing index. See "Business — Customers — Our relationship with ECTP — ECTP Coal Purchase Contract for Life of Mine." We have marketed our coal from our SDJ mine under our "SDJ" brand, which we believe has become known as good quality low-sulfur and low-ash coal amongst our end-customers. We intend to market our coal from our TBR mine under a new "TBR" brand, which we believe will also be well received by our customers, as coal from our TBR mine is expected to be of similar quality to coal from our SDJ mine.

The transformation of our business operations in 2015 has resulted in significant improvement in our results of operations. For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017, our revenue was US$52.6 million, US$18.2 million, US$182.1 million and US$99.3 million, respectively. For the same periods, we recorded a profit of US$2.7 million, a loss of US$7.4 million, a profit of US$23.5 million and a profit of US$14.6 million, respectively, on continuing operations and our EBITDA was negative US$4.1 million, negative US$5.8 million, US$52.8 million and US$25.6 million, respectively, on both continuing and discontinued operations. Our coal production business has also benefitted from the recent turnaround in coal prices. Our revenue increased over 900.0% year on year in 2016 to US$182.1 million, as we were able to ramp up coal production at our SDJ mine from 45,493 tonnes in December 2015, which was the first month of operations under our business model as a coal producer, to an average of over 500,000 tonnes of coal per month in 2016, with a high of 871,948 tonnes produced in December 2016.

Factors Affecting our Business and Results of Operations

Our coal production business and our results of operations are primarily affected by the following factors.

Fluctuations in Global Coal Prices and Demand

Coal prices have been highly cyclical and subject to significant fluctuations. As a commodity product, global coal prices depend principally on supply and demand dynamics of the world coal export markets. These markets are highly competitive and are sensitive to changes in mining output (including the opening and closing of mines, the discovery of new deposits and the expansion of operations at existing mines), disruptions in coal distribution (including due to weather conditions), the demands of coal end-users (such as electricity generation plants and industrial facilities), and global economic conditions. Increases in global coal prices may encourage coal producers to increase production through various measures, including through changing their mine plans to maximize the production from their producing coal mines, as higher coal prices make it economically viable to increase strip ratios and to mine coal at deeper depths. Conversely, decreases in global coal prices may encourage coal producers to decrease production.

Demand for coal affects coal prices globally and fluctuations in demand has been reflected in fluctuations in the prices of coal. For example, according to Wood Mackenzie, in 2008, the price for FOB Newcastle 6,322 kcal/kg GAR was as high as US$180 per tonne, before declining to US$80 per tonne. In 2011, the price for such specification of coal rose to as high as US$130 per tonne, before experiencing five consecutive years of declining prices, where the price of such coal in 2016 was as low as US$50 per tonne. In November 2016, the price for such specification of coal rose to as high as US$116 per tonne. Unlike other commodities, there is no single global market price standard for coal, the price of which fluctuates significantly in different geographical markets and also depending on the type and quality of coal. We have attempted to mitigate our exposure to fluctuations in global coal prices through long-term coal supply agreements with our customers. We entered into the ECTP Coal Purchase Contract for Life of Mine, see "Business — Customers — Our relationship with ECTP — ECTP Coal Purchase Contract for Life of Mine," in July 2016, whereby ECTP has agreed to purchase all the coal produced at our SDJ mine, through the life of the mine. Under the terms of the contract, we agree with ECTP on coal prices for each calendar year, and if we fail to reach an agreement on coal price for a particular calendar year, the coal price for such a period will be determined by reference to coal prices on certain international coal indices. Our selling prices for each calendar year under the ECTP Coal Purchase Contract for Life of Mine are generally negotiated with reference to certain international indices, and adjusted for a number of factors, including coal specifications and quality. We expect to enter into similar arrangements for our TBR mine. See "— Customer Contracts."

In addition to the aforementioned factors affecting supply and demand dynamics of the world coal export markets and our mitigation of our exposure to fluctuations in global coal prices through entering into long-term coal supply agreements, our selling prices of our coal are also driven by the quality of coal we sell. Higher quality coal generally attracts higher selling prices. ECTP generally on-sells our coal to end-customers, a large proportion of whom are PRC utility companies, who blend our sub-bituminous, low-ash and low-sulfur coal, with calorific values between 4,000kcal/kg and 4,200 kcal/kg, with coal from PRC producers to adjust the overall quality of the coal, for use in coal-fired power plants. The relatively high demand for the specification and

quality of coal produced at our SDJ mine is from PRC utility companies, who blend our coal with coal from PRC producers to adjust the overall quality of the coal, for use in coal-fired power plants. Such demand has resulted in an increase in prices for our coal in recent years. For the year ended December 31, 2016 and the three months ended March 31, 2017, our average selling price per tonne of coal was US$33.0 and US$39.4, respectively.

Production and Expansion

In addition to demand for and price of our coal, our revenues are also a function of the volume of coal we are able to produce. Coal production volumes are dependent upon a number of factors, including (i) the geological characteristics of our coal mines, including mine location, amount of coal reserves, seam thickness and strip ratios, see "— Trends in Mining Strip Ratios," (ii) mine plans, which, for our SDJ mine, we prepare in consultation with BUMA, our third-party coal mining services provider, and (iii) the performance of BUMA or any other mining services provider we may engage in the future.

We acquired our first coal mining concession in Kutai Barat, East Kalimantan, in 2011 through the acquisition of BEK. We commenced coal mining operations at our BEK mine in February 2012 and placed our BEK mine under care and maintenance in September 2014 as it became less profitable to continue mining and selling the specification of coal produced. In August 2014, we acquired SDJ and commenced coal mining operations at our SDJ mine in December 2015. We acquired STT in November 2016 and may commence coal production at our STT coal mining concession if coal market conditions are favorable for the specification of coal that is expected to be produced from our STT coal mining concession.

We were able to ramp up coal production at our SDJ mine from 45,493 tonnes in December 2015, which was the first month of operations under our business model as a coal producer, to an average of over 500,000 tonnes of coal per month in 2016, with a high of 871,948 tonnes produced in December 2016. We produced 1.8 million tonnes of coal in the first quarter of 2017. We believe this was attributable to favorable mining and geological conditions at our SDJ mine, with relatively thin layers of overburden and thick horizontal coal seams, which allow for efficient and low-cost mining, and also the performance of BUMA.

In June 2017, we acquired an additional coal mining concession through the acquisition of TBR, see "Summary — Recent Developments — The TBR Acquisition." Our SDJ and TBR mines are situated adjacent to each other and both mines benefit from similar favorable mining and geological conditions. Like our SDJ mine, we expect our TBR mine to also produce sub-bituminous, low-ash and low-sulfur coal with calorific values between 4,000kcal/kg and 4,200 kcal/kg. Our SDJ and TBR mines contain 85.2 million tonnes of proved and probable reserves in aggregate, as of May 19, 2017, according to the JORC-compliant reports prepared by SMG Consultants.

We intend to commence mining operations at our TBR mine and are in discussions to engage BUMA as the mining services provider for our TBR mine, see "Business — Mine Operations and Logistics — BUMA — Our Third-party Coal Mining Services Provider," which we believe would allow us to benefit from operational synergies and cost-savings. As the SDJ and TBR mine are situated adjacent to each other, we expect to be able to formulate more efficient mine plans for both coal mines, as a whole, to take into account current and projected demand for and sales of our coal products, as well as the volume and quality of our coal reserves.

We are in the process of negotiating a coal offtake agreement for coal produced at our TBR mine with an offtaker and expect the terms of the coal offtake agreement to be similar to the terms of our ECTP Coal Purchase Contract for Life of Mine for our SDJ mine. We expect the commencement of mining operations at our TBR mine to significantly increase our coal production volume and revenue moving forward. We are also exploring opportunities to acquire other coal mining concessions with suitable coal reserve characteristics and that would be synergistic to our current business operations. We also expect future acquisitions of coal mining concessions and a ramping up of coal mining operations on those concessions to contribute to increases in our coal production volume and revenue.

Mining Contractors and Related Costs

In June 2015, we entered into an agreement with BUMA for BUMA to provide coal mining services at our SDJ mine, for the life of the mine. See "Business — Mine Operations and Logistics — BUMA — Our Third-

party Coal Mining Services Provider." BUMA provides our mining and substantially all of our coal hauling operations, including the supply of all mining equipment and road maintenance, as well as substantially all of the transportation equipment and the employees required to operate and maintain the equipment for our SDJ mine. We expect BUMA to provide us with similar services for our TBR mine.

BUMA carries out mining operations based on our instructions in accordance with our mining plan, which we prepare in consultation with them. Increases in production volume generally increase our mining costs as BUMA is paid primarily based on a pre-agreed price per tonne of coal produced which is adjusted based on the distance the removed overburden is moved. The pre-agreed contract price per tonne of coal produced is adjusted annually based on the projected strip ratio of the area in which BUMA has been engaged to mine, with a higher projected strip ratio resulting in higher prices per tonne. See "— Trends in Mining Strip Ratios."

In addition to coal mining services fees paid to BUMA, which comprise the bulk of our coal mining costs, we also incur other coal mining related costs, including (i) mining royalties paid to the Government, (ii) land use fees, for land over which our coal mines are located, paid to the relevant landowners, (iii) license fees for the use of certain hauling roads and jetties to transport our coal, and (v) fees paid to various contractors for tug, barge and transshipment services.

For the year ended December 31, 2016 and the three months ended March 31, 2017, our coal mining costs, which includes fees paid to BUMA, mining royalties and land use fees, amounted to US$89.3 million and US$40.7 million, respectively. For the same periods, jetty, crushing, stockpile and coal loading expenses amounted to US$39.6 million and US$16.6 million, respectively. We believe that our utilization of coal mining services providers, such as BUMA, allows us to significantly reduce capital expenditures and working capital committed to mining operations and to focus on our value-added activities such as mine planning, exploration and marketing.

Trends in Mining Strip Ratios

Our costs of coal production, particularly the fees charged by our mining contractors, are affected by the estimated strip ratios our mining contractors face in extracting coal from the mines. A strip ratio is the number of bank cubic meters of overburden (rock and soil) that is removed to access and extract one tonne of coal. Higher strip ratios would require our mining contractors to remove higher amounts of overburden to access coal for mining, resulting in higher production costs. Although our mines have a relatively low average strip ratio of 3.2x based on our current mine plans, as we mine new areas of our coal mining concessions, our strip ratios will vary depending on the geological characteristics of the coal seams mined. As we increase the size of our SDJ mine and TBR mine and alter our mine plans, our average strip ratio may change. Although we expect our average strip ratio for our mines to remain relatively low, if our average strip ratio increases, our coal production costs, particularly contractor fees, would increase. See "Risk Factors — Risks Relating to Our Business — We may experience unexpected disruptions to our mining operations as a result of operational and infrastructure risks, inclement weather and natural disasters."

Customer Contracts

We entered into a the ECTP Coal Purchase Contract for Life of Mine, see "Business — Customers — Our relationship with ECTP — ECTP Coal Purchase Contract for Life of Mine," in July 2016, whereby ECTP has agreed to purchase all the coal produced at our SDJ mine through the life of the mine. We expect to enter into similar arrangements for our TBR mine. See "— Customer Contracts."

The ECTP Coal Purchase Contract for Life of Mine provides for a fixed quantity of coal that we will deliver and that ECTP will purchase in each calendar year. Under the terms of the contract, we agree with ECTP on coal prices for each calendar year, and if we fail to reach an agreement on coal price for a particular calendar year, the coal price for such a period will be determined by reference to coal prices on certain coal indices. Our selling prices for each calendar year under the ECTP Coal Purchase Contract for Life of Mine are generally negotiated with reference to certain international indices, and adjusted for a number of factors, including coal specifications and quality.

We believe coal offtake contracts, such as the ECTP Coal Purchase Contract for Life of Mine, provide us with greater visibility of sales as compared to other coal producers that conduct a larger portion of their sales on a spot basis. Although we expect to enter into a similar life of mine offtake arrangement for our TBR mine, we cannot be sure that we would be able to enter into an agreement with a suitable long-term offtaker on reasonable terms or at all. See "Risk Factors — Risks Relating to Our Business — We depend on a small number of offtake customers for a substantial portion of our total revenues." In such circumstance, we may enter into shorter term coal offtake agreements. Adverse market conditions at the time we enter into coal offtake agreements with our prospective customers and other factors could compel us to accept less favorable terms. If we enter into coal offtake agreements that fix coal process for a period of time, we would not be able to benefit from any improvement in market conditions for coal for such period. See "Risk Factors — Risks Relating to Our Business — We may not benefit from rising coal prices under our coal supply agreements."

Government Policies and Changes in Law

While the current policies of the Government of Indonesia toward the domestic coal mining industry are generally market-oriented, the Government of Indonesia may, from time to time, issue new policies or laws that affect our mining operations. For instance, on December 31, 2009, the MEMR issued Regulation No. 34 of 2009 on Prioritization of Supply of Mineral and Coal Needs for Domestic Interests, which requires producers of coal and other minerals in Indonesia to prioritize the domestic market by selling a portion of production to the domestic Indonesian market. Regulation No. 34 of 2009 stipulates that coal producers may export their products, provided that they meet the minimum domestic sale percentage applicable to it as determined by the MEMR. Any increase in such requirement to sell our coal domestically could result in lower coal prices realized for our coal and, as a result, a decrease in our revenue and margins. See "Risk Factors — Risks Relating to Our Business — The regulatory framework governing the Indonesian mineral resource and mining industry sectors is undergoing significant change, and adverse changes or developments in mining laws or regulations may be difficult to comply with, may significantly increase our operating costs or may otherwise adversely affect our business, financial condition and results of operations."

Other Government policies (including local government policies) that affect our business operations include policies relating to obtaining and maintaining permits and licenses required for coal mining, taxes and levies relating to coal mining and trading, and the environment. We are required to obtain, maintain and renew various permits and approvals from the Government for our coal mining operations. The licenses from the Government or regional governments required for operations of a coal mining business include general corporate, mining, capital investment, labor, environmental, land utilization and other licenses. Most of these permits have various expiration dates ranging from five years from the date of issue to the date on which the license-holding company ceases to exist. Any changes to Government policies that affects our obtaining and/or maintaining permits and licenses required to conduct our business operations could result in a temporary or permanent suspension of certain of our business activities, which could result in a decrease in our revenue and margins. See "Risk Factors — Risks Relating to Our Business — Our coal mining operations and expansion programs depend on our ability to obtain, maintain and renew necessary permits and approvals from the Government."

Foreign exchange fluctuations

Fluctuating foreign exchange rates, in particular fluctuations in the U.S. dollar/Rupiah exchange rate can have an effect on our results of operations. We generate most of our revenue in U.S. dollars. Our ECTP Coal Purchase Contract for Life of Mine is denominated in U.S. dollars and we expect our other coal offtake agreements to also be denominated in U.S. dollars or in Rupiah, but in an equivalent amount to U.S. dollars. Although the majority of our cost of sales, which are attributable to fees paid to BUMA, are denominated in U.S. dollars or in Rupiah, but in an equivalent amount to U.S. dollars, certain coal mining related costs, including (i) mining royalties paid to the Government, (ii) land use fees, for land over which our coal mines are located, paid to the relevant landowners, (iii) fees for the use of certain hauling roads and jetties to transport our coal, and (v) fees paid to various contractors for tug, barge and transshipment services, are primarily denominated in Rupiah, which for the year ended December 31, 2016 and the three months ended March 31, 2017, accounted for

approximately 46.1% and 32.0%, respectively, of our cost of sales. As such, an appreciation in the value of the U.S. dollar against the Rupiah will have a positive impact on our results of operations, while a depreciation in the value of the U.S. dollar against the Rupiah will have an opposite effect. As the U.S. dollar has strengthened against the Rupiah over the recent years and we expect such a trend to continue, we currently do not hedge our exposure to foreign currency risk with respect to the U.S. dollar/Rupiah exchange rate.

Fluctuating foreign exchange rates, in particular fluctuations in the U.S. dollar/Rupiah and U.S. dollar/Singapore dollar exchange rates, also has an effect on our results of operations through foreign exchange gains or losses made on our working capital assets. Such gains or losses primarily arise (i) from the settlement of monetary items, mainly comprising receivables and payables that are not denominated in U.S. dollars, between us and third-parties and between entities within our Group (as gains and losses are not eliminated in consolidation due to the exchange rate for translation purposes being different from that for transaction purposes), and (ii) on re-translation of monetary items, such as cash, bank balances, receivables and payables that are held in currencies other than U.S. dollar, of our Company and upon consolidation of the financial statements of our subsidiaries.

Significant Accounting Policies

Our consolidated financial statements have been prepared in accordance with SFRS. The preparation of these consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses as well as the disclosure of contingent liabilities. Management bases its estimates and judgments on historical experience and other factors that are believed to be reasonable under the circumstances. We continually evaluate such estimates and judgments. Actual results may differ from these estimates under different assumptions or actual conditions. In order to provide an understanding of how our management forms their judgment about future events, including the variables and assumptions underlying our estimates, and the sensitivity of judgments to different circumstances, we have identified the critical accounting policies discussed below. For more details, see Notes 3 and 6 to the Interim Unaudited Condensed Consolidated Financial Statements or Notes 2 and 3 to the Audited Consolidated Financial Statements included in this Offering Memorandum for the Summary of Significant Accounting Policies and Critical Accounting Judgments and Key Sources of Estimation Uncertainty.

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.

Sale of coal

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

- we have transferred the significant risks and rewards of ownership of the coal to the buyer;
- we retain 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.

Inventories

Inventories are classified as follows:

- *Coal*: This is coal that has been 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*: This is coal purchased with the intention to sell in the near future.

Consumables and coal inventories are stated at the lower of cost and net realizable value. The cost of coal inventories is determined using the weighted average cost method. Costs include direct material, overburden removal, mining, processing, labor incurred in the extraction process and an appropriate proportion of variable and fixed overhead costs directly related to mining activities. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses. Marketing coal inventories are recorded at fair value less costs to sell. Unrealized gains and losses from the changes in fair values are reported in cost of goods sold.

Deferred expenditure

Expenses incurred during pre-mining services activities such as labor costs and those overhead costs incurred in mobilizing 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 recognized 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 recognized 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 recognized for the asset in previous years.

Deferred stripping costs

Overburden and other mine waste materials are often removed during the initial development of a mine site in order to access the mineral deposit. This activity is referred to as development stripping. The directly attributable costs are capitalized under mining properties. Capitalization of development stripping costs ceases at the time that saleable material begins to be extracted from the mine.

Production stripping commences from the point saleable materials are being extracted from the mine. Stripping costs incurred during the production phase might benefit current period production and improve access to ore bodies in future periods. Where benefits are realized in the form of inventory produced in the current period, these costs are accounted for as part of the cost of producing inventory. Where a benefit of improved access exists, the costs are recognized as part deferred stripping costs when the following criteria are met:

- it is probable that the future economic benefits (improved access to the coal body) associated with the stripping activity will flow to the entity;
- the entity can identify the component of the coal body for which access has been improved; and
- the costs relating to the stripping activity associated with that component can be measured reliably.

In identifying the components of the ore body, mining operations personnel will analyze the Group’s mine plans. Generally a component will be subset of the total ore body and a mine may have several components, for example, certain quantities of coal within separate mining pits.

The deferred stripping costs is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improve access to the identified component of ore, plus an allocation of directly attributable overhead costs.

When the costs of stripping to improve access to an ore body are not clearly distinguishable from the costs of producing current inventories, i.e., there is a mixture of waste and ore being removed, the stripping costs are allocated based on a relevant measure of production. This production measure is calculated for the identified component of the ore body. The Group uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production.

The deferred stripping costs is subsequently amortized using the unit-of-production method over the life of the identified component of the ore body for which access has been improved. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the ore body. The deferred stripping costs is then carried at cost less depreciation and impairment losses, if any.

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 capitalized in accordance with our 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, other than construction-in-progress, over their estimated useful lives, using the straight-line method, on the following bases:

	Years
Leasehold property	Over term of leases
Temporary housing facility	2
Jetty	4
Heavy equipment	8
Machinery	4
Motor vehicles	4
Equipment and furniture	4
Computers and software	4

Fully depreciated assets still in use are retained in the financial statements. Mining properties are classified as an asset under property, plant and equipment. Mining properties 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 each year end, with the effect of any changes in estimate 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 recognized in profit or loss.

Reserve Estimates

Reserves are estimates of the amounts of coal that can be economically and legally extracted from the contract areas. We determine and report our coal reserves under the principles incorporated in the JORC Code and our internal survey activities. In order to estimate coal reserves, assumptions are required about a range of

geological, technical and economic factors, including quantities, production techniques, stripping ratio, production costs, transport costs, commodity demand, commodity prices and exchange rates.

Estimating the quantity and/or calorific value of coal reserves requires the size, shape and depth of coal bodies or fields to be determined by analyzing geological data such as drilling samples. This process may require complex and difficult geological judgments to interpret the data. Because the economic assumptions used to estimate reserves change from period to period, and that additional geological data is generated during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect our financial results and financial position in a number of ways, including the following:

- asset carrying values may be affected due to changes in estimated future cash flow;
- depreciation, depletion and amortization charged to profit or loss may change where such charges are determined based on the units of production basis, or where the useful economic lives of assets change;
- overburden removal costs recorded in our statement of financial position or charged to profit or loss may change due to changes in stripping ratios;
- decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations regarding the timing or cost of these activities; and
- the carrying values of deferred tax assets/liabilities may change due to changes in estimates of the likely recovery of the tax benefits.

Key Components of Our Income Statement

Revenue

Our revenue from continuing operations is categorized into revenue from (i) sale of coal, (ii) coal mining management and (iii) mining services.

Sale of coal. Our revenue from coal mining is predominantly derived from selling coal produced at our SDJ mine to ECTP, through the ECTP Coal Purchase Contract for Life of Mine, see "Business — Customers — Our relationship with ECTP — ECTP Coal Purchase Contract for Life of Mine." We sell relatively small amounts of coal in the domestic coal market. Our revenue from coal trading is derived from our coal trading activities, which we undertake opportunistically in periods where market conditions are able to support relatively high coal prices, and we are able to procure coal at competitive prices from less efficient coal mines, which are not able to operate profitably when coal prices are lower and who do not generally have access to commodity traders and coal end-customers due to their lack of scale, and on-sell such coal to commodity traders and coal end-customers with whom we have strong business relationships.

Coal mining management. We entered into the business of coal mining management in October 2016, when we entered into a coal mining management service agreement with AJE, which holds a coal mining concession for an area that is adjacent to our SDJ and TBR coal mining concession areas. We agreed to manage coal mining operations at the AJE mine by appointing and supervising the coal mining services provider for the AJE mine in exchange for a monthly management fee of 20% of AJE's profit before tax from coal sales from the AJE mine. We appointed BUMA to be the coal mining services provider for the AJE mine. See "Business — Our Coal Mining Management Services." We began recording revenues from coal mining management in 2017 as the AJE mine only began producing and selling coal in the first quarter of 2017.

Mining services. We ceased business operations as a coal mining services provider and transitioned into business operations as a coal producer in the fourth quarter of 2015. Prior to the transition, we provided coal mining services to various coal mining concession owners in South and East Kalimantan. As a coal mining services provider, we assisted our customers with mine planning, coal mining and substantially all of the coal hauling operations, including the supply of mining equipment, as well as substantially all of the transportation equipment and the employees required to operate and maintain the equipment, for their mines.

The following tables set forth the breakdown of our revenue from our continuing operations and each item as a percentage of our revenue for the periods indicated.

	For the year ended December 31,						For the three months ended March 31,			
	2014		2015		2016		2016		2017	
							(Unaudited)			
	(US$ except percentages)									
Revenue										
Sale of coal										
Coal mining	3,342,710	6.3%	—	—	182,108,648	100.0%	11,888,413	100.0%	87,294,655	87.9%
Coal trading	26,326,166	50.0%	12,406,732	68.1%	—	—	—	—	11,702,025	11.7%
Coal mining management services	—	—	—	—	—	—	—	—	286,157	0.4%
Mining services	22,977,047	43.7%	5,802,444	31.9%	—	—	—	—	—	—
Total	52,645,923	100.0%	18,209,176	100.0%	182,108,648	100.0%	11,888,413	100.0%	99,282,837	100.0%

Cost of sales

Our cost of sales for continuing operations principally consist of (i) coal mining costs, (ii) jetty, crushing, stockpile and loading expenses, (iii) mining services costs, (iv) coal purchases from third-parties, (iv) project management expenses and (v) depreciation and amortization. The following tables set forth the breakdown of cost of sales and each item as a percentage of our cost of sales for continuing operations for the periods indicated.

	For the years ended December 31,						For the three months ended March 31,			
	2014		2015		2016		2016		2017	
							(Unaudited)			
	(US$ except percentages)									
Cost of Sales										
Coal mining costs	5,919,503	13.0%	—	—	89,317,108	63.7%	7,111,706	61.1%	40,731,068	55.1%
Jetty, crushing, stockpile and loading expenses	1,302,378	2.9%	—	—	39,551,283	28.2%	3,308,177	28.4%	16,649,022	22.5%
Total cash cost for coal mining	7,221,881	15.9%	—	—	128,868,391	91.9%	10,419,883	89.5%	57,380,090	77.6%
Mining services costs	10,836,271	23.9%	3,381,834	22.4%	—	—	—	—	—	—
Coal purchases from third-parties	26,553,441	58.5%	11,662,037	77.4%	—	—	—	—	11,470,189	15.5%
Project management expenses	—	—	—	—	—	—	—	—	161,693	0.2%
Depreciation and amortization	764,630	1.7%	20,928	0.2%	11,321,540	8.1%	1,220,862	10.5%	4,940,806	6.7%
Total	**45,376,223**	**100.0%**	**15,064,799**	**100.0%**	**140,189,931**	**100.0%**	**11,640,745**	**100.0%**	**73,952,778**	**100.0%**

Coal mining costs. Coal mining costs primarily comprise (i) coal mining services fees paid to BUMA, which accounts for the bulk of our coal mining costs, (ii) mining royalties paid to the Government, (iii) land use fees, for land on which our coal mines are located, paid to the relevant landowners, and (iv) other expenses relating to our mines, including salaries and allowances for personnel at the site offices at our mines. Total cash costs for coal mining, prior to the commencement of coal mining operations at our SDJ mine, relate to mining expenses we incurred for the coal mining operations we conducted at our BEK mine.

Jetty, crushing, stockpile and loading expenses. Jetty, crushing, stockpile and loading expenses primarily comprise (i) license fees for the use of certain jetties and hauling roads to transport our coal, (ii) fees incurred to crush and stockpile our coal and (iii) fees paid to various contractors for tug, barge and transshipment services.

Mining services. Mining services expenses primarily comprise (i) fuel costs, (ii) rent for heavy equipment and machinery (iii) staff expenses for the mine site and (iv) expenses relating to the maintenance of our equipment and machinery.

Coal purchases from third-parties. Coal purchases from third-parties primarily relate to the purchase price of coal bought from third-parties that we on-sell to commodity traders and coal end-customers as part of our coal trading business.

Project management expenses. Project management expenses primarily comprise salaries and allowances for our project management staff and fees paid to certain third-party service providers, whom we collaborate with to perform mine planning with the coal mining services provider at the AJE mine.

Depreciation and amortization. Depreciation and amortization expenses primarily comprise depreciation and amortization expenses relating to our coal mining and coal services segments. With respect to our coal mining segment, depreciation and amortization primarily relate to the depreciation of our coal mining concessions, measured on the basis of amounts of coal sold from the respective coal mining concessions. With respect to our mining services segment, depreciation and amortization primarily relate to the depreciation of our heavy equipment, vehicles and machinery used in coal mining services operations.

Other income

The following tables set forth the breakdown of our other income from our continuing operations and each item as a percentage of our other income from our continuing operations for the periods indicated.

	For the years ended December 31,						For the three months ended March 31,			
	2014		2015		2016		2016		2017	
							(Unaudited)			
	(US$ except percentages)									
Gain on disposal of subsidiaries	—	—	—	—	4,962,232	53.1%	—	—	—	—
Late payment charges from customers	—	—	—	—	2,156,063	23.1%	509,390	82.1%	—	—
Foreign exchange gain — net	3,052,050	75.0%	5,189,129	84.1%	1,951,573	20.9%	—	—	—	—
Interest income	639,133	15.7%	605,748	9.8%	127,662	1.4%	37,581	6.1%	98,419	87.3%
Rental income from investment property	135,427	3.3%	124,650	2.0%	62,607	0.6%	30,968	5.0%	—	—
Gain on disposal of plant, property and equipment	—	—	79,849	1.3%	28,972	0.3%	9,904	1.6%	14,374	12.7%
Fair value gain on investment property	157,624	3.9%	—	—	20,255	0.2%	—	—	—	—
Others	84,444	2.1%	173,130	2.8%	35,926	0.4%	32,860	5.3%	—	—
Total	4,068,678	100.0%	6,172,506	100.0%	9,345,290	100.0%	620,703	100.0%	112,793	100.0%

Gain on disposal of subsidiaries. Gain on disposal of subsidiaries relate to gains recorded from our disposal of PT Geo Mineral Trading, our subsidiary that was involved in the business of coal trading, and its holding company, All Win Holdings Pte Ltd.

Late payment charges from customers. Late payment charges from customers relate to payments arising from debt settlement agreements we entered into with customers of our coal mining services business, which we exited in the fourth quarter of 2015.

Foreign exchange gain — net. Foreign exchange gain — net primarily relate to recorded gains made on working capital assets as a result of foreign exchange fluctuations. Such gains primarily arise (i) from the settlement of monetary items, mainly comprising receivables and payables that are not denominated in the relevant entity's functional currency, between us and third-parties and between entities within our Group (as gains and losses are not eliminated in consolidation due to the exchange rate for translation purposes being different from that for transaction purposes), and (ii) on re-translation of monetary items, such as cash, bank balances, receivables and payables that are held in currencies other than the relevant entity's functional currency, of our Company and upon consolidation of the financial statements of our subsidiaries.

Interest income. Interest income primarily relate to interest on our cash deposits attributable to our continuing operations.

Rental income from investment property. Rental income from investment property primarily relate to rent we receive from leasing office space which we own.

Gain on disposal of plant, property and equipment. Gain on disposal of plant property and equipment primarily relates to gains recorded from our disposal of office furniture and equipment belonging our business operations other than our rental services business, which we sold in 2016.

Fair value gain on investment property. Fair value gain on investment property primarily comprises fair value gains recorded for our office premises in Indonesia and Singapore.

General and Administrative Expenses

The following tables set forth the breakdown of our general and administrative expenses for our continuing operations and each item as a percentage of our general and administrative expenses for our continuing operations for the periods indicated.

	For the years ended December 31,						For the three months ended March 31,			
	2014		2015		2016		2016		2017	
							(Unaudited)			
	(US$ except percentages)									
Salaries and allowances	3,808,811	52.0%	3,377,776	52.0%	3,872,673	47.5%	727,786	54.7%	1,183,526	65.0%
General and administrative expenses	1,387,107	19.0%	1,082,565	16.7%	1,195,120	14.7%	215,673	16.2%	218,623	12.0%
Professional fees and permit expenses	1,245,888	17.0%	926,223	14.3%	980,468	12.0%	114,721	8.6%	141,829	7.8%
Depreciation	367,644	5.0%	741,309	11.4%	717,351	8.8%	202,555	15.2%	159,342	8.7%
Sales and marketing expenses	211,265	2.9%	147,019	2.3%	239,379	2.9%	28,877	2.2%	68,606	3.8%
Bank charges	145,600	2.0%	46,561	0.7%	922,973	11.3%	—	—	—	—
Machinery, equipment and vehicle expenses	102,676	1.4%	111,054	1.7%	123,089	1.5%	27,925	2.1%	34,507	1.9%
Other expenses	52,113	0.7%	61,458	0.9%	103,317	1.3%	11,817	1.0%	14,691	0.8%
Total	**7,321,104**	**100.0%**	**6,493,964**	**100.0%**	**8,154,370**	**100.0%**	**1,329,353**	**100.0%**	**1,821,125**	**100.0%**

Salaries and allowances. Salaries and allowance comprise salaries and allowance for our management and our permanent and temporary employees in our offices in Singapore and Indonesia, including our operating, accounting, finance, human resources and other administrative staff.

General and administrative expenses. General and administrative expenses comprise rent for our corporate offices, electricity, water and telecommunication expenses for our offices, expenses relating to the purchase of office supplies, insurance premiums paid on our offices and corporate vehicles, and seminar fees incurred for the training of our employees.

Professional fees and permit expenses. Professional fees primarily comprise fees paid to our auditors, lawyers, actuaries and other advisors and permit expenses primarily comprise fees to obtain and renew operating permits and licenses to carry on our businesses and taxes other than corporate income tax.

Depreciation. Depreciation primarily comprises depreciation for our motor vehicles, office furniture and equipment, and computers and software, using the straight-line method over their estimated useful lives.

Sales and marketing expenses. Sales and marketing expenses primarily comprise travel and entertainment expenses relating to our business development activities.

Bank charges. Bank charges primarily comprise fees relating to transfers of letters of credit for sales and purchases of coal and administrative fees charged by banks, including funds transfer fees charged for electronic wire transfers sent and received and account maintenance fees. Banks charges were reclassified as a component of our finance costs in the three months ended March 31, 2017.

Machinery, equipment and vehicle expenses. Machinery, equipment and vehicle expenses primarily comprise expenses relating to the purchase and repair and maintenance of office machinery, equipment and corporate vehicles.

Other expenses. Other expenses primarily comprise advertisement expenses, postage and courier fees, and donations made to local community non-profit organizations.

Other expenses

The following tables set forth the breakdown of our other expenses from our continuing operations and each item as a percentage of our other expenses for our continuing operations for the periods indicated.

	For the years ended December 31,						For the three months ended March 31,			
	2014		2015		2016		2016		2017	
							(Unaudited)			
	(US$ except percentages)									
Foreign exchange loss — net	—	—	—	—	—	—	960,591	99.0%	1,932,871	99.5%
Loss on financial assets carried at amortized cost	248,606	20.5%	—	—	721,350	30.1%	—	—	—	—
Allowance for doubtful debts	30,994	2.6%	2,215,985	53.6%	150,033	6.3%	—	—	—	—
Impairment loss on advance payment for purchase of coal	—	—	1,617,436	39.2%	—	—	—	—	—	—
Fair value loss on investment properties	—	—	244,644	5.9%	—	—	—	—	—	—
Other expenses arising from finalization of tax assessments	—	—	25,256	0.6%	704,112	29.4%	—	—	—	—
Other expenses arising from participation in tax amnesty program	—	—	—	—	809,593	33.8%	—	—	—	—
Loss on disposal of property, plant and equipment	22,202	1.8%	—	—	—	—	—	—	—	—
Impairment loss on deferred expenditure	894,013	73.9%	—	—			—	—	—	—
Others	14,972	1.2%	30,043	0.7%	9,369	0.4%	10,033	1.0%	10,487	0.5%
Total	1,210,787	100.0%	4,133,364	100.0%	2,394,457	100.0%	970,624	100.0%	1,943,358	100.0%

Foreign exchange loss — net. Foreign exchange loss — net primarily relate to recorded losses made on working capital assets as a result of foreign exchange fluctuations. Such losses primarily arise (i) from the settlement of monetary items, mainly comprising receivables and payables that are not denominated in the relevant entity's functional currency, between us and third-parties and between entities within our Group (as gains and losses are not eliminated in consolidation due to the exchange rate for translation purposes being different from that for transaction purposes), and (ii) on re-translation of monetary items (such as cash, bank balances, receivables and payables that are held in currencies other than the functional currency of the relevant entity) of our Company and upon consolidation of the financial statements of our subsidiaries.

Loss on financial assets carried at amortized cost. Loss on financial assets carried at amortized cost primarily relates to a prepayment of land use fees for land over which our SDJ coal mine is located. Such prepayment was subsequently made a deposit with the relevant land owner and was reclassified to a deposit, held at amortized cost. See Note 9(c) to our consolidated financial statements included in this Offering Memorandum.

Allowance for doubtful debt. Allowance for doubtful debt primarily comprise allowances made for trade receivables from our coal trading activities, for which customers have defaulted on their payment obligations.

Impairment loss on advance payment for purchase of coal. Impairment loss on advance payment for purchase of coal primarily comprise a provision for estimated losses of our advance payments in 2014 made for the coal purchases as part of our coal trading activities, owing to non-performance of our counter-parties.

Fair value loss on investment properties. Fair value loss on investment properties primarily comprises fair value losses recorded for our office premises in Singapore.

Other expenses arising from finalization of tax assessments. Other expenses arising from finalization of tax assessments relate to additional costs and penalties payable on indirect taxes to the Indonesian tax authorities.

Other expenses arising from participation in tax amnesty program. Other expenses arising from participation in tax amnesty program comprise a write-off of tax credits that were accumulated over previous periods and a payment of a lump sum tax amount determined by the Indonesia tax authorities, so as to be eligible to participate in a tax amnesty program established by the Indonesian tax authorities.

Loss on disposal of property, plant and equipment. Loss on disposal of plant property and equipment primarily comprise losses recorded from our disposal of office furniture and equipment belonging our business operations other than our rental services business, which we sold in 2016.

Impairment loss on deferred expenditure. Impairment loss on deferred expenditure primarily comprise a provision for estimated losses on deferred expenses relating to pre-mining activities, such as the mobilization of mining equipment and machinery, as part of our mining services business, owing to non-performance of our counter-parties.

Finance costs

The following tables set forth the breakdown of our finance costs for our continuing operations and each item as a percentage of our finance costs for our continuing operations for the periods indicated.

	For the years ended December 31,						For the three months ended March 31,			
	2014		2015		2016		2016		2017	
							(Unaudited)			
	(US$ except percentages)									
Interest payable on:										
Notes payable	3,286,725	95.0%	6,412,259	99.2%	5,986,744	99.0%	1,509,114	95.5%	1,391,283	76.7%
Finance leases	158	—	—	—	8,527	0.1%	802	—	4,088	0.2%
Bank borrowings	125,523	3.6%	7,738	0.1%	—	—	—	—	—	—
Imputed interest on:										
Provisions	47,376	1.4%	45,774	0.7%	51,744	0.9%	12,936	0.8%	13,453	0.7%
Bank charges	—	—	—	—	—	—	57,870	3.7%	406,883	22.4%
Total	3,459,782	100.0%	6,465,771	100.0%	6,047,015	100.0%	1,580,722	83.0%	1,815,707	100.0%

Interest payable on notes payable. Interest payable on notes payable primarily comprise coupon payments on our outstanding S$100 million 7.0% medium term notes that we issued in July 2014.

Interest payable on finance leases. Interest payable on finance leases primarily comprise interest payable on finance leases for our motor vehicles.

Interest payable on bank borrowings. Interest payable on bank borrowings comprise interest payable on our corporate loans from banks.

Imputed interest on provisions. Imputed interest on provisions relate to the allocation of interest over the relevant period that provisions are payable for the rehabilitation of the BEK mine and reinstatement costs for our corporate office premises in Singapore upon termination of the lease.

Bank charges. Bank charges primarily comprise fees relating to transfers of letters of credit for sales and purchases of coal and administrative fees charged by banks, including funds transfer fees charged for electronic wire transfers sent and received and account maintenance fees. For the years ended December 31, 2014, 2015 and 2016, such bank charges were recorded under general and administrative expenses, see "— General and Administrative Expenses."

Income tax (expense) credit

Our revenues from operations are subject to Singapore income tax calculated at 17% of the estimated assessable income for the year. Related costs and expenses are considered non-deductible for income tax purposes. The majority of our subsidiaries operate in Indonesia and, hence, are subject to Indonesian tax law. In accordance with 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%.

Results of Operations

The following tables set forth our selected consolidated income statement data and each item as a percentage of revenue for the periods indicated.

	For the year ended December 31,						For the three months ended March 31,			
	2014		2015		2016		2016		2017	
							(Unaudited)			
	(US$ except percentages)									
Continuing operations:										
Revenue	**52,645,923**	**100.0%**	**18,209,176**	**100.0%**	**182,108,648**	**100.0%**	**11,888,413**	**100.0%**	**99,282,837**	**100.0%**
Cost of sales	(45,376,223)	(86.2)%	(15,064,799)	(82.7)%	(140,189,931)	(77.0)%	(11,640,745)	(97.9)%	(73,952,778)	(74.5)%
Gross profit	**7,269,700**	**13.8%**	**3,144,377**	**17.3%**	**41,918,717**	**23.0%**	**247,668**	**2.1%**	**25,330,059**	**25.5%**
Other income	4,068,678	7.7%	6,172,506	33.9%	9,345,290	5.1%	620,703	5.2%	112,793	0.1%
General and administrative expenses	(7,321,104)	(13.9)%	(6,493,964)	(35.7)%	(8,154,370)	(4.5)%	(1,329,353)	(11.2)%	(1,821,125)	(1.8)%
Other expenses	(1,210,787)	(2.3)%	(4,133,364)	(22.7)%	(2,394,457)	(1.3)%	(970,624)	(8.2)%	(1,943,358)	(2.0)%
Finance costs	(3,459,782)	(6.6)%	(6,465,771)	(35.5)%	(6,047,015)	(3.3)%	(1,580,722)	(13.3)%	(1,815,707)	(1.8)%
Profit (loss) before income tax	**(653,295)**	**(1.2)%**	**(7,776,216)**	**(42.7)%**	**34,668,165**	**19.0%**	**(3,012,328)**	**(25.4)%**	**19,862,662**	**20.0%**
Income tax credit (expense)	3,322,081	6.3%	420,846	2.3%	(11,130,932)	(6.1)%	157,034	1.3%	(5,227,802)	(5.3)%
Profit (Loss) for the period after income tax from continuing operations	**2,668,786**	**5.1%**	**(7,355,370)**	**(40.4)%**	**23,537,233**	**12.9%**	**(2,855,294)**	**(24.1)%**	**14,634,860**	**14.7%**
Discontinued operation:										
Profit (Loss) for the period from discontinued operation	(15,449,108)	(29.3)%	(9,231,812)	(50.7)%	(1,348,045)	(0.7)%	257,576	2.2%	—	—
Profit (Loss) for the period after income tax	**(12,780,322)**	**(24.3)%**	**(16,587,182)**	**(91.1)%**	**22,189,188**	**12.2%**	**(2,597,718)**	**(21.9)%**	**14,634,860**	**14.7%**
Other comprehensive income, net of tax:										
Items that may be subsequently reclassified to profit or loss:										
Exchange differences on translation of foreign operations	(1,441,418)	(2.7)%	(1,429,296)	(7.8)%	4,708,823	2.6%	(2,139,179)	(18.0)%	(154,357)	(0.2)%
Items that will not be subsequently reclassified to profit or loss:										
Remeasurement of defined benefit obligations	(46,299)	(0.1)%	154,332	0.8%	(13,437)	0.0%	—	—	—	—
Total comprehensive income for the period	**(14,268,039)**	**(27.1)%**	**(17,862,146)**	**(98.1)%**	**26,884,574**	**14.8%**	**(4,736,897)**	**(39.9)%**	**14,480,503**	**14.6%**

Three months ended March 31, 2017 compared to three months ended March 31, 2016

Revenue. Revenue increased to US$99.3 million in the three months ended March 31, 2017 from US$11.9 million in the three months ended March 31, 2016, primarily as a result of:

- a 634.2% increase in revenue from coal mining to US$87.3 million from US$11.9 million, which was attributable to the ramping up of coal production at our SDJ mine through 2016 and into the first quarter of 2017. We commenced coal production in December 2015 and during the three months ended March 31, 2016, ramped up coal production. We sold 2.2 million tonnes of coal in the three months ended March 31, 2017 and sold 484,836 tonnes of coal in the three months ended March 31, 2016. Coal market conditions were also more favorable in the three months ended March 31, 2017 as compared to the three months ended March 31, 2016 and our average selling price per tonne for our coal was US$39.4 in the three months ended March 31, 2017 as compared to US$24.5 in the three months ended March 31, 2016;

- US$11.7 million of revenue from coal trading, which was mainly attributable to our resuming coal trading activities in the three months ended March 31, 2017, as favorable coal market conditions in that period supported relatively high coal prices. We were able to procure coal at competitive prices from less efficient coal mines, which are not able to operate profitably when coal prices are lower and which do not generally have access to commodity traders and coal end-customers due to their lack of scale, and on-sell such coal to commodity traders and coal end-customers with whom we have strong business relationships. We did not conduct any coal trading activities in the three months ended March 31, 2016 as we were focused on ramping up coal production at our SDJ mine in 2016; and

- US$286,157 of revenue from coal mining management services, which was attributable to coal mining management services we provide to AJE, where we manage coal mining operations at the AJE mine by appointing and supervising the coal mining services provider for mine in exchange for a monthly management fee of 20% of AJE's profit before tax from coal sales from the AJE mine. We began recording revenues from coal mining management in 2017 as the AJE mine only began producing and selling coal in the first quarter of 2017.

Cost of sales. Cost of sales increased to US$74.0 million in the three months ended March 31, 2017 from US$11.6 million in the three months ended March 31, 2016, primarily as a result of:

- a 472.2% increase in coal mining costs to US$40.7 million from US$7.1 million, attributable to the ramp up of coal production at our SDJ mine. We produced 1.8 million tonnes of coal in the three months ended March 31, 2017 as compared to 731,212 tonnes of coal we produced in the three months ended March 31, 2016. Our cash cost for coal mining per tonne increased to US$25.9 in the three months ended March 31, 2017 from US$21.1 in the three months ended March 31, 2016;

- a 403.3% increase in jetty, crushing, stockpile and loading expenses to US$16.6 million from US$3.3 million, attributable to the ramp up of coal production at our SDJ mine and our higher production volumes of coal in the three months ended March 31, 2017 as compared to the three months ended March 31, 2016;

- a 304.7% increase in depreciation and amortization expenses to US$4.9 million from US$1.2 million, which was mainly attributable to higher coal production from our SDJ mine in the three months ended March 31, 2017 as compared to the three months ended March 31, 2016, which, in turn, resulted in higher depreciation expense recorded for our SDJ mine in the three months ended March 31, 2017 as compared to the three months ended March 31, 2016;

- US$11.5 million of coal purchases from third-parties, attributable to our coal trading activities in the three months ended March 31, 2017, which we conducted due to favorable coal market conditions. We did not conduct any coal trading activities in the three months ended March 31, 2016 as we were focused on ramping up coal production at our SDJ mine; and

- US$161,693 of project management expenses in the three months ended March 31, 2017, which were mainly attributable to salaries and allowances for our project management staff and fees paid to certain third-party service providers, whom we collaborate with to perform mine planning with the coal mining services provider at the AJE mine.

Gross profit. As a result of the foregoing, gross profit increased to US$25.3 million in the three months ended March 31, 2017, representing a gross profit margin of 25.5%, from US$247,668 in the three months ended March 31, 2016, representing a gross profit margin of 2.1%.

Other income. Other income from continuing operations decreased by 81.8% to US$112,793 in the three months ended March 31, 2017 from US$620,703 in the three months ended March 31, 2016, primarily as a result of:

- US$509,390 in late payment charges received from customers in the three months ended March 31, 2016. Such late payment charges related to payments arising from debt settlement agreements we entered into with customers of our coal mining services business, which we exited in the fourth quarter of 2015. We did not levy any late payment charges on customers in the three months ended March 31, 2017;
- US$30,968 of rental income from our investment property, which comprised office space in Singapore. We sold this investment property in June 2016; and
- US$32,860 of other income, primarily comprised of wage credits awarded by the Singapore government. We did not record any other income in the three months ended March 31, 2017;

which were partially offset by:

- a 161.9% increase in interest income to US$98,419 from US$37,581, which was mainly attributable to our increased cash balances and bank deposits.

General and administrative expenses. General and administrative expenses increased by 37.0% to US$1.8 million in the three months ended March 31, 2017 from US$1.3 million in the three months ended March 31, 2016, primarily as a result of:

- a 62.6% increase in salaries and allowances to US$1.2 million from US$727,786, which was mainly attributable to an increase in the number of our corporate staff, owing to an increase in the scale of our coal production, and a general increase in salaries and allowances for our corporate staff;
- a 23.6% increase in professional fees and permit expenses to US$141,829 from US$114,721, which was mainly attributable to (i) an increase in accrued fees relating to third-party mining consultants for the purposes of preparing reserve reports for additional coal mining concessions and (ii) the engagement of third-party sustainability consultants to conduct sustainability studies for our business, prepare a sustainability report and conduct workshops for our staff; and
- a 137.6% increase in selling and marketing expenses to US$68,606 from US$28,877, which was mainly attributable to increased business development activities due to the increase scale of our coal production;

which were partially offset by:

- a 21.3% decrease in depreciation and amortization expenses, which was mainly attributable to the full depreciation of certain equipment, furniture, computers and software in 2016, which we either continued using or disposed but have not replaced.

Other expenses. Other expenses from continuing operations increased by 100.2% to US$1.9 million in the three months ended March 31, 2017 from US$970,624 in the three months ended March 31, 2016, primarily as a result of a 101.2% increase in foreign exchange loss — net to US$1.9 million from US$960,591, which was mainly attributable to the depreciation of the U.S. dollar against the Singapore dollar and the re-translation of U.S. dollar denominated liabilities that were held by our Company, whose functional currency was in Singapore dollars.

Finance costs. Finance costs from continuing operations increased by 14.9% to US$1.8 million in the three months ended March 31, 2017 from US$1.6 million in the three months ended March 31, 2016, primarily as a result of a 603.1% increase in bank charges, which was mainly attributable to an increase in coal sales in the three months ended March 31, 2017 as compared to the three months ended March 2016, which, in turn, resulted in a larger number of transfers of letters of credit relating to sales of coal.

Profit (loss) before income tax. As a result of the foregoing, we recorded a profit before income tax of US$19.9 million in the three months ended March 31, 2017 as compared to a loss of US$3.0 million in the three months ended March 31, 2016.

Income tax credit (expense). Our income tax expense was US$5.2 million in the three months ended March 31, 2017 as compared to us receiving US$157,034 of income tax credit for the three months ended March 31, 2016.

Profit (loss) from continuing operations. As a result of the foregoing, we recorded a profit from continuing operations of US$14.6 million in the three months ended March 31, 2017 as compared to a loss from continuing operations of US$2.9 million in the three months ended March 31, 2016.

Profit (loss) from discontinued operation. We recorded a profit from discontinued operation of US$257,576 in the three months ended March 31, 2016. We did not conduct any discontinued operation in the three months ended March 31, 2017.

Profit (loss) for the period. As a result of the foregoing, we recorded a profit of US$14.6 million in the three months ended March 31, 2017 as compared to a loss after tax of US$2.6 million in the three months ended March 31, 2016.

Year Ended December 31, 2016 compared to the Year Ended December 31, 2015

Revenue. Revenue from continuing operations increased by 900.1% to US$182.1 million in the year ended December 31, 2016 from US$18.2 million in the year ended December 31, 2015, primarily as a result of transitioning into business operations as a coal producer at the end of 2015 and our termination of business operations as a coal mining services provider. We were able to ramp up coal production at our SDJ mine from 45,493 tonnes in December 2015, which was the first month of operations under our business model as a coal producer, to an average of over 500,000 tonnes of coal per month in 2016. During the year ended December 31, 2016, we sold 5.5 million tonnes of coal at an average selling price per tonne of US$33.0. We did not sell any coal from our mines in the year ended December 31, 2015.

Revenue from coal mining represented all of our revenue from continuing operations for the year ended December 31, 2016. We ceased business operations as a coal mining services provider in the fourth quarter of 2015 and we did not conduct any coal trading in 2016 and focused on ramping up coal production at our SDJ mine. For the year ended December 31, 2016, we produced 6.1 million tonnes of coal and our average selling price per tonne for our coal was US$33.0. For the year ended December 31, 2015, revenue from coal trading was US$12.4 million and revenue from mining services was US$5.8 million, which represented 68.1% and 31.9%, respectively, of our revenue from continuing operations for the period.

Cost of sales. Cost of sales increased by 830.6% to US$140.2 million in the year ended December 31, 2016 from US$15.1 million in the year ended December 31, 2015, primarily as a result of:

- US$89.3 million of coal mining costs and US$39.6 million of jetty, crushing, stockpile and loading expenses in the year ended December 31, 2016, which was attributable to our commencement of mining operations at our SDJ mine in December 2015 and the ramping up of coal production at our SDJ mine in the first quarter of 2016. We produced 6.1 million tonnes of coal in the year ended December 31, 2016 compared to 45,493 tonnes in the year ended December 31, 2015. Our cash cost for coal mining per tonne was US$23.4 in the year ended December 31, 2016; and
- an increase in depreciation and amortization expenses to US$11.3 million from US$20,928, which was mainly attributable to the commencement of coal sales of coal produced from our SDJ mine in January 2016 and, in turn, the commencement of recording depreciation expense for our SDJ mine;

which were partially offset by:

- the lack of costs relating to coal purchases from third-parties in the year ended December 31, 2016, as compared to US$11.7 million of coal purchases from third-parties in the year ended December 31, 2015. We did not conduct any coal trading activities in 2016 and focused on ramping up coal production at our SDJ mine.

Gross profit. As a result of the foregoing, gross profit increased by 1,233.1% to US$41.9 million in the year ended December 31, 2016, representing a gross profit margin of 23.0%, from US$3.1 million in the year ended December 31, 2015, representing a gross profit margin of 17.3%.

Other income. Other income increased by 51.4% to US$9.3 million in the year ended December 31, 2016 from US$6.2 million in the year ended December 31, 2015, primarily as a result of:

- a US$5.0 million gain in 2016 on disposal of subsidiaries, which was attributable to gains recorded from our disposal of PT Geo Mineral Trading, our subsidiary that was involved in the business of coal trading, and its holding company, All Win Holdings Pte Ltd; and
- US$2.2 million in late payment charges from customers in 2016, which was mainly attributable to payments arising from debt settlement agreements we entered into with customers of our coal mining services business, which we exited in the fourth quarter of 2015. We did not record any late payment charges from customers in 2015;

which were partially offset by:

- a 62.4% decrease in foreign exchange gain — net to US$2.0 million from US$5.2 million, which was mainly attributable to the weakening of the U.S. dollar against the Rupiah and the re-translation of U.S. dollar denominated receivables that were held by one of our subsidiaries, whose functional currency was in Rupiah;
- a 78.9% decrease in interest income to US$127,662 from US$605,748, which was mainly attributable to our use of S$12.5 million of our bank deposits, which generated interest income for nearly the whole of 2015, to complete the acquisition of the remaining stake in the holding company of SDJ in December 2015; and
- a 49.8% decrease in rental income from investment property to US$62,607 from US$124,650, which was mainly attributable to our sale of the investment property, which comprised office space in Singapore, in June 2016.

General and administrative expenses. General and administrative expenses increased by 25.6% to US$8.2 million in the year ended December 31, 2016 from US$6.5 million in the year ended December 31, 2015, primarily as a result of:

- a 62.8% increase in sales and marketing expenses to US$239,379 from US$147,019, which was mainly attributable to increased business development activities due to the increase scale of our coal production;
- an increase in bank charges to US$922,973 from US$46,561, which was mainly attributable to the commencement of coal sales in 2016, which resulted in bank charges for the transfers of letters of credit relating to sales of coal; and
- a 68.1% increase in other expenses to US$103,318 from US$61,457, which was mainly attributable to increases in advertisement expenses, primarily relating to job postings and the sale of office space we owned, and postage and courier fees, due to an increase in volume of documents that had to be posted and couriered, resulting from the increase in the scale of our coal production and business operations.

Other expenses. Other expenses decreased by 42.1% to US$2.4 million in the year ended December 31, 2016 from US$4.1 million in the year ended December 31, 2015, primarily as a result of:

- a 93.2% decrease in allowance of doubtful debts to US$150,033 from US$2.2 million, which was mainly attributable to the transitioning of our business operations into coal production and selling

nearly all our coal to ECTP, who purchase our coal through letters of credit, hence reducing our credit risk exposure to customers. The allowance of doubtful debts for 2015 and 2016 both relate to receivables from our customers from our mining services and coal trading business; and

- a US$1.6 million impairment loss on advance payment for purchase of coal, which was attributable to the recognition of losses on our advance payments made for the coal purchases as part of our coal trading activities, owing to non-performance of our counter-parties, and a US$244,644 fair value loss on investment properties, which was attributable to fair value losses recorded for our office premises in Indonesia, in the year ended December 31, 2015;

which were partially offset by:

- a US$721,350 loss in 2016 on financial assets carried at amortized cost, which was mainly attributable to the discounting of future cash receipts from our non-current deposits through its expected life. Our non-current deposits comprise of our deposit, amounting to US$5.0 million, deposited with the landowner of the land on which our SDJ mine is located;
- an increase in other expenses arising from finalization of tax assessments to US$704,112 from US$25,256, which was mainly attributable to additional costs and penalties payable on indirect taxes to the Indonesian tax authorities, relating to certain tax assessments, the final determination of which remains pending and under review by the relevant authorities; and
- a US$809,593 expense arising from participation in tax amnesty program, which was mainly attributable to a lump sum tax payment made, so as to be eligible to participate in a tax amnesty program established by the Indonesian tax authorities.

Finance costs. Finance costs decreased by 6.5% to US$6.0 million in the year ended December 31, 2016 from US$6.5 million in the year ended December 31, 2015, primarily as a result of a 6.6% decrease in interest payable on notes payable to US$6.0 million from US$6.4 million, which was mainly attributable to the appreciation of the U.S. dollar over the Singapore dollar.

Profit (loss) before income tax. As a result of the foregoing, our profit (loss) before income tax increased to US$34.7 million in the year ended December 31, 2016 from a loss of US$7.8 million in the year ended December 31, 2015.

Income tax (expense) credit. Our income tax expense was US$11.1 million in the year ended December 31, 2016 as compared to us receiving US$420,846 of income tax credit for the year ended December 31, 2015.

Profit (loss) from continuing operations. As a result of the foregoing, we recorded a profit from continuing operations of US$23.5 million in the year ended December 31, 2016 as compared to a loss from continuing operations of US$7.4 million in the year ended December 31, 2015.

Profit (loss) from discontinued operation. We recorded a loss from discontinued operation of US$1.3 million in the year ended December 31, 2016 as compared to a loss from discontinued operation of US$9.2 million in the year ended December 31, 2015.

Profit (loss) for the period. As a result of the foregoing, we recorded a profit of US$22.2 million in the year ended December 31, 2016 as compared to a loss after tax of US$16.6 million in the year ended December 31, 2015.

Year Ended December 31, 2015 compared to the Year Ended December 31, 2014

Revenue. Revenue from continuing operations decreased by 65.4% to US$18.2 million in the year ended December 31, 2015 from US$52.6 million in the year ended December 31, 2014, primarily as a result of:

- US$3.3 million of revenue from coal mining, which was attributable to the sale of coal produced from our coal mine on our BEK coal mining concession (the “BEK mine”). During the year ended

December 31, 2014, we sold 129,170 tonnes of coal at an average selling price per tonne of US$25.9. We placed our BEK mine under care and maintenance in September 2014 as it became less profitable to continue mining and selling the specification of coal produced;

- a 52.9% decrease in revenue from coal trading to US$12.4 million in 2015 from US$26.3 million in 2014, which was mainly attributable to higher coal trading activities in 2014, as favorable coal market conditions in that period supported relatively high coal prices; and
- a 74.7% decrease in revenue from mining services to US$5.8 million from US$23.0 million, which was mainly attributable to the cessation of our business operations as a coal mining services provider in 2015.

Cost of sales. Cost of sales decreased by 66.8% to US$15.1 million in the year ended December 31, 2015 from US$45.4 million in the year ended December 31, 2014, primarily as a result of:

- US$5.9 million of coal mining costs and US$1.3 million of jetty, crushing, stockpile and loading expenses, which were attributable to our coal mining operations at our BEK mine. We placed our BEK mine under care and maintenance in September 2014 and we did not incur any coal mining costs and jetty, crushing, stockpile and loading expenses in 2015;
- a 56.1% decrease in coal purchases from third-parties to US$11.7 million from US$26.6 million, which was mainly attributable to lower levels of coal trading activities conducted by us in 2015 as compared to 2014; and
- a 97.3% decrease in depreciation and amortization expenses to US$20,928 from US$764,630, which was mainly attributable to us placing our BEK mine under care and maintenance.

Gross profit. As a result of the foregoing, gross profit decreased by 56.7% to US$3.1 million in the year ended December 31, 2015, representing a gross profit margin of 17.3%, from US$7.3 million in the year ended December 31, 2014, representing a gross profit margin of 13.8%.

Other income. Other income increased by 51.7% to US$6.2 million in the year ended December 31, 2015 from US$4.1 million in the year ended December 31, 2014, primarily as a result of a 70.0% increase in foreign exchange gain — net to US$5.2 million from US$3.1 million, which was mainly attributable to the appreciation of the U.S. dollar against the Rupiah and the re-translation of U.S. dollar denominated receivables that were held by one of our subsidiaries, whose functional currency was in Rupiah.

General and administrative expenses. General and administrative expenses decreased by 11.3% to US$6.5 million in the year ended December 31, 2015 from US$7.3 million in the year ended December 31, 2014, primarily as a result of:

- a 11.3% decrease in salaries and allowances to US$3.4 million from US$3.8 million, which was mainly attributable to the cessation of our business operations as a coal mining services provider in 2015 and us commencing business operations as a coal producer in the fourth quarter of 2015, using BUMA as our coal mining services provider, and us placing our BEK mine under care and maintenance in September 2014. This resulted in an overall decrease in our labor force in 2015 as compared to 2014;
- a 22.0% decrease in general and administrative expenses to US$1.1 million from US$1.4 million, which was mainly attributable to the cessation of our business operations as a coal mining services provider in 2015 and us placing our BEK mine under care and maintenance in September 2014;
- a 25.7% decrease in professional fees and permit expenses to US$926,223 from US$1.2 million, which was mainly attributable to the professional third-party advisors we engaged to assist us with our acquisition of SDJ in 2014;
- a 30.4% decrease in sales and marketing expenses to US$147,019 from US$211,265, which was mainly attributable to the cessation of our business operations as a coal mining services provider in 2015 and us placing our BEK mine under care and maintenance in September 2014; and

- a 68.0% decrease in bank charges to US$46,561 from US$145,600, which was mainly attributable to us placing our BEK mine under care and maintenance in September 2014, which resulted in lower sales of coal and, in turn, lower bank charges for the transfers of letters of credit in 2015;

which were partially offset by:

- a 101.6% increase in depreciation expenses to US$741,309 from US$367,644, which was mainly attributable to the depreciation of mining infrastructure situated on our BEK mine, which, but for us placing our BEK mine under care and maintenance, would have been recorded under our cost of sales.

Other expenses. Other expenses from continuing operations increased by 241.4% to US$4.1 million in the year ended December 31, 2015 from US$1.2 million in the year ended December 31, 2014, primarily as a result of:

- an increase in allowance for doubtful debts to US$2.2 million from US$30,994, which was mainly attributable to a downturn in coal market conditions at the end of 2014, which resulted in our customers from our mining services and coal trading business having difficulties in making payments to us;
- a US$1.6 million impairment loss on advance payment for purchase of coal, which was attributable to the recognition of losses on our advance payments made for the coal purchases as part of our coal trading activities, owing to non-performance of our counter-parties, and a US$244,644 fair value loss on investment properties, which was attributable to fair value losses recorded for our office premises in Singapore, in the year ended December 31, 2015;

which were partially offset by:

- a US$248,606 loss on financial assets carried at amortized cost in 2014, which was mainly attributable to the discounting of future cash receipts from our non-current trade receivables through its expected life. Our non-current trade receivables relate to customers with whom we have entered into debt settlement agreements. We did not incur any losses on financial assets carried at amortized cost in 2015; and
- a US$894,013 impairment loss on deferred expenditure in 2014, which was mainly attributable to provision for estimated losses on deferred expenses relating to pre-mining activities, such as the mobilization of mining equipment and machinery, as part of our mining services business, owing to non-performance of our counter-parties. We did not incur any impairment losses on deferred expenditure in 2015.

Finance costs. Finance costs from continuing operations increased by 86.9% to US$6.5 million in the year ended December 31, 2015 from US$3.5 million in the year ended December 31, 2014, primarily as a result of a 95.1% increase in interest payable on notes payable to US$6.4 million from US$3.3 million, which was mainly attributable to the recording of a full year of interest payable on our outstanding S$100 million 7.0% medium term notes that we issued in July 2014. Such increase in finance costs was partially offset by a 93.8% decrease in interest payable on bank borrowings to US$7,738 from US$125,523, which was mainly attributable to the repayment of the majority of our bank loans in 2015.

Profit (loss) before income tax. As a result of the foregoing, our loss before income tax increased to US$7.8 million in the year ended December 31, 2015 from a loss of US$653,295 in the year ended December 31, 2014.

Income tax (expense) credit. We received income tax credit of US$420,846 in the year ended December 31, 2015 as compared to US$3.3 million in the year ended December 31, 2014, was mainly attributable to additional tax assessments of certain of our Indonesian subsidiaries that related to prior years but were only finalized in 2015.

Profit (loss) from continuing operations. As a result of the foregoing, we recorded a loss from continuing operations of US$7.4 million in the year ended December 31, 2015 as compared to a profit from continuing operations of US$2.7 million in the year ended December 31, 2014.

Profit (loss) from discontinued operation. We recorded a loss from discontinued operation of US$9.2 million in the year ended December 31, 2015 as compared to a loss from discontinued operation of US$15.4 million in the year ended December 31, 2014.

Profit (loss) for the period. As a result of the foregoing, we recorded a loss of US$16.6 million in the year ended December 31, 2015 as compared to a loss of US$12.8 million in the year ended December 31, 2014.

Liquidity and Capital Resources

We have principally used our cash flow from operations, and may from time to time use cash raised from the capital markets and from debt facilities that we may procure from banks, for the expansion of our business operations and the acquisition of suitable coal mining concessions. Our main source of liquidity has been the medium term notes that we issued in July 2014, bank facilities, prepayments for coal from ECTP and cash received from our customers. Taking into consideration the financial resources available to us, including cash generated from our operating activities, we believe we will have sufficient liquidity to meet our working capital and operating requirements for at least the next 12 months.

Cash flows

The following table sets forth a summary of our cash flows and cash position for the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2016 and 2017.

	For the years ended December 31,			For the three months ended March 31,	
	2014	2015	2016	2016	2017
				(Unaudited)	
			(US$)		
Net cash from (used in) operating activities	(16,928,587)	22,528,407	69,311,263	1,972,805	9,031,528
Net cash from (used in) investing activities	(48,706,649)	(17,019,572)	(6,173,494)	(3,020,443)	(17,742,391)
Net cash from (used in) financing activities	59,069,994	(8,087,162)	(7,873,218)	(3,794,449)	(2,518,742)
Net (decrease) increase in cash and cash equivalents	(6,565,242)	(2,578,333)	55,264,551	(4,842,087)	(11,229,605)
Cash and cash equivalents at beginning of the period	17,814,850	10,666,464	7,421,269	7,421,269	62,761,457
Effect of exchange rate changes on the balance of cash held in foreign currencies	(583,144)	(666,862)	75,637	126,708	11,054
Cash and cash equivalents at the end of the period	10,666,464	7,421,269	62,761,457	2,705,890	51,542,906

Net Cash Flows From (Used In) Operating Activities

We use the indirect method to account for our cash flows from operating activities and our net cash flows from operating activities includes cash received from customers and cash generated from operations as well as net cash outflows in the form of cash used for our working capital, such as cash paid to our suppliers, including BUMA, our coal mining services provider, and our coal suppliers, from whom we purchase coal for our coal trading activities, employees and others, and payments for corporate income tax.

Net cash flows from operating activities was US$9.0 million for the three months ended March 31, 2017, which primarily resulted from a US$19.9 million profit before income tax for the three months ended March 31,

2017, that was mainly adjusted for the following changes in non-cash, non-operating and working capital items for the three months ended March 31, 2017:

- non-cash and non-operating transactions, such as depreciation, amortization of deferred stripping costs, gain on disposal of property, plant and equipment, interest income and expense, retirement benefit obligations and net foreign exchange losses, which amounted to US$7.8 million. Adjustments for non-cash and non-operating transactions increased in the three months ended March 31, 2017 as compared to the three months ended March 31, 2016, primarily because of an increase in depreciation and amortization of our SDJ coal mining concession, resulting from higher coal sales of coal produced from our SDJ mine in the three months ended March 31, 2017;

- cash used for working capital, such as trade and other receivables, deposits and prepayments, inventories and trade and other payables, which amounted to US$17.5 million. Cash used for working capital increased in the three months ended March 31, 2017 as compared to the three months ended March 31, 2016, primarily because of repayments of advances from ECTP and an increase in trade receivables from our coal mining business, due to an increase in coal sales, and from our coal trading business, due to an increase in coal trading activity, in the three months ended March 31, 2017; and

- income tax payments of US$1.1 million.

Net cash flows from operating activities was US$2.0 million for the three months ended March 31, 2016, which primarily resulted from a US$2.7 million loss before income tax for the three months ended March 31, 2016, that was mainly adjusted for the following changes in non-cash, non-operating and working capital items for the three months ended March 31, 2016:

- non-cash and non-operating transactions, such as depreciation, amortization of deferred stripping costs, gain on disposal of property, plant and equipment, gain on sale and leaseback of property, plant and equipment, interest income and expense, retirement benefit obligations and net foreign exchange losses, which amounted to US$4.2 million. Adjustments for non-cash and non-operating transactions in the three months ended March 31, 2016 were primarily for depreciation and amortization of our SDJ coal mining concession, which resulted from the commencement of coal production and sales from our SDJ mine, and interest expense on our medium term notes;

- cash generated from working capital, such as trade and other receivables, deposits and prepayments, inventories and trade and other payables, which amounted to US$0.4 million; and

- income tax payments of US$5,059 and retirement benefit payments of US$482.

Net cash flows from operating activities was US$69.3 million for the year ended December 31, 2016, which primarily resulted from a US$33.1 million profit before income tax for the year ended December 31, 2016, that was mainly adjusted for the following changes in non-cash, non-operating and working capital items for the year ended December 31, 2016:

- non-cash and non-operating transactions, such as depreciation, amortization of deferred stripping costs, gain on disposal of property, plant and equipment, gain on sale and leaseback of property, plant and equipment, fair value gain on investment properties, loss on financial assets carried at amortized cost, allowance on doubtful debts, other expenses arising from participation in the tax amnesty program established by the Indonesian tax authorities, gain on disposal of subsidiaries, loss on disposal of discontinued operation, interest income and expense, retirement benefit obligations and net foreign exchange gains, which amounted to US$15.1 million. Adjustments for non-cash and non-operating transactions increased in the year ended December 31, 2016 were primarily due to depreciation and amortization of our SDJ coal mining concession, which primarily resulted from coal production and sales from our SDJ mine for the full year in 2016;

- cash generated from working capital, such as trade and other receivables, deposits and prepayments, inventories and trade and other payables, which amounted to US$21.4 million. Cash generated from working capital in the year ended December 31, 2016 was primarily from the US$40.0 million in

advances from ECTP in connection with the ECTP Prepayment Contract, see "Business — Customers — Our relationship with ECTP — ECTP Prepayment Contract"; and

- income tax payments of US$2.6 million, income tax refunds of US$2.4 million and retirement benefit payments of US$489.

Net cash flows from operating activities was US$22.5 million for the year ended December 31, 2015, which primarily resulted from a US$18.2 million loss before income tax for the year ended December 31, 2015, that was mainly adjusted for the following changes in non-cash, non-operating and working capital items for the year ended December 31, 2015:

- non-cash and non-operating transactions, such as depreciation, loss on disposal of property, plant and equipment, impairment loss on sale and leaseback of property, plant and equipment, impairment loss on advance payment for coal, fair value loss on investment properties, allowance on doubtful debts, interest income and expense, retirement benefit obligations and net foreign exchange losses, which amounted to US$16.2 million. Adjustments for non-cash and non-operating transactions in the year ended December 31, 2015 were primarily for depreciation and amortization of heavy equipment, vehicles and machinery used in mining services and rental services business, interest on finance leases for our heavy equipment and vehicles, and interest expenses on our medium term notes;
- cash generated from working capital, such as trade and other receivables, deposits and prepayments, inventories and trade and other payables, which amounted to US$23.0 million. Cash generated from working capital in the year ended December 31, 2015 was primarily from US$15.0 million of supplier credit provided to us in connection with the commencement of our coal production operations at our SDJ mine; and
- income tax payments of US$672,969, income tax refunds of US$2.3 million and retirement benefit payments of US$50,945.

Net cash flows used in operating activities was US$16.9 million for the year ended December 31, 2014, which primarily resulted from a US$15.9 million loss before income tax for the year ended December 31, 2014, that was mainly adjusted for the following changes in non-cash, non-operating and working capital items for the year ended December 31, 2014:

- non-cash and non-operating transactions, such as depreciation, loss on disposal of property, plant and equipment, impairment loss on deferred expenditure, loss on financial assets carried at amortized cost, fair value gain on investment properties, allowance on doubtful debts, interest income and expense, retirement benefit obligations and net foreign exchange gains, which amounted to US$10.2 million. Adjustments for non-cash and non-operating transactions in the year ended December 31, 2014 were primarily for depreciation of heavy equipment, vehicles and machinery used in mining services and rental services business, interest on finance leases for our heavy equipment and vehicles, and interest expenses on our medium term notes;
- cash used for working capital, such as trade and other receivables, deposits and prepayments, inventories and trade and other payables, which amounted to US$8.1 million. Cash generated used for working capital in the year ended December 31, 2014 was primarily attributable to us making a US$3.2 million refundable deposit to a jetty owner to secure the use of a jetty for our coal mining operations at BEK and a US$6.6 million increase in account receivables relating to our mining services business; and
- income tax payments of US$3.4 million, income tax refunds of US$300,579 and retirement benefit payments of US$38,218.

Net Cash Used in Investing Activities

Cash flows used in investing activities include cash inflows and outflows in connection with capital expenditures, and acquisition and disposal of property, plant and equipment.

Net cash flows used in investing activities was US$17.7 million for the three months ended March 31, 2017. We used US$13.0 million for advance payments in connection with our acquisition of TBR and US$4.5 million for deferred payments for the purchase of property, plant and equipment relating to our SDJ mine.

Net cash flows used in investing activities was US$3.0 million for the three months ended March 31, 2016. We used US$2.9 million for the addition of deferred stripping costs, incurred to remove overburden and other waste material at our SDJ mine so as to increase our access to other parts of the underlying coal reserves, and US$131,805 relating to property leases for an employees' recreational area and site office at our SDJ mine.

Net cash flows used in investing activities was US$6.2 million for the year ended December 31, 2016. We used US$8.8 million for the addition of deferred stripping costs, incurred to remove overburden and other waste material at our SDJ mine so as to increase our access to other parts of the underlying coal reserves, and US$231,705 relating to property leases for an employees' recreational area and site office at our SDJ mine. The use of cash for investing activities was offset by cash inflows generated from proceeds from investment property, disposal of property, plant and equipment, and interest received, which amounted to US$33,795, US$153,155 and US$2.9 million, respectively.

Net cash flows used in investing activities was US$17.0 million for the year ended December 31, 2015. We used US$1.4 million for the addition of deferred stripping costs, incurred to remove overburden and other waste material at our SDJ mine so as to increase our access to other parts of the underlying coal reserves, and US$20.0 million for the purchase of equipment and infrastructure for our site office at our SDJ mine. The use of cash for investing activities was offset by cash inflows generated from interest received and proceeds from disposal of property, plant and equipment, which amounted to US$972,144 and US$3.5 million, respectively.

Net cash flows used in investing activities was US$48.7 million for the year ended December 31, 2014. We used US$49.8 million for the purchase of SDJ and US$600,542, primarily from our operating activities and bank balances, for advance payments towards the lease of our corporate office in Jakarta. The use of cash for investing activities was offset by cash inflows generated from proceeds from disposal of property, plant and equipment and interest received, which amounted to US$1.5 million and US$240,518, respectively.

Net Cash From (Used In) Financing Activities

Net cash used in financing activities was US$2.5 million for the three months ended March 31, 2017, which primarily consisted of a US$7,359 repayment of finance lease obligations relating to our corporate vehicles and US$2.5 million interest payment with respect to our outstanding medium term notes.

Net cash used in financing activities was US$3.8 million for the three months ended March 31, 2016, which primarily consisted of a US$941,407 repayment of finance lease obligations relating to our heavy equipment and vehicles, used in our mining services and rental services businesses, and our corporate vehicles and US$2.9 million interest payment with respect to our outstanding medium term notes.

Net cash used in financing activities was US$7.9 million for the year ended December 31, 2016, which primarily consisted of a US$2.0 million repayment of finance lease obligations relating to our heavy equipment and vehicles, used in our mining services and rental services businesses, and our corporate vehicles and US$5.9 million interest payment with respect to our outstanding medium term notes.

Net cash used in financing activities was US$8.1 million for the year ended December 31, 2015, which primarily consisted of US$253,664 repayment of bank borrowings, US$6.1 million repayment of finance lease obligations relating to our heavy equipment and vehicles, used in our mining services and rental services businesses, and our corporate vehicles, US$2.5 million increase in deposits pledged for securing land use rights at our SDJ coal mining concession, and US$6.6 million interest payment with respect to our outstanding medium term notes. This was partially offset by an issuance of shares in our Company, the proceeds of which amounted to US$3.7 million, and the sale and leaseback of heavy equipment used in our mining services business, the proceeds of which amounted to US$3.6 million.

Net cash generated from financing activities was US$59.1 million for the year ended December 31, 2014, which primarily consisted of US$80.6 million from the issuance of our medium term notes and US$8.8 million

from bank borrowings. This was partially offset by our US$1.9 million interest payment with respect to our outstanding medium term notes that was issued in the year, US$9.1 million repayment of bank borrowings, US$10.5 million repayment of finance lease obligations relating to our heavy equipment used in our mining services and rental services businesses and corporate vehicles, US$3.9 million of transaction costs with respect to the issuance of our medium term notes, US$2.8 million increase in deposits pledged for the purpose of securing our coupon payment obligations under our medium term notes and repayment of US$2.1 million to a company that was previously owned by one of the directors of our Company for payments made on our behalf for exploration costs for our BEK mine.

Material Indebtedness

As of March 31, 2017, we had approximately US$71.2 million of outstanding indebtedness. Substantially all of our outstanding indebtedness relates to our outstanding S$100 million 7.0% medium term notes, which we expect to redeem with the proceeds of the issuance of the Notes. See "Use of Proceeds" and "Description of Material Indebtedness."

Capital Expenditures

We have engaged BUMA to carry out all mining and transportation activities for our SDJ mine and intend to also engage a third-party coal mining services provider to conduct coal mining operations at our TBR coal mining concession. We expect to also engage third-party coal mining services providers for other coal mining concessions we may acquire in the future. As such, our future capital expenditures are anticipated to be relatively limited.

Contractual Obligations and Commitments

The following table sets forth our contractual obligations and commitments based on undiscounted contractual payments as of March 31, 2017:

	Payment Due by Period			
	Less Than 1 Year	1-5 Years	More than 5 Years	Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(US$)		
Trade and other payables[1]	84,769,521	—	—	84,769,521
Medium term notes	71,065,304	—	—	71,065,304
Finance leases	52,088	119,614	—	171,702
Total contractual obligations and commitments	155,886,913	119,614	—	156,006,527

Note:

(1) Includes advances received from ECTP.

Contingent Liabilities

In 2016, certain of our subsidiaries were audited by the Indonesian Tax Office ("ITO"). The ITO assessed an underpayment of tax expenses of approximately US$2,300,000 in respect of a subsidiary, which had capitalized an intercompany loan as equity. We consulted our tax advisors on this matter and believe that there is a lack of basis under Indonesian tax law for this assessment of underpaid tax. Accordingly, we have filed an objection to the additional tax assessment. We have not made any provisions for such liability.

Off Balance Sheet Arrangements

Except for the contingent liabilities set forth above, as of March 31, 2017, we did not have any off-balance sheet arrangements with unconsolidated entities.

Quantitative and Qualitative Disclosures about Market Risks

Our business exposes us to a variety of risks, including commodity price risk, foreign exchange rate risk and inflation risk. The following discussion summarizes our exposure to foreign exchange rates, credit risk and liquidity risk and our policies to address these risks. The following discussion contains forward-looking statements that are subject to risks, uncertainties and assumptions about us. These statements are based upon current expectations and projections about future events. There are important factors that could cause our actual results and performance to differ materially from such forward-looking statements, including those risks discussed under "Risk Factors."

Commodity Price Risk

We face commodity price risk because coal is a commodity product bought and sold on the world coal markets. Although ECTP has entered into an agreement with us to purchase all the coal produced at our SDJ mine through the life of the mine. Prices of coal sold under the agreement are mutually negotiated and changes from time to time, based on global coal prices, which tend to be highly cyclical and subject to significant fluctuations. As a commodity product, global coal prices are principally dependent on the supply and demand dynamics of coal in the world export market. We do not engage in trading coal contracts and we have not entered into coal pricing arrangements to hedge its exposure to fluctuations in the price of coal, but may do so in the future.

Foreign Exchange Rate Risk

We generate most of our revenue in U.S. dollars. Although the majority of our cost of sales are and, following the issuance of the Notes, a significant portion of our liabilities will be, denominated in U.S. dollars, we hold cash and bank balances and have trade receivables and trade payables denominated in currencies other than U.S. dollar, mainly in Rupiah. For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2016 and 2017, approximately 57.5%, 61.1%, 46.1%, 54.4% and 32.0%, respectively, of our cost of sales were in Rupiah.

Although we expect the U.S. dollar to continue appreciating against the Rupiah, we are and also expect to continue to be subject to risk of fluctuations in the exchange rate between the U.S. dollar and the Rupiah. See "Risk Factors — Risks relating to Indonesia — Currency fluctuations could materially adversely affect our financial condition and results of operations." We currently do not engage in any formal hedging activities against foreign exchange rate risks but intend to continue to monitor the movement in U.S. dollar/Rupiah exchange rate and enter into hedging arrangements as and when we deem appropriate.

Inflation Risk

Indonesia had an annual inflation rate of 8.4%, 3.4% and 3.0% in 2014, 2015 and 2016, respectively, according to Government estimates. Nearly all of our operations are in Indonesia and we do not believe inflation in Indonesia has had a negative impact on the results of our operations. Inflation in Indonesia would adversely affect our revenue and cash flow to the extent that we are unable to increase its sales to cover any increases in our operating expenses resulting from inflation. We may be constrained in our ability to raise customer charges in response to inflation because of competitive pressures and Government regulation, among other factors.

Recent Accounting Pronouncements

Beginning on or after January 1, 2018, Singapore incorporated companies listed on the SGX-ST will be required to apply a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") for annual periods. We expect to be adopting the new framework for the first time for financial year ending December 31, 2018, with retrospective application to the comparative financial year ending December 31, 2017 and the opening statement of financial position as at January 1, 2017.

We have conducted a preliminary assessment of the potential impact arising from IFRS 1 First-time adoption of IFRS. We do not expect any material changes to our current accounting policies or material

adjustments on transition to the new framework, other than those that may arise from implementing new and/or revised standards, and the election of certain transition options available under IFRS. We are currently performing a detailed analysis of the transition options available to us and the other requirements of IFRS 1. Particularly, we are evaluating the option to reset the translation reserve to zero as at date of transition, and if elected, may result in material adjustments on transition to the new framework.

RISK FACTORS

An investment in the Notes is subject to significant risks. You should carefully consider all of the information in this Offering Memorandum and, in particular, the risks described below before deciding to invest in the Notes. The following describes some of the significant risks that could affect us and the value of the Notes as well as the Issuer's ability to pay interest on, and repay the principal of, the Notes. Additionally, some risks may be unknown to us and other risks, currently believed to be immaterial, could turn out to be material. All of these could materially and adversely affect our business, financial condition and results of operations. The market price of the Notes could decline due to any of these risks and you may lose all or part of your investment. This Offering Memorandum also contains forward-looking statements that involve risks and uncertainties including those described under "Forward-Looking Statements" elsewhere in this Offering Memorandum. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this Offering Memorandum.

Risks Relating to Our Business

We depend on a small number of mines for a substantial portion of our production volume

For the year ended December 31, 2016 and the three months ended March 31, 2017, we depended on our SDJ mine for all of our production volume, which we sold to Engelhart Commodities Trading Partners (Singapore) Pte Ltd. ("ECTP"), our primary offtaker of coal produced from the SDJ mine, through the ECTP Coal Purchase Contract for Life of Mine, see "Business — Customers — Our relationship with ECTP — ECTP Coal Purchase Contract for Life of Mine." In June 2017, we completed the acquisition of TBR, see "Summary — Recent Developments — The TBR Acquisition," and we are in discussions with offtakers with respect to offtakes of coal produced from our TBR mine. Our coal offtake agreement with ECTP requires us to deliver a mutually agreed minimum amount of coal in each calendar year of the term of the agreement and, within each calendar year, specified amounts of coal for periods of time that meet quality thresholds for certain characteristics, such as calorific value, moisture content, sulfur content and ash content. We expect any coal offtake agreement with respect to coal produced from our TBR mine to have similar requirements. If we were to experience coal production difficulties at SDJ or TBR, and thus encounter difficulties in meeting our commitments under our coal offtake agreements, we may not be able to find additional sources of coal to honor our offtake agreements with our customers and they may terminate or suspend their respective agreements with us, which may adversely affect our business, financial condition and results of operations.

Further, the coal mining concession for our only active coal mine, the SDJ mine, expires in May 2022. As of June 30, 2017, the coal reserves of our SDJ coal mining concession represented approximately 41.1% of our total coal reserves. The TBR coal mining concession, with respect to which we expect to commence coal mining operations, expires in January 2022. As of June 30, 2017, the coal reserves of our TBR coal mining concession represented approximately 47.5% of our total coal reserves. Although we are able to apply to the relevant Government authorities for an extension of the term of the respective coal mining concessions, we cannot assure you that we will be granted an extension for either of them in a timely manner or at all. Our land lease agreement covering the operations for our SDJ and TBR mines will need to be renewed in 2022 and we cannot assure you that such a renewal will be agreed. If we are unable to acquire more suitable coal mining concessions leading up to the expiry of our SDJ and TBR coal mining concessions to maintain or grow our coal reserves and we are unable to procure an extension to the term of either or both our SDJ and TBR coal mining concessions, we may not be able to sustain or grow coal production volumes, which may adversely affect our business, financial condition and results of operations. See "Risk Factors — Risks Relating to Our Business — Our coal mining operations and expansion programs depend on our ability to obtain, maintain and renew necessary permits and approvals from the Government."

In addition, our SDJ and TBR mines are located in South Kalimantan, Indonesia, which is subject to seasonal weather conditions. A prolonged rainy season can hamper coal production. This can have a significant impact on mining operations, equipment utilization rates and overburden removal rates. In addition, actual rainfall and rain hours can vary significantly in the regions where we operate from year to year and can result in

our utilization and production volumes for a period or a particular year being significantly lower than anticipated and targeted, even after we build in allowances for typical rainfall and rain hours due to seasonal weather conditions. Adverse weather conditions could prevent us from meeting our coal production targets under our mine plans. For example, in 2010, the number of rain hours in South Kalimantan increased by 23% compared to 2009 and from time to time our mines experience more rain than average. Due to the concentration of our operations in Kalimantan, any interruptions in our operations would potentially have a greater negative impact on us than if our operations were spread among a larger number of concessions throughout Indonesia or internationally. In particular, any disruptions affecting the region would have a disproportionate effect on our business. We maintain insurance against some, but not all of these potential adverse events. Our insurance policies may not be adequate to cover any losses or liabilities resulting from the occurrence of these events, and such events could materially and adversely affect our business, financial condition and results of operations.

We may fail to execute our strategic plans successfully

We are constantly exploring opportunities to acquire additional coal mining concessions to complement our portfolio of coal mining assets and are also exploring opportunities to divest stakes in our coal mining concessions as a means to collaborate with strategic partners and raise capital. We have engaged and intend to continue engaging in discussions with third-parties with respect to potential investments and/or collaborations in the Indonesia coal sector, including the acquisition of coal mines, coal mining rights, provision of coal mining management services, entering into joint ventures to jointly develop and operate coal mining concessions, opportunistically divesting stakes in coal mining concessions and other coal-related businesses.

Part of our growth strategy is to acquire additional coal mining concessions and increase our coal production. In order to pursue this strategy successfully, we must identify attractive acquisition opportunities, successfully complete the acquisition, obtain the requisite Government and local government permits and successfully integrate the new concession into our business strategy. We cannot assure you that we will be able to identify or complete appealing acquisition opportunities, successfully engage PT Bukit Makmur Mandiri Utama ("BUMA") or another mining contractor or enter into an offtake agreement on commercially reasonable terms, or at all, with any mining contactor or offtaker. Even if we identify and complete attractive acquisition opportunities, we cannot assure you that we will be able to successfully address the integration challenges in a timely manner, or at all.

We may also collaborate with strategic partners to either acquire coal mining assets or divest our stakes in our coal mining concessions to such strategic partners so as to jointly perform coal mining operations and co-develop coal mining assets. We may also opportunistically divest stakes in our coal mining assets if there is a conducive coal price environment for such assets. In order to pursue such strategies successfully, we would have to, among other things, identify and form strong working relationships with suitable strategic partners or source willing buyers and complete the sale of certain of our coal mining assets. We cannot assure you that we would be able to successfully execute our aforementioned and other business strategies, failure of which may adversely affect our business, financial condition and results of operations.

Coal prices are cyclical and subject to significant fluctuations

Our results of operations are highly dependent upon the prices we receive for the sale of coal. As coal is typically sold based on short-term fixed pricing arrangements or index-linked pricing arrangements, there has been, and will continue to be, significant volatility in coal pricing, including periods of substantial price decline. For example, according to Wood Mackenzie, between 2010 and 2015, coal prices decreased significantly, with an approximate 33.3% drop in the coal price for FOB Indonesia EcoCoal @ 4,200 kcal/kg GAR. See "— An oversupply of coal could adversely affect our profitability." The pricing of coal is affected by numerous factors beyond our control. These factors include, but are not limited to, forward selling by producers, production cost levels in major mining regions, weather conditions, distribution problems, labor disputes, the price and availability of alternatives, actions taken by governments and international cartels, and government regulations such as those relating to taxation, royalties, allowable production, importing and exporting and environmental protection. The price of coal is also affected by macro-economic factors such as expectations regarding inflation,

interest rates, global and regional supply and demand as well as general global economic and political conditions. In addition, improved distribution of Australian, South African or U.S. coal, lower ocean freight rates that improve the overall price competitiveness of Australian, South African or U.S. coal, an economic downturn in the People's Republic of China (the "PRC"), India or Asia in general, or a change in current PRC government policy restricting coal exports or the amount of days Chinese coal mines are permitted to operate, could further reduce world coal prices. An extended or substantial decline in global coal prices may materially and adversely affect our business, financial condition and results of operations.

We may be unable to locate additional coal reserves in our concession areas or secure new concessions with coal reserves that are economically recoverable

Our coal reserves will decline as mining continues. Future growth and medium to long-term success will depend heavily on our ability to acquire additional coal mining concessions, locate additional coal resources that are economically recoverable within our concession areas or in such other areas where we have permission to carry out exploration activities. Although exploration programs by us are contemplated, we cannot assure you that new coal reserves will be found or that such coal reserves will be economically recoverable. Our inability to acquire additional coal mining concessions or locate economically viable coal reserves could have a material and adverse effect on our business, financial condition and results of operations.

Our coal mining operations and expansion programs depend on our ability to obtain, maintain and renew necessary permits and approvals from the Government

We are required to obtain, maintain and renew various permits and approvals from the Government for our coal mining operations. The licenses from the Government or regional governments required for operations of a coal mining business include general corporate, mining, capital investment, labor, environmental, land utilization and other licenses. Most of these permits have various expiration dates ranging from five years from the date of issue to the date on which the license-holding company ceases to exist. Each of our SDJ, TBK and BEK coal mining concessions is valid until May 2022, January 2022 and April 2031, respectively. We must renew all of our permits and approvals before they expire, as well as obtain new permits and approvals when required. We cannot assure you that the relevant government authorities (whether at the Government or regional government level) will not revoke or renew our existing permits, refuse to issue new permits, will issue permits that conflict with our coal mining concessions for the approvals which we require to operate our business and implement any expansion programs or that they will not impose unfavorable terms and conditions in connection with an issuance or renewal of such permits or approvals. This uncertainty partly arises as a result of the regulatory regime within which we operate. See "— Our mining operations may be affected by mining and other permits issued by local governments that conflict with our concessions" and "— Risks Relating to Indonesia — The interpretation and implementation of legislation on regional governance in Indonesia is uncertain and may adversely affect our business, financial condition, results of operations and prospects." In addition, our land lease agreement covering the operations for our SDJ and TBR mines will need to be renewed in 2022 and we cannot assure you that such a renewal will be agreed. A loss of, or failure to obtain or renew, any permits, agreements and approvals necessary for coal mining business operations could materially and adversely affect our business, financial condition and results of operations.

We rely on third-party independent contractors to conduct our mining operations, and such contractors may be constrained by labor disputes, face operational difficulties or perform unsatisfactory work, which may result in a significant reduction in their services or termination or modification of our operating agreements

Substantially all of our mining operations are conducted by PT Bukit Makmur Mandiri Utama ("BUMA"), a third-party independent mining contractor operating under operating agreements, although we may engage another or additional third-party independent contractors in the future. Under these operating agreements, the mining contractor is responsible for providing the equipment, facilities, services, materials, supplies, labor and management required for the operation and maintenance of the designated mining pits and then exploit the mines pursuant to our mining plans. BUMA employs substantially all of the employees who operate in the mining areas under its operational control.

Although we are not required to provide BUMA with fuel for its operations, we have agreed to compensate BUMA for its fuel costs if it were to increase above a mutually agreed fuel price. We have not been required to compensate BUMA for increases in fuel prices since BUMA commenced coal mining operations at our SDJ mine. We do not currently hedge fuel price exposure. Any future significant increase in the price of fuel would cause an increase in our costs. If we are unable to pass such increased costs to our customers, it will affect our results of operations. On the other hand, if we pass such increased costs to our customers, it could result in termination of supply contracts by such customers. In either case, such increased costs could materially and adversely affect our business, financial condition and results of operations.

Any significant failure by BUMA to perform their obligations to a satisfactory level, or at all, under our operating agreements, whether as a result of financial or operational difficulties or otherwise, may materially and adversely affect our business, financial condition and results of operations. To the extent that we cannot engage BUMA or find a suitable replacement, our ability to complete our coal supply contracts in a timely fashion or at a profit may be impaired. Any delay or failure by BUMA to perform under our operating agreements for any reason, including factors beyond our control, may result in delays in coal delivery and/or shortfalls in planned coal production. If such delays and/or coal production shortfalls were to occur, we may have to purchase coal from the market to meet our coal delivery obligations to our customers or we may be contractually required to compensate our customers for these delays. In such event, although our operating agreements with BUMA provides for penalties payable to us for non-performance under these agreements, we may not be able to recover these penalties or additional costs from BUMA.

In addition, if BUMA is unable to deliver its services according to the negotiated terms and timetable for any reason, including the deterioration of its financial condition or operational capabilities, we may be delayed in carrying out our coal mining operations and be required to engage an alternative independent third party mining contractor, which could materially and adversely affect our business, financial condition and results of operations. Should any operating agreements with BUMA be terminated, mining operations at the affected mine, and potentially all of our mines, will be disrupted for a substantial period while BUMA removes its equipment and a new contractor delivers and installs its equipment. Further, in the event that BUMA ceases to perform its services or terminates its contracts with us, we cannot assure you that a suitable replacement contractor will be found on commercially reasonable terms, within a reasonable period of time, or at all.

We depend on a small number of offtake customers for a substantial portion of our total revenues

The majority of the coal we produce comes from our SDJ mine, and all of the coal we produce at our SDJ mine is sold to ECTP, our primary coal offtaker. ECTP then on-sells our coal to our end-customers, mainly comprising utility and industrial companies, to whom we previously sold directly. On July 4, 2016, we entered into an agreement with ECTP, whereby ECTP has agreed to purchase all the coal produced at our SDJ mine, through the life of the mine. See "Business — Customers — Our relationship with ECTP."

Our coal offtake agreement with ECTP requires us to deliver a specified amount of coal meeting quality thresholds for certain characteristics, such as calorific value, moisture content, sulfur content and ash content. Failure to meet these specifications could result in economic penalties, including price adjustments, rejection of deliveries or termination of the coal offtake agreement. Our coal offtake agreement with ECTP also contains provisions that allow ECTP to suspend or terminate its agreement with us if certain events occur, such as our failure to perform our obligations under the contract or other events beyond our reasonable control, including strikes, riots, breakdown of machinery and changes in governmental regulations.

If ECTP were to terminate or suspend its agreement with us, we may not be able to find replacement customers or re-engage our end-customers to whom we previously sold to directly, which may adversely affect our business, financial condition and results of operations. Also, any delay in or failure to make payment to us by ECTP may adversely affect our business, financial condition and results of operations. We are in the process of negotiating a coal offtake agreement for coal produced at our TBR mine with an offtaker and expect the terms of such coal offtake agreement to be similar to the terms of our coal offtake agreement with ECTP.

Our mining operations may be affected by mining and other permits issued by local governments that conflict with our concessions

Under the Indonesian constitution, all mineral resources are deemed to be national assets and are therefore controlled by the Government. Under previous mining laws and regulations, concession holders were able to conduct mining activities in Indonesia under either a contract of work (a *Perjanjian Karya Pengusahaan Pertambangan Batubara* or *Kontrak Karya*) or a mining authorization (a *Kuasa Pertambangan* or a *"KP"*). These contracts and authorizations were typically granted for a period of 20 to 30 years, with extensions permitted. The enactment of Law No.4 of 2009 on Coal and Mineral Mining on January 12, 2009 (the "Mining Law") stipulates that previously granted mining rights (either through contract of work or KP) will continue to be valid until expiry, subject to certain adjustments. Under current mining laws, a new mine license will be granted through the issue of either a mining license (*Izin Usaha Pertambangan* or *"IUP"*) or a special mining license (*Izin Usaha Pertambangan Khusus* or *"IUPK"*) for areas which have been designated as being of national strategic interest or state reserve areas. While an IUPK can only be issued by the Government, IUPs may be issued by the Government, provincial government, municipal government or district government, based on the geographical coverage of the mine and its infrastructure requirements. In 2014, based on Law No 23 of 2014, which was further amended by the Law No. 2 of 2015 and Law No. 9 of 2015 on Regional Autonomy, the authority of a regent or mayor in relation to issuance of mining licenses has been revoked and transferred to provincial government or central government.

Under both the previous and current regulatory regimes, the delegation and transfer of authority to issue concession or mining license rights gives rise to the possibility of overlap between licenses or concessions issued by different authorities. There have been instances in the past where a party was granted an IUP (previously, a KP) for mining of resources by a regional government that overlapped with a concession granted by the MEMR. As Indonesia does not have a centralized system for issuance of licenses, it is possible that the provincial government and Government issue different licenses to different entities over the same areas of lands. Therefore, it is also possible that the concessions we have been awarded overlap with the holder of plantation rights, oil and gas rights or forestry rights. Overlaps have also occurred in relation to plantation and forest permits. There can be no assurance that local miners will not receive permits to mine coal or other minerals, or obtain logging or plantation permits within the concession areas of our concessions from local or regional governments which conflict with our mining rights under the terms of our coal concessions. To the best of our knowledge, none of the mines we operate have such an overlap. If any overlap were to occur or is alleged to have occurred, our mining operations on such sites may be disrupted, and in the event that such third party claims are successful, we may be required to cease our mining operations on such sites which may adversely affect our business, financial condition and results of operations. See "— Risks Relating to Indonesia — The interpretation and implementation of legislation on regional governance in Indonesia is uncertain and may adversely affect our business, financial condition, results of operations and prospects."

We may experience unexpected disruptions to our mining operations as a result of operational and infrastructure risks, inclement weather and natural disasters

Our mining operations and transportation activities are subject to a number of risks that could disrupt the production of coal for varying lengths of time, including stripping and the removal of overburden and the excavating, loading and transportation of coal. These risks and changing conditions include:

- operating and infrastructure risks, including fires, explosions, embargoes, injuries and casualties arising from mining accidents, labor disputes, unexpected geological conditions, mine collapses and environmental hazards;
- inclement weather, particularly during the rainy season, which sees particularly heavy rains for a prolonged period of time, and natural disasters;
- failure by us, BUMA or other contractors to obtain key machinery, equipment and spare parts;
- unexpected failures and maintenance problems of machinery and equipment;

- discrepancies in coal seam thickness, the amount and type of overburden overlying the coal seam and other discrepancies from our geological models;
- changes in geological conditions and geotechnical instability of our mining pits;
- delays or disruptions in drilling, excavating and other third-party delays;
- barging delays due to river congestion and limited rainfall causing shallow conditions along the key rivers we use in our barging operations; and
- inability to access haulage roads, jetties, ports and other infrastructure, which we do not currently own.

These operational and infrastructure risks could cause us to incur substantial losses, which may materially and adversely affect our business, financial condition and results of operations. The losses that may result from such operational and infrastructure risks may involve serious personal injury or loss of life, severe damage to or destruction of property and equipment, pollution, destruction of natural resources or other environmental damage, environmental remediation responsibilities, regulatory investigation and penalties and suspension of operations. Customers that experience delays in coal shipments as a result of such losses may elect to purchase coal from other coal suppliers. See "— Our insurance may not be adequate to cover losses or liabilities."

We face risks arising from increased production and expansion

Although we recently expanded our coal asset portfolio through the acquisition of TBR, such expansion could prove to be unsuccessful**.** Our acquisition of TBR was a substantial investment, and if such investment is not successful, we will not receive an adequate, or any, return on our investment. We also intend to continue to significantly increase production in the near future through exploitation of existing coal reserves and the acquisition of other reserves. It is difficult to evaluate or predict our ability to implement our overall expansion strategy successfully. BUMA is responsible for obtaining and installing any additional equipment and hiring any additional employees required for increases in production capacity. Estimates of anticipated coal production are subject to significant uncertainty, and we may not be able to increase production within our budget or anticipated time frame or at all due to a number of factors, including:

- declines in demand for coal or a deterioration of coal prices;
- failure to integrate any new mines into our expansion plans;
- the failure of BUMA or other contractors to fulfill their capital expenditure and operating commitments, which are subject to risks, contingencies and other factors, some of which are and will be beyond their control, such as increases in costs of equipment and materials and their ability to secure necessary approvals, recruit a sufficient number of qualified employees and obtain required financing on acceptable terms or at all;
- difficulties encountered by BUMA or other contractors in obtaining machinery, equipment and spare parts due to capacity and supply constraints for mining machinery and equipment necessary to service expansion areas. Additionally, the equipment and machinery modified or installed by BUMA or other contractors to increase our coal production may not perform according to specifications or expectations;
- the failure of BUMA or other contractors to fulfill their contractual obligations which would require us to make alternative arrangements, cause delays and potentially increase the costs of our expansion plans;
- being unable to renegotiate or agree to new terms with BUMA for the increase in production on commercially reasonable terms;
- the failure to obtain and receive Government permits, licenses and approvals with respect to land title, forestry permits for overburden removal, construction of facilities and infrastructure within the time frame anticipated or at all; and
- unforeseen conditions or developments substantially delaying production, including adverse weather conditions, heavy rainfall in particular, adverse geological conditions, operational and infrastructure

risks, natural disasters, social and community disputes around our concessions, difficulties in negotiating with local communities to vacate concession areas and equipment and machinery malfunctions.

Our inability to expand our coal production may materially and adversely affect our business, financial condition and results of operations.

Our operations may be disrupted by opposition from local communities

We face the risk that our mining operations will be disrupted by local community opposition or unrest. Due to the adverse environmental impact associated with mining activities, local communities surrounding the areas in which we conduct mining operations may oppose, at times violently, the carrying out of further mining activities. Local communities may also cause disruptions arising out of, but not limited to, disputes relating to compensation claims for land acquisitions and land use rights, contractor or employee death or serious injury. In such circumstances, we may not be able to meet production targets, and our business, financial condition and results of operations may be adversely affected.

We may not benefit from rising coal prices under our coal supply agreements

We sell coal to customers pursuant to coal supply agreements with both short-term and long-term maturities. Our coal supply agreements fix coal prices, typically at spot rates, for a period of three to four weeks, and thus may be below the spot market price for comparable coal at any given time, depending on the timeframe of contract execution. Accordingly, if coal prices increase, we may not be able to capitalize on the increase under the terms of our long-term coal supply agreements. See "— Coal prices are cyclical and subject to significant fluctuations."

Our operations are subject to environmental regulations which may cause us to incur significant costs, liabilities or interrupt or cease mining operations, any of which may adversely affect our results of operations

Due to the significant impact of mining operations on the environment, coal mining operations are generally subject to extensive regulation governing operational activities such as exploration, development, production, health and safety, toxic substances, waste disposal, protection and remediation of the environment, oil spill management, land rehabilitation and abandonment and other related matters. These regulations require various governmental permits and licenses to be granted to us prior to the commencement of mining operations on a particular site. The Minister of Energy and Mineral Resources (the "MEMR") also needs to approve mining companies' annual projected production as incorporated under the work plan and budget (*rencana kerja dan anggaran biaya*). While appeals are available should the Government or local government deny a certain level of production, we can make no assurance that such appeal will be successful or that we will be able to mine at our desired levels or amounts that meets the minimums stated in our offtake agreements. Our contractors are required to review and comply with our environmental and health and safety standards and under the terms of our concession licenses, we are responsible for ensuring compliance with applicable Indonesian laws and regulations and applying for such certifications, permits and licenses. If we, BUMA or other contractors fail to comply with applicable Indonesian environmental regulations, or if an incident were to occur on a mining site owned by us, we may be liable for any damages or expenses arising out of or in connection with such incident.

Our insurance may not be adequate to cover losses or liabilities

Our operations entail significant risks. In particular, the mining industry is subject to significant risks that could result in damage to, or destruction of, coal mine properties, mining machinery and equipment, and production facilities, as well as accidents leading to personal injuries or death, environmental damage, operational delays and disruptions, monetary losses and potential legal liabilities. We maintain insurance against risks incurred in the operation of our business, in the types and amounts which our management believes to be consistent with industry practice. We maintain insurance against some, but not all, operational and infrastructure risks and natural disasters. In particular, consistent with industry practice, we do not maintain insurance coverage

for business interruption. In addition, BUMA and our other contractors may not carry adequate liability coverage. We cannot assure you that our insurance will be adequate to cover losses or liabilities that may arise or the continued availability of insurance at acceptable premium levels or at all.

We rely on private haul roads, jetties and ports to transport and deliver coal, any major disruption of which may adversely affect our business, results of operations and financial condition

We rely on private haul roads, jetties and ports to transport and deliver our coal. Our ability to transport and deliver coal, either from existing mine sites or ones which we may develop in the future, may be constrained by, but not limited to, inadequate infrastructure, disputes with landowners from which we currently have been granted a right of way, weather related closures, natural disasters or the Government or regional governments no longer permitting such areas to be used for mining related activities, or commercial activity at all. The closure, for whatever reason, of any of the haul roads, jetties and ports on which we currently rely to transport and deliver our coal would have an adverse impact on our business, financial condition and results of operations.

Fluctuations in transportation costs and disruptions in transportation generally could adversely affect demand for our coal and increase competition from coal producers in other parts of Asia and elsewhere in the world

For our customers, transportation costs are a critical factor in purchasing decisions. Under the terms of our agreement with ECTP, ECTP is responsible for paying transportation costs. As competition among coal producers is significantly influenced by price, increases in transportation costs could make our coal less competitive in markets outside of Southeast Asia, such as Europe and North America, relative to coal producers that are in closer geographic proximity to such markets. On the other hand, significant decreases in transportation costs, or the absence of disruptions in coal transportation systems, could result in increased competition in Southeast Asia from coal producers in other parts of Asia, Australia and South Africa. Decreases in freight rates and the availability of coal transported from other parts of Asia, Australia, South Africa, North America and other parts of the world may give global competitors a pricing advantage over us.

Our end-customers typically arrange and pay for the transportation of coal from our Bunati anchorage, disruption of transportation services due to weather-related problems, distribution problems, labor disputes, hazards of maritime operations, such as piracy, capsizing, collision and adverse sea conditions or other events could result in a decrease in demand for our coal, temporarily restrict our ability to supply coal to our respective end-customers or could result in demurrage claims by ship owners for loading delays. Any of the foregoing factors could materially and adversely affect our business, financial condition and results of operations.

Proved and probable coal reserves are expressions of judgment based on knowledge, experience and industry practice, and any adjustments to estimated proved and probable coal reserves could adversely affect our development and mining plans

Estimates of proved and probable coal reserves on which we make our production and expansion plans are expressions of judgment based on knowledge, experience and industry practice. In determining the feasibility of developing and operating our mines, estimates of coal reserves and resources are made and confirmed by an independent mining consultant. Numerous uncertainties inherent in estimating the quantities and value of recoverable and marketable coal reserves exist, including many factors beyond our control. As a result, estimates of coal reserves and resources are, by their nature, uncertain. When estimating coal reserves and resources, we make assumptions regarding:

- geological conditions;
- historical production from the mining area compared with production from other producing areas;
- the effects of regulations, including safety and environmental regulations and taxes by governmental agencies;
- future coal prices; and
- future operating costs, including increased reliance on independent third-party contractors.

The estimated coal reserves and resources on which we make our production and expansion plans have been determined using knowledge, experience and industry practice and may require revision based upon actual production, operating costs, global coal prices and other factors. Determinations of coal resources or reserves that appear valid when made may change significantly in the future when new information becomes available. Actual factors may vary considerably from the assumptions used by us in estimating coal reserves. For these reasons, actual coal and marketable reserves and actual production, costs, sales and expenditures related to coal reserves may vary materially from their estimates. Our estimates may not accurately reflect our actual coal reserves or be indicative of future production, costs, sales or expenditures. For example, future material declines in global coal prices could reduce our reserve estimates due to operational costs associated with exploiting some concessions.

The conclusions and opinions contained in the Statement of Open-Cut Coal Resources and Reserves report prepared by SMG Consultants apply only as of the date of the report. Changes to any of the data, information and assumptions, including assumptions on coal prices, that SMG Consultants used in preparation of the report may have occurred since the date of the report, impacting the conclusions and opinions of SMG Consultants contained in the report, making it unreliable and causing actual results to materially and adversely vary from estimates.

Our recovery rates will vary, which will result in variations in the volumes of coal that we can sell from period to period. Should we encounter coal seams or formations different from those predicted by past drilling, sampling and similar examinations and exploration activities, our reserve amounts may have to be adjusted. The value of our reserves have been determined based on assumed coal prices and historical and assumed operating costs. Some of our coal reserves may become or may be determined to be unprofitable or uneconomical to develop if there are unfavorable long-term market price fluctuations for coal, or if there are significant increases in operating costs and capital expenditure requirements. Our exploration activities may not result in the discovery of additional coal deposits that can be mined profitably. Our coal products may not meet the quality specifications in our coal supply agreements. Adjustments to proven and probable coal reserves could affect our development and mining plans, and any significant reduction in the estimated volumes and grades of the coal reserves we recover would have an adverse impact on our business, financial condition and results of operations.

We may experience safety incidents or accidents at our mine sites

Operations at our mine sites involve the operation of heavy machinery and industrial accidents resulting in damage to property, personal injury or death may occur. In such event, we may be liable for loss of life and property, medical expenses, medical leave payments and fines or penalties for violation of applicable Indonesian laws and regulations. We may also be subject to business interruption or negative publicity as a result of equipment shutdowns for Government investigations or the implementation or imposition of enhanced safety measures as a result of such accidents. See "Business — Environmental, Health and Safety Compliance." These types of accidents or enhanced safety measures imposed by Government authorities could have a material adverse effect on the manner in which we conduct operations, thereby adversely affecting our business, financial condition and results of operations.

We have ongoing mine reclamation and rehabilitation obligations

The Government establishes operational and reclamation standards for all aspects of open-cut coal mining. We have developed mine reclamation and rehabilitation strategies based on the geological characteristics of our coal mines. 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. As we undertake mining activities in new areas, we record an expense for the estimated cost of these reclamation and rehabilitation activities (including reclamation and rehabilitation expenses for areas being mined by BUMA) and record a liability for the estimated future cash outlays for reclamation and rehabilitation. These expenses will increase as we expand our current mines and undertake mining activities in additional areas to maintain or increase coal production. For further information regarding environmental protection in Indonesia, see "Regulatory Overview — Environmental Regulations."

Under the terms of our operating agreements with BUMA, they are and will continue to be, responsible to us for the reclamation and rehabilitation of mining areas under their control. However, we are responsible to the Government for the reclamation and rehabilitation of all areas being mined within our concession areas. Our mine reclamation and rehabilitation liabilities can change significantly if their actual costs vary from their assumptions, if Governmental regulations change or if BUMA fails to satisfy their obligations for reclamation and rehabilitation. Any significant unanticipated increase in our reclamation and rehabilitation costs could materially and adversely affect our business, financial condition and results of operations.

An oversupply of coal could adversely affect our profitability

Over the past 20 years, a growing world coal market and increased demand for coal worldwide have attracted new investors to the coal industry, spurred the development of new mines and expansion of existing mines in various countries, including Indonesia, China, Australia, South Africa and Colombia, and resulted in added production capacity throughout the industry worldwide. These developments led to increased competition and lower coal prices before the beginning of 2003. Increases in coal prices from the fourth quarter of 2003 until the third quarter of 2008 encouraged the development of expanded capacity by new and existing international coal producers. According to Wood Mackenzie, in 2008, the price for FOB Newcastle 6,322 kcal/kg GAR was as high as US$180 per tonne, before declining to US$80 per tonne. In 2011, the price for such specification of coal rose to as high as US$130 per tonne, before experiencing five consecutive years of declining prices, where the price of such coal in 2016 was as low as US$50 per tonne. In November 2016, the price for such specification of coal rose to as high as US$116 per tonne. Any oversupply of coal in the global markets could reduce global coal prices and the prices we receive under new coal supply agreements, which may adversely affect our business, financial condition and results of operations.

International trade and demand from certain countries and regions for bituminous, sub-bituminous and low-rank coal may not be sustainable and may decline

Our mining concessions have significant reserves of bituminous, sub-bituminous and low rank thermal coal. These types of coal are abundant in Indonesia and have become an important fuel supply for emerging markets like the PRC, India, Africa and Southeast Asia. We cannot assure you that such countries and regions will not decrease their demand for imported Indonesian bituminous, sub-bituminous and low rank thermal coal. The reduction in purchases of coal from Indonesia may adversely affect our business, financial condition and results of operations. See "— An oversupply of coal could adversely affect our profitability."

Coal markets are highly competitive and are affected by factors beyond our control

We compete with both domestic Indonesian coal producers and foreign coal producers in the global coal markets primarily on the basis of coal quality, price, transportation cost and reliability of supply. Demand for our coal from our principal customers is affected by prices of alternative energy sources, including nuclear energy, natural gas, oil and renewable energy sources, such as solar and hydroelectric power. Generally, the competitiveness of our coal compared to the coal products of our competitors and alternative fuel supplies is evaluated on a delivered cost per calorific value unit basis. Factors that directly influence production costs of coal producers include geological characteristics of their coal including, seam thickness, strip ratios, transportation costs and labor availability and cost. Our inability to maintain our competitive position as a result of these or other factors could materially and adversely affect our business, financial condition and results of operations.

We are dependent upon the services of key management personnel

Our success depends to a significant extent upon the abilities and collective efforts of our senior management team and the management team of our subsidiaries. Our success will depend upon our ability to retain key members of our respective management teams and hire additional qualified employees. The loss of any member of our senior management team or the management teams of our subsidiaries could materially and adversely affect our business, financial condition and results of operations. Difficulty in retaining and hiring personnel could adversely affect our results of operations. In addition, members of our senior management teams

have established relationships with our independent third-party mine operators and key customers. The loss of any member of our senior management team could adversely affect our ability to retain these customers.

We may not be able to successfully manage our foreign currency exchange risk

Our reporting currency is the U.S. dollar. However, certain expenses associated with our daily operations are denominated in other currencies, primarily the Rupiah. Additionally, certain of our monetary liabilities, and particularly our monetary assets, such as tax receivables, refer to and are denominated in foreign currency, primarily the Rupiah. For the years ended December 31, 2014, 2015 and 2016 and the three months ended March 31, 2017 we had net monetary assets denominated in foreign currencies of US$41.2 million, US$37.1 million, US$36.0 million and US$8.2 million, respectively.

Accordingly, our results of operations can be affected by fluctuations in exchange rates, in particular by depreciation or appreciation of the Rupiah against the U.S. dollar. The Rupiah has undergone periods of significant depreciation against the U.S. dollar. We had foreign exchange gains of US$2.4 million, US$2.6 million, US$2.9 million and a foreign exchange loss of US$1.9 million for the years ended December 31, 2014, 2015, 2016 and the three months ended March 31, 2017, respectively. See "— Risks Relating to Indonesia — Depreciation or volatility in the value of the Rupiah may adversely affect our business, financial condition, results of operations and prospects."

The regulatory framework governing the Indonesian mineral resource and mining industry sectors is undergoing significant change, and adverse changes or developments in mining laws or regulations may be difficult to comply with, may significantly increase our operating costs or may otherwise adversely affect our business, financial condition and results of operations

The Indonesian mining industry is subject to extensive regulation within Indonesia, and there have been major developments in laws and regulations applicable to coal concession holders and mining service operators. In particular, the enactment of the Mining Law replaced the previous regulatory framework. The Mining Law, which sets out the regulatory framework for the mining industry in Indonesia, only contains substantive principles and leaves many specific issues to be addressed in implementing regulations, such as the appointment of mining services providers and domestic processing. For instance, under the Mining Law, coal and other minerals mined within Indonesia must be processed domestically. However, for coal products, there is no specific regulation setting out the minimum standard of coal that can be exported. Indonesian coal producers are also restricted from engaging their subsidiaries or affiliates to provide mining services on their concessions without obtaining prior ministerial approval, and are required to prioritize domestic contractors, labor, products and services. The Mining Law provides for implementing regulations to be issued at a later date with respect to these provisions.

On December 31, 2009, the MEMR issued Regulation No. 34 of 2009 on Prioritization of Supply of Mineral and Coal Needs for Domestic Interests ("Regulation No. 34 of 2009"), which requires producers of coal and other minerals in Indonesia to prioritize the domestic market by selling a portion of production to the domestic Indonesian market. Regulation No. 34 of 2009 also stipulates that coal producers may export their products, provided that they meet the minimum domestic sale percentage applicable to it as determined by the MEMR. Under the terms of Regulation No. 34 of 2009, such sales are based on a minimum percentage of coal sales as set out by the MEMR, which we are required to adhere to. In February 2010, the Government issued Regulation No. 22 of 2010 on Mining Area ("Regulation No. 22 of 2010") and Regulation No. 23 of 2010, as last amended by Regulation No. 1 of 2017, on the Implementation of Mineral and Coal Mining Activities ("Regulation No. 23 of 2010 (as amended)"). Regulation No. 23 of 2010 (as amended) contains the implementing provisions of the Mining Law in respect of the obligations of holders of Mining Permits and Special Mining Permits. The regulation sets out how processing and refinery activities must be conducted and supplements Regulation No. 34 of 2009 in respect of domestic market obligations. Further, the Government has imposed a withholding tax for coal exports by issuing Ministry of Finance Regulation No. 34/PMK.010/2017 Tahun 2017 ("MOF 34/2017"). Effective March 1, 2017, a 1.5% export tax will be imposed on exports of coal. The introduction of a coal export tax will likely impact the cost competitiveness of Indonesian coal, causing some of Indonesia's less efficient coal

producers to exit the export market or stop operations completely. Failure by us to comply with any applicable laws or regulations may result in, among others, the loss of our mining licenses, the suspension or revocation of permits and licenses necessary for mining operations and other enforcement measures that could have the effect of disrupting our operations. If such circumstances occur, we may be required to suspend or cease our operations on the affected site, and our business, financial condition and results of operations may be adversely affected.

We cannot assure you that future regulatory changes affecting the mining industry in Indonesia will not be introduced or unexpectedly repealed, or that new interpretations of existing laws and regulations will not be issued, which might have a significant impact upon our business, financial condition and results of operations.

With respect to mining service providers such as BUMA and our subsidiary PT Mitra Nasional Pratama ("MNP"), the MEMR issued Minister Regulation No. 28 of 2009 on Operations of Mineral and Coal Mining Services on September 30, 2009, which was revoked on May 9, 2017 pursuant to MEMR Regulation No. 34 of 2017 on Licenses in the Mineral and Coal Mining Field (the "MEMR Regulation No. 34 of 2017"). MEMR Regulation No. 34 of 2017 requires, among other things, that coal concession holders, rather than mining service contractors, conduct certain activities in the coal production process (namely, coal digging and coal loading). Further, any assignment of works to the mining service contractors by the coal concession holders is limited to stripping of overburden.

If we fail to comply with the Mining Law and its implementing regulations, we and BUMA may be subject to administrative sanctions in the form of written warnings, temporary suspensions or the revocation of our mine licenses. A court or an administrative or regulatory body may in the future render interpretations of these laws and regulations, or issue new or modified regulations, that differ from our interpretation, which could materially and adversely affect our business, financial condition and results of operations. For more information regarding the Mining Law and other applicable regulations, see "Regulatory Overview."

We may be required to convert our Indonesian subsidiaries into PMA Companies, which would require us to divest our shareholdings in our Indonesian coal mining subsidiaries

We conduct our business in Indonesia through our indirect subsidiaries. As the direct or indirect subsidiaries of foreign intermediate holding companies, our Indonesian subsidiaries are subject to oversight by the BKPM, a government body overseeing foreign investment in Indonesia, as well as the MEMR, which may require us to divest our shareholdings in our Indonesian coal mining subsidiaries. Under Indonesian law, foreign investments in Indonesia must be made in the form of a limited liability company and domiciled within Indonesia, unless provided otherwise by law. The establishment of a limited liability company for the purpose of the foreign investment which is commonly known as a PMA Company must obtain a license from BKPM.

Currently, most of our Indonesian subsidiaries, including subsidiaries holding IUPs, are not PMA Companies. However, the applicable regulation is unclear as to whether such subsidiaries must convert into a PMA Company. Under the current BKPM regulation, i.e., BKPM Regulation No. 14/2015 as lastly amended by BKPM Regulation No. 08/2016 ("BKPM Regulation No. 14/2015, as amended"), there is no provision that would require such subsidiaries to convert into a PMA Company. However, the attachment to the BKPM Regulation No. 14/2015, as amended provides a standard form of a BKPM investment approval to be issued by the BKPM to a PMA Company, which stipulates a requirement that within one year of the issuance of the approval, all of its subsidiaries (including indirect subsidiaries) must apply to the BKPM for an investment license and become a PMA Company. There is uncertainty as to whether this requirement applies to us or would be enforced against us.

If any of our Indonesian subsidiaries become PMA Companies, we would be required to divest our shareholdings in such companies, which may include SDJ, TBR and any other revenue-generating subsidiaries in the future. Government Regulation No. 23 of 2010, as amended several times and as lastly amended by Government Regulation No.1 of 2017 ("GR No.23/2010"), and as further implemented by MEMR Regulation No. 09 of 2017 on Guidelines and Price of Shares Divestment Determination in Mineral and Coal Business

(“MEMR Regulation No. 09 of 2017”), prescribes the following divesting schedule commencing from the date of commencement of production operation:

- the 6th year: 20%;
- the 7th year: 30%;
- the 8th year: 37%;
- the 9th year: 44%; and
- the 10th year: 51%.

A divestment would be conducted in accordance with a MEMR regulation, which stipulates, among others, the timing of the sale and the identity of potential buyers. See “Regulatory Overview — Divestment Requirements — Offering procedure.”

However, GR No.23/2010 also provides that in the event of a conversion of a non-PMA mining company that does not undertake processing and/or refining/smelting by itself to become a PMA-mining company, foreign shareholding in such company will be limited to a maximum of 49%.

It is unclear whether the foreign shareholding must be reduced immediately to 49% or follow the timeline as set out above.

If our Indonesian coal mining subsidiaries were required to become PMA Companies and the timeline as set out above applies, then, for example, we would have to sell at least a 51% interest in each of our SDJ mine by December 2025 and our TBR mine by 2027, if our TBR mine starts producing this year. Our other assets and any future assets that we acquire may also be subject to the same divestment requirement and this may materially and adversely affect our financial condition and results of operations. This may also make it more difficult for us to meet the Minimum Reserve Condition (Fall Away) and Minimum Reserve Condition (First Call Date) in connection with the Mandatory Offer to Purchase. See “Description of the Notes — Mandatory Offer to Purchase.”

GR No.23/2010 and MEMR Regulation No. 09 of 2017 also prescribes a procedure, under which shares to be divested must be offered to different entities in fixed timeframes. Consequently, a favorable sales price may not be realized in such timeframe. Furthermore, if a divestment is required to be made when the remaining amount of reserves is low, it may be difficult to find potential buyers who would offer an attractive price.

See “Regulatory Overview — Divestment Requirements.”

The interests of our shareholders may conflict with the interests of the Noteholders, and they may take actions that are not in, or may conflict with, the interest of the Noteholders

Our founders beneficially own a significant amount of our outstanding shares. For information related to the beneficial ownership of our shares, see “Principal Shareholders.” The interests of our shareholders may conflict with your interests as a Noteholder. Such shareholders have and will continue to have, directly or indirectly, the power, among other things, to affect our legal and capital structure and our day-to-day operations, as well as the ability to elect and change our management and board of directors and to approve other matters requiring the approval of our shareholders. Our shareholders could also vote to cause us to incur additional indebtedness, to sell certain material assets or make dividend payments, in each case, so long as the indenture governing the Notes and any other debt facilities so permit. Circumstances may occur in which the interests of our shareholders could be in conflict with your interests. For example, the interests of our shareholders could conflict with your interests if we faced financial difficulties and were unable to comply with our obligations to you under the Notes. In addition, our shareholders may have an interest in pursuing acquisitions, divestitures and other transactions that, in their judgment, could enhance their equity investment, even though such transactions might involve risks to you. Conversely, our shareholders may have an interest in not pursuing acquisitions, divestitures and other transactions that could enhance our cash flow and be beneficial to you.

Compliance with environmental standards related to coal combustion may cause our customers to switch to alternative fuels

Coal contains impurities, including sulfur, mercury, chlorine, nitrogen oxide and other elements and compounds, many of which are released into the air when coal is burned. Stricter environmental regulation of emissions from coal-fired power generation plants and other industrial plants that burn coal could increase the costs of using coal, thereby reducing demand for coal as a fuel source and adversely affecting our coal sales and coal prices, which could materially and adversely affect our business, financial condition and results of operations.

Climate change may adversely affect demand for coal and thus our business

Policy and regulatory changes, technological developments and market and economic responses relating to climate change may affect our business. Indonesia and nearly 200 other nations are signatories to the 1992 United Nations Framework Convention on Global Climate Change, which is intended to limit or capture emissions of greenhouse gases, such as carbon dioxide. In 1997, in Kyoto, Japan, the signatories to the convention established country-specific targets for cutting greenhouse gas emissions for developed nations. In December 2007, the signatories to the convention also participated in the United Nations Climate Change Conference held in Bali, Indonesia, where participants agreed to the adoption of the "Bali Roadmap," which sets forth a new negotiating process leading to an international agreement on climate change by 2012 or thereafter. In 2012, the signatories to the convention convened in Doha, Qatar and agreed to extend the life of the Kyoto Protocol until 2020. The enactment of an international agreement on climate change or other comprehensive legislation focusing on greenhouse gas emissions could have the effect of restricting the use of coal in primary markets supplied by our customers. Other efforts to reduce greenhouse gas emissions and initiatives in various countries to use cleaner alternatives to coal such as natural gas may also affect the use of coal as an energy source. In 2014, Barack Obama, former President of the United States, announced an agreement between the United States and China to cut greenhouse emissions by more than 25.0% below 2005 levels by 2025. Further, following the 2015 United Nations Climate Change Conference, the Paris Agreement within the United Nations Framework Convention on Climate Change ("UNFCCC"), Indonesia and 195 other member states have signed the agreement. The agreement, which aims to hold back the increase in global temperatures, increase the ability to adapt to the adverse impacts of climate change and provide channels to finance project that lead towards reducing greenhouse gas emissions and a climate-resilient development strategy, entered into force globally on November 4, 2016 and in Indonesia specifically ratified on October 25, 2016. China has also limited its manufacturing activity to address its severe air pollution and adopted a policy to lower carbon emissions by reducing coal usage for its power plants, all of which has had a significant effect on coal demand. The enactment of comprehensive legislation focusing on greenhouse gas emissions could have the effect of restricting the use of coal in primary markets serviced by us.

In addition, technological developments may increase the competitiveness of alternative energy sources, such as renewable energy, which may decrease demand for coal. Other efforts to reduce emissions of greenhouse gases and initiatives in various countries to encourage the use of natural gas or renewable energy may also discourage the use of coal as an energy source and could materially and adversely affect our business financial condition and results of operations.

Furthermore, there is a potential gap between the current valuation of coal reserves and the reduced value that could result if a significant proportion of our coal reserves were rendered incapable of extraction in an economically viable fashion due to technology, regulatory or market responses to climate change. In such an event, our inability to utilize our coal reserves may adversely affect our financial condition and results of operations.

The physical effects of climate change, such as changes in rainfall, water shortages, rising sea levels, increased storm intensities and higher temperatures, may also disrupt our operations. These disruptions in operations may in turn materially and adversely affect our business, financial condition and results of operations.

Our operations entail significant environmental compliance costs

Several aspects of our operations could adversely affect the environment and entail significant compliance costs, including but not limited to, disposal of overburden, creation of run-off from our mining pits, coal stockpiles, overburden and topsoil storage piles and emissions discharge from our coal crushing and screening plants. We are subject to Indonesian national and regional environmental, health and safety laws, regulations, forestry laws and other legal requirements. These laws govern the discharge of substances into the air and water, the management and disposal of hazardous substances and waste, site clean-up, groundwater quality and availability, plant and wildlife protection, reclamation and restoration of mining properties after mining has been completed and the restriction of open-cut mining activities in protected forest areas. The environmental regulations require us to submit an environmental impact study for the Government's approval before we may increase our production capacity. The costs associated with complying with these laws have had, and will continue to have, an impact on our operating costs and competitive position. We may be required to bear substantial costs as a result of violations of, liabilities under or changes in environmental, health and safety laws. Furthermore, our permits to conduct mining operations may be suspended if there is evidence of serious failure to meet environmental standards, or withdrawn permanently in the event of extreme failures. For further information see "Regulatory Overview — Environmental regulations."

The impact of our mining operations on the environment may be materially greater than anticipated. In addition, the requirements for environmental compliance and remediation may be materially increased by new laws or regulations or changes in the interpretation or implementation of existing laws and regulations. We cannot assure you that we will not experience difficulties in complying with any new environmental requirements related to our operations. Any material increase in the cost of environmental compliance and remediation, or the occurrence of a major environmental accident at our mines, could materially and adversely affect our business, financial condition and results of operations.

Risks Relating to Indonesia

Although we are incorporated under the laws of Singapore and the majority of our directors and officers are based in Singapore, substantially all of our operations and assets are located in Indonesia. As a result, future political, economic, legal and social conditions in Indonesia, as well as certain actions and policies which the Government may take or adopt, or omit from taking or adopting, may have a material adverse effect on our business, prospects, financial condition and results of operations.

Depreciation or volatility in the value of the Rupiah may adversely affect our business, financial condition, results of operations and prospects

One of the most important immediate causes of the economic crisis which began in Indonesia in mid-1997 was the depreciation and volatility of the value of the Rupiah, as measured against other currencies, such as the U.S. dollar. Although the Rupiah has appreciated considerably from its low point of approximately Rp.17,000 per U.S. dollar in January 1998, the Rupiah continues to experience significant volatility. The Rupiah-U.S. dollar exchange rate, based on the middle exchange rate announced by Bank Indonesia, was Rp.12,440 = US$1.00 on December 31, 2014, Rp.13,795 = US$1.00 on December 31, 2015, Rp.13,436 = US$1.00 on December 31, 2016 and Rp.13,321 = US$1.00 on March 31, 2017.

Following the issuance of the Notes, which will be denominated in U.S. dollars, and our application of the proceeds therefrom as described under "Use of Proceeds," we expect that nearly all of our indebtedness will be denominated in U.S. dollars. For the year ended December 31, 2016 and the three months ended March 31, 2017, nearly all of our net revenues were denominated in U.S. dollars and for the year ended December 31, 2016 and the three months ended March 31, 2017, 7.6% and 5.0%, respectively, of our revenue was denominated in Rupiah.

From July 1, 2015, PBI 17/3/2015 effectively requires that, whenever we enter into or renew agreements for transactions with customers domiciled and/or operating in Indonesia, we must denominate the contract price and receive payment in Rupiah. See "Indonesian Regulation of Offshore Borrowing" and "Exchange Rate

Information — Indonesian Law on Currency and the Mandatory Use of Rupiah in the Territory of Indonesia." Substantially all of our revenues in the coal mining, coal trading and coal mining management industries are derived from customers domiciled and/or operating in Indonesia and China and are currently denominated either in U.S. dollars or the Rupiah-equivalent of U.S. dollars. However, to the extent that PBI 17/3/2015 requires us to denominate our contract prices and receive payment in Rupiah, we will have exposure to foreign currency risk.

We currently do not hedge our exposure to foreign currency risk. If a significant part of our revenues is no longer denominated in U.S. dollars, a decline in the value of the Rupiah against the U.S. dollar or other foreign currencies would increase the Rupiah cost of repaying for our indebtedness and related financing costs and their value on our balance sheet. Recently, the Rupiah has declined substantially against the U.S. dollar. For example, the Rupiah depreciated from Rp. 12,440 per U.S. dollar as of December 31, 2014 to Rp. 13,321 per U.S. dollar as of March 31, 2017. Adverse movements in foreign exchange rates, together with an increase in our revenues paid in Rupiah, may materially and adversely affect our business, financial condition and results of operations, and the Issuer's ability to pay interest on, and repay the principal of, the Notes, or the ability of the Guarantors to perform their obligations under the Guarantees. See "Exchange Rate Information" for further information on changes in the value of the Rupiah as measured against the U.S. dollar in recent periods.

The Rupiah has generally been freely convertible and transferable (except that Indonesian banks may not transfer Rupiah to persons outside of Indonesia and may not conduct certain transactions with non-residents). However, from time to time, Bank Indonesia has intervened in the currency exchange markets in furtherance of its policies, either by selling Rupiah or by using its foreign currency reserves to purchase Rupiah. We cannot assure you that the Rupiah will not be subject to depreciation and continued volatility, that the current floating exchange rate policy of Bank Indonesia will not be modified, that additional depreciation of the Rupiah against other currencies, including the U.S. dollar, will not occur, or that the Government will take additional action to stabilize, maintain or increase the value of the Rupiah, or that any of these actions, if taken, will be successful.

Modification of the current floating exchange rate policy could result in significantly higher domestic interest rates, liquidity shortages, capital or exchange controls or the withholding of additional financial assistance by multinational lenders. This could result in a reduction of economic activity, an economic recession, loan defaults or declining interest by our customers, and as a result, we may also face difficulties in funding our capital expenditure and in implementing our business strategy. Any of the foregoing consequences could materially and adversely affect our business, financial condition and results of operations.

Political and social instability may adversely affect us

Following the collapse of President Suharto's regime in 1998, Indonesia has experienced a process of democratic change. Although Indonesia successfully conducted its first free elections for parliament and president in 1999, as a new democratic country, Indonesia continues to face various socio-political issues and has, from time to time, experienced political instability and social and civil unrest.

Since 2000, thousands of Indonesians have participated in demonstrations in Jakarta and other Indonesian cities both for and against former President Wahid, former President Megawati, former President Yudhoyono and current President Widodo as well as in response to specific issues, including fuel subsidy reductions, privatization of state assets, anti-corruption measures, decentralization and provincial autonomy and the American-led military campaigns in the Middle East. Although these demonstrations were generally peaceful, some have turned violent.

Political and related social developments in Indonesia have been unpredictable in the past. There can be no assurance that this situation or future sources of discontent will not lead to further political and social instability. Social and civil disturbances could directly or indirectly, materially and adversely affect our business, financial condition and results of operations.

Indonesia is located in an earthquake zone and is subject to significant geological risk that could lead to social unrest and economic loss

Because of its location in a geologically active part of the world, Indonesia is subject to various forms of natural disasters. These include earthquakes, tsunamis, volcanic eruptions, floods and landslides that can result in

major losses of life and property, such as the 2004 Indian Ocean Tsunami that devastated the province of Aceh and therefore have significant economic and developmental effects.

While these events have not directly affected the Kalimantan region where we operate or have had a significant economic impact on Indonesian capital markets, the Government has had to expend significant amounts of resources on emergency aid and resettlement efforts. If the Government is unable to timely deliver foreign aid to affected communities, political and social unrest could result. Any such failure on the part of the Government, or declaration by it of a moratorium on its sovereign debt, could trigger an event of default under numerous private-sector borrowings including ours, thereby materially and adversely affecting our business, financial condition and results of operations.

In addition, future geological or meteorological occurrences may significantly harm the Indonesian economy. A significant earthquake or other geological disturbance or weather-related natural disasters in any of Indonesia's more populated cities and financial centers could severely disrupt the Indonesian economy and thereby materially and adversely affecting our business, financial condition and results of operations.

Terrorist attacks and activities could cause economic and social volatility

Terrorist attacks and associated military responses have resulted in substantial and continuing economic volatility and social unrest in the world. In Indonesia during the last several years and as recently as May 24, 2017, there have been various terrorist attacks directed towards the Government, foreign governments and public and commercial buildings frequented by foreigners, which have killed and injured a number of people.

There can be no assurance that further terrorist acts will not occur in the future. Any of the foregoing events, including damage to our infrastructure or that of our suppliers and customers, could materially and adversely affect international financial markets and the Indonesian economy, interrupt parts of our business and materially and adversely affect our financial condition, results of operations and prospects.

Domestic, regional or global economic changes may adversely affect our business

Indonesia's economy was significantly affected by the Asian financial crisis of 1997. The crisis was characterized in Indonesia by, among other effects, currency depreciation, a significant decline in real gross domestic product ("GDP"), high interest rates, social unrest and extraordinary political developments. Indonesia's economy was also significantly affected by the global economic crisis that began in late 2008. The resulting adverse financial developments were characterized by, among other things a shortage in the availability of credit, a reduction in foreign direct investment, the failure of global financial institutions, a drop in global stock markets, a slowdown in global economic growth and a drop in demand for certain commodities. Further, while the global economy has grown in recent years, the downturn in the China's economy and decline in global commodity prices have created additional economic uncertainty worldwide. These extremely negative economic developments have adversely affected both developed economies and developing markets, including Indonesia and other Association of Southeast Asian Nations ("ASEAN") countries.

Indonesia and other ASEAN countries have been negatively affected, along with developing market countries globally, by the unprecedented financial and economic conditions in developed markets. Although the Government has taken many steps to improve these conditions, with the aim of maintaining economic stability and public confidence in the Indonesian economy, continuation of these unprecedented conditions may negatively impact economic growth, the Government's fiscal position, the Rupiah's exchange rate and other facets of the Indonesian economy. In addition, the Government continues to have a large fiscal deficit and a high level of sovereign debt, its foreign currency reserves are modest, the Rupiah continues to be volatile with poor liquidity, and the banking sector suffers from high levels of non-performing loans. If the economy continues to be volatile or declines, Indonesia's economic growth, its fiscal position, the Rupiah's exchange rate and other facets of its economy may be negatively affected.

There can be no assurance that the recent improvement in Indonesia's economic condition will be maintained. In particular, any changes in the regional or global economic environment that result in a loss of

investor confidence in the financial systems of emerging and other markets, or other factors, may cause increased volatility in the Indonesian financial markets and inhibit or reverse the growth of the Indonesian economy. Any such increased volatility, slowdown or negative growth could materially and adversely affect our business, financial condition and results of operations.

The interpretation and implementation of legislation on regional governance in Indonesia is uncertain and may adversely affect our business, financial condition, results of operations and prospects

Indonesia is a large and diverse nation covering a multitude of ethnicities, religions, languages, traditions and customs. Prior to 1999, the Government controlled almost all aspects of national and regional administration. The period following the end of the administration of former President Soeharto was marked by widespread demand for greater regional autonomy. In response to such demand, in 1999, the Indonesian Parliament passed Law No. 22 of 1999 on Regional Government, which was later replaced by Law No. 23 of 2014 on the same subject matter (as lastly amended by Law No. 9 of 2015), and Law No. 25 of 1999 on Financial Balances Between the Central and Regional Governments, which was later replaced by Law No. 33 of 2004 on the same subject matter. Under these laws, regional autonomy was expected to give regional governments greater powers and responsibilities over the use of national assets and to create a balanced and equitable financial relationship between the central and regional governments.

Regional autonomy laws and regulations have changed the regulatory environment for companies in Indonesia by decentralizing certain regulatory, taxing and other power from the Government to regional governments, and this creates uncertainty. These uncertainties include a lack of implementing regulations on areas of regional autonomy and a lack of government personnel with relevant sector experience at some regional government levels. Moreover, limited precedent or other guidance exists on the interpretation and implementation of the regional autonomy laws and regulations. In addition, pursuant to the regional autonomy laws, regional governments are given the authority to adopt their own regulations and under the pretext of regional autonomy, certain regional governments have put in place various restrictions, taxes and levies which may differ from restrictions, taxes and levies put in place by other regional governments and/or are in addition to restrictions, taxes and levies stipulated by the central Government. Currently, there is uncertainty in respect of the balance between the local and the central Government. Our business and operations are located throughout Indonesia and may be adversely affected by conflicting or additional restrictions, taxes and levies that may be imposed by the applicable regional authorities.

Downgrades of credit ratings of Indonesia and Indonesian companies could adversely affect us and the market price of the Notes

Currently, Indonesia's sovereign foreign currency long-term debt is rated "Baa3" by Moody's, "BBB-" by S&P and "BBB-" by Fitch, and its short-term foreign currency debt is rated "NP" by Moody's, "B" by S&P and "F3" by Fitch with a positive outlook from Moody's, a stable outlook from S&P and a positive outlook from Fitch. These ratings reflect an assessment of the Government's overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due. No assurance can be given that Moody's, S&P or any other statistical rating organization will not downgrade the credit ratings of Indonesia or Indonesian companies in general. Any such downgrade could have an adverse impact on liquidity in the Indonesian financial markets, the ability of the Government and Indonesian companies, including us, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available to us, which could materially and adversely affect our business, financial condition and results of operations.

Outbreak of an infectious disease, or fear of an outbreak, or any other serious public health concerns in Asia (including Indonesia) and elsewhere may adversely impact our business and financial condition

The outbreak of an infectious disease in Asia (including Indonesia) or elsewhere, or fear of an outbreak, together with any resulting restrictions on travel or quarantines imposed, could have a negative impact on the economy and business activity in Indonesia and thereby adversely impact our revenue. Examples include the

outbreak in 2003 of Severe Acute Respiratory Syndrome ("SARS") in Asia, the outbreak in 2004 and 2005 of Avian influenza, or bird flu, the outbreak in 2009 of influenza H1N1 and more recently the emergence of Zika in South East Asia. There can be no assurance that any precautionary measures taken against infectious diseases would be effective. Any intensification of the recent Zika outbreak or any recurrence of SARS, H1N1 or outbreak of bird flu or other contagious disease may adversely affect our business and financial condition. A future outbreak of an infectious disease or any other serious public health concern in Indonesia may adversely affect our business, financial condition, results of operations and prospects.

Labor activism or increases in labor costs could adversely affect Indonesian companies, including us, which in turn could affect our business, financial condition, results of operations and prospects

Laws and regulations which facilitate the forming of labor unions, combined with weak economic conditions, have resulted and may continue to result in labor unrest and activism in Indonesia. In 2000, the Government issued Law No. 21 of 2000 on Labor Union (the "Labor Union Law"). The Labor Union Law permits employees to form unions without employer intervention. In March 2003, the Government enacted Law No. 13 of 2003 on Labor (the "Labor Law") which, among other things, increased the amount of severance, service and compensation payments payable to employees upon termination of employment. The Labor Law requires further implementation of regulations that may substantively affect labor relations in Indonesia. The Labor Law requires bipartite forums with participation from employers and employees and the participation of more than 50.0% of the employees of a company in order for a collective labor agreement to be negotiated and creates procedures that are more permissive to the staging of strikes. Under the Labor Law, employees who voluntarily resign are also entitled to payments for, among other things, unclaimed annual leave and relocation expenses. Following the enactment, several labor unions urged the Indonesian Constitutional Court to declare certain provisions of the Labor Law unconstitutional and order the Government to revoke those provisions. The Indonesian Constitutional Court declared the Labor Law valid except for certain provisions, including relating to the right of an employer to terminate its employee who committed a serious mistake and criminal sanctions against an employee who instigates or participates in an illegal labor strike.

Labor unrest and activism in Indonesia could disrupt our operations and could affect the financial condition of Indonesian companies in general, depressing the prices of Indonesian securities on the Jakarta or other stock exchanges and the value of the Indonesian Rupiah relative to other currencies. Such events could materially and adversely affect our business, financial condition and results of operations.

In addition, our expenses for security, cleaning, messengers and laborers are affected by increases in the minimum wages. Over the past ten years, the minimum wage in Indonesia has increased significantly. For example, the minimum wage in Jakarta increased by 12.5% from 2014 to 2015 and by 14.8% from 2015 to 2016. Any national or regional inflation of wages will directly and indirectly increase our operating costs and thus decrease its profit margin.

An Indonesian law requiring agreements involving Indonesian parties to be written in the Indonesian language may raise issues as to the enforceability of agreements entered into by the Indonesian Subsidiary Guarantors

On July 9, 2009, the Government enacted Law No.24/2009 requiring that agreements involving Indonesian parties be written in the Indonesian language. Where an agreement also involves foreign parties, it may also be executed in both the Indonesian language and a foreign language, provided that the agreement in the foreign language and the agreement in the Indonesian language are equally authoritative. Law No. 24/2009 is silent on the governing language if there is more than one language used in a single agreement. Article 40 of Law No. 24/2009 states that further stipulation on the use of Bahasa Indonesia shall be regulated by the implementing regulations to be issued. The Government issued an implementing regulation GR 57/2014, on July 7, 2014 to give effect to certain provisions of the Law No. 24/2009. The Regulation focuses on the promotion and protection of the Indonesian language and literature and is silent on the question of contractual language, it does serve as a timely reminder that contracts involving Indonesian parties must be executed in Bahasa Indonesia (although versions in other languages are also permitted).

Although the Indenture governing the Notes and any other agreements will be prepared in dual English and Indonesian versions as required under Law No. 24/2009, we cannot assure you that, in the event of inconsistencies between the Indonesian language and English language versions of these agreements, an Indonesian court would hold that the English version would prevail. Some concepts in the English language may not have a corresponding term in the Indonesian language and the exact meaning of the English text may or may not be fully captured by such Indonesian version. If this occurs, we cannot assure you that the terms of the Notes, including the Indenture, will be as described in this Offering Memorandum, or will be interpreted and enforced by the Indonesian courts as intended.

As Law No. 24/2009 does not specify any sanction for non-compliance, we cannot predict as to how the implementation of this new law will impact the validity and enforceability of the Notes and the Guarantees under Indonesian laws. This creates uncertainty as to the ability of holders of Notes to enforce the Notes and the Guarantees in Indonesia.

In addition, Law No. 2 of 2014 on Amendments to Law No. 30 of 2004 on Notary Profession provides that a notarized deed made after January 15, 2014 must be drafted in Bahasa Indonesia. If the parties require, the notarial deed can be made in a foreign language and in such case the notary must translate the deed into Bahasa Indonesia. In the event of different interpretations as to the content of the foreign language deed, the deed drafted in Bahasa Indonesia shall prevail. Each of the Indonesian Subsidiary Guarantors will execute dual English and Bahasa Indonesia versions of all transaction agreements to which it is a party. All transaction documents will provide that in the event of a discrepancy or inconsistency, the English version of the transaction documents will prevail; however, we cannot assure you that an Indonesian court would hold that the English language version will prevail.

On June 20, 2013, the District Court of West Jakarta released Decision No. 451/Pdt.G/2012/PN.Jkt.Bar, which annulled a loan agreement between an Indonesian borrower, namely PT Bangun Karya Pratama Lestari as plaintiff, and a non-Indonesian lender, Nine AM Ltd as defendant. The loan agreement was governed by Indonesian law and was drafted only in the English language. The court ruled that the agreement had contravened Article 31(1) of Law No. 24/2009 and declared it to be invalid. In arriving at this conclusion, the court relied on Articles 1320, 1335 and 1337 of the Indonesian Civil Code, which taken together render an agreement void if, inter alia, it is tainted by illegality. The court held that as the agreement had not been drafted in the Indonesian language, as required by Article 31(1), it therefore failed to satisfy the "lawful cause" requirement and was void from the outset, meaning that a valid and binding agreement had never existed. Then, the defendant appealed to the Jakarta High Court. On May 7, 2014, the Jakarta High Court released Decision No. 48/PDT/2014/PT.DKI, which affirmed the District Court's decision. Further, on August 13, 2015, the Indonesian Supreme Court again affirmed the lower court's decision by rejecting an appeal of such Jakarta High Court decision.

In Indonesia, the doctrine of *stare decisis*, the legal principle of determining decisions in litigation based on precedent, has not been adopted. Thus, given two cases with similar facts, prior decisions made by a superior court do not bind a lower court. Instead, each case is decided anew based on the presiding court's interpretation of facts during the proceedings. Despite the absence of stare decisis, we cannot assure you that in the future an Indonesian court will not issue a decision relying on a decision previously made by an Indonesian court.

Risks Relating to the Notes and the Guarantees

The terms of the Notes and the Guarantees will contain covenants limiting our financial and operating flexibility

Covenants contained in the indenture relating to the Notes and the Guarantees will restrict the ability of the Issuer, the Parent Guarantor, and any Restricted Subsidiary (as defined in "Description of the Notes") to, among other things:

- incur or guarantee additional indebtedness and issue certain redeemable or preferred stock;
- create or incur certain liens;

- make certain payments, including dividends or other distributions, with respect to the shares of the Parent Guarantor, or its restricted subsidiaries;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- create encumbrances or restrictions on the payment of dividends, or other distributions, loans or advances to and on the transfer of assets to the Parent Guarantor or any of its restricted subsidiaries;
- sell, lease or transfer certain assets, including stock of restricted subsidiaries;
- enter into sale and leaseback transactions;
- engage in certain transactions with affiliates;
- enter into unrelated businesses; and
- consolidate or merge with other entities.

All of these covenants are subject to the limitations, exceptions and qualifications described in "Description of the Notes — Certain Covenants." These covenants could limit our ability to pursue our growth plan, restrict our flexibility in planning for, or reacting to, changes in our business and industry, and increase our vulnerability to general adverse economic and industry conditions. We may also enter into additional financing arrangements in the future, which could further restrict our flexibility.

Any defaults of covenants contained in the Notes may lead to an event of default under the Notes and the Indenture and may lead to cross-defaults under our other indebtedness. No assurance can be given that the Issuer will be able to pay any amounts due to the Noteholders in the event of such default, and any default may significantly impair the Issuer's ability to pay, when due, the interest of and principal on the Notes and the Parent Guarantor's, and any Subsidiary Guarantor's, ability to satisfy its obligations under the Guarantees.

Our significant indebtedness could harm our business by limiting our available cash and our access to additional capital and could force us to sell material assets or take other actions in an attempt to reduce our indebtedness that may harm our long-term business interests

As of March 31, 2017, we had US$71.2 million of indebtedness outstanding, which primarily consisted of indebtedness under our S$100 million 7.0% medium term notes that we issued in July 2014, see "Description of Other Material Indebtedness — S$100 Million 7.0% Medium Term Notes." Our financial performance could be affected by our significant indebtedness. In addition, we may incur substantial additional indebtedness in the future. Although the terms of the indenture under which the Notes will be issued restricts us from incurring additional indebtedness, it does not prohibit us from doing so. See "— Risks Relating to the Notes and the Guarantees — We may incur additional indebtedness which could further exacerbate the risks described above." If new debt is added to our current debt levels, our available cash and access to additional capital could be limited and we may have to take action to reduce our indebtedness, which may harm our business.

This level of indebtedness could have important consequences to our business and prospects as it could:

- increase our vulnerability to general adverse economic and industry conditions;
- make it difficult or impossible to obtain insurance and surety bonds or letters of credit;
- limit our ability to enter into new long-term coal offtake contracts;
- make it more difficult for us to pay interest and satisfy our debt obligations, including the Notes;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate activities;
- limit our ability to obtain additional financing to fund future working capital, capital expenditures, debt service requirements and other general corporate requirements;

- limit our flexibility in planning for, or reacting to, changes in our business and industry in which we operate;
- place us at a competitive disadvantage compared to less leveraged competitors; and
- limit our ability to borrow additional funds at competitive rates or at all.

Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations will depend upon our future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond our control. We anticipate that our operating cash flow will be sufficient to meet our anticipated operating expenses and to service our debt obligations as they become due, although we expect that the Note may need to be refinanced at maturity. However, we may not generate sufficient cash flow for these purposes.

If our cash flows and capital resources are insufficient to fund our debt service obligations or our requirements under our other long-term liabilities, we may be forced to sell assets, seek additional capital or seek to restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations or our requirements under the Notes or our other future long-term liabilities. In the absence of such cash flows and capital resources, we could face substantial liquidity problems and might be required to sell material assets or operations in an attempt to meet our debt service and other obligations. The indenture under which the Notes will be issued restricts our ability to sell assets and use the proceeds from the sales. We may not be able to consummate those sales or to obtain the proceeds which we could realize from them and these proceeds may not be adequate to meet any debt service obligations then due.

If we are unable to comply with the restrictions and covenants in the indenture governing the Notes, or in our current or future debt and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to us, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Any of the foregoing factors could materially and adversely affect our business, financial condition and results of operations.

We may incur additional indebtedness which could further exacerbate the risks described above

Subject to restrictions in the Indenture governing the Notes, we may incur additional indebtedness, which could increase the risks associated with our existing indebtedness. If we incur any additional indebtedness that ranks equally with the Notes, the relevant creditors will be entitled to share ratably with the Noteholders in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of the Issuer or a Guarantor. This may have the effect of reducing the amount of proceeds paid to the Noteholders. Covenants in agreements governing debt that we may incur in the future may also materially restrict our operations, including our ability to incur debt, pay dividends, make certain investments and payments, and encumber or dispose of assets. In addition, we could be in default of financial covenants contained in agreements relating to our future debt in the event that our results of operations do not meet any of the terms in the covenants, including the financial thresholds or ratios. A default under one debt instrument may also trigger cross-defaults under other debt instruments. An event of default under any debt instrument, if not cured or waived, could have a material adverse effect on us.

We may not be able to generate sufficient cash flows to meet our debt service obligations

Our ability to make scheduled payments on, or to refinance our obligations with respect to, our indebtedness, including the Notes, will depend on our financial and operating performance, which in turn will be affected by general economic conditions and by financial, competitive, regulatory and other factors beyond our control. We may not generate sufficient cash flow from operations and future sources of capital may not be available to us in an amount sufficient to enable us to service our indebtedness, including the Notes, or to fund our other liquidity needs. If we are unable to generate sufficient cash flow and capital resources to satisfy our debt obligations or other liquidity needs, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. We cannot assure you that any refinancing would be possible, that any assets could be sold or, if sold, of the timing of the sales and the amount of proceeds that may be

realized from those sales, or that additional financing could be obtained on acceptable terms, if at all. In the absence of such cash flow and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. Other credit facilities and the Indenture that will govern the Notes will restrict our ability to dispose of assets and use the proceeds from the disposition. We may not be able to consummate those dispositions or to obtain the proceeds which we could realize from them and such proceeds may not be adequate to meet any debt service obligations then due. Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms and in a timely manner, would materially and adversely affect our business, financial condition and results of operations and the Issuer's ability to satisfy its obligations under the Notes. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" and "Description of the Notes."

Enforcing the rights of Noteholders under the Notes or the Guarantees across multiple jurisdictions may prove difficult

The Notes will be issued by the Issuer and guaranteed by the Parent Guarantor and the Subsidiary Guarantors. The Issuer and the Parent Guarantor are incorporated under the laws of Singapore and the majority of the Subsidiary Guarantors are incorporated under the laws of Indonesia. Other Subsidiary Guarantors are incorporated under the laws of Singapore, Hong Kong and Cayman Islands. The Notes and the Indenture will be governed by the laws of the State of New York. The Guarantees will be governed by the laws of the State of New York and the laws of the Republic of Indonesia. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in Indonesia, Singapore, Hong Kong, Cayman Islands and the United States. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. The rights of Noteholders under the Notes and the Guarantees will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that you will be able to effectively enforce your rights in such complex multiple bankruptcy, insolvency or similar proceedings. In addition, the bankruptcy, insolvency, administrative and other laws of Indonesia, Singapore, Hong Kong, Cayman Islands and the United States may be materially different from, or be in conflict with, each other and those with which may be familiar, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce your rights under the Notes and the Guarantees in the relevant jurisdictions or limit any amounts that you may receive.

It may be difficult or not possible for you to enforce any judgment obtained in the United States against us

The Issuer and the Parent Guarantor are incorporated under the laws of Singapore as companies limited by shares. Our subsidiaries are incorporated in Indonesia, the Cayman Islands and Hong Kong. Most of our directors and all of our senior management reside outside the United States. In addition, nearly all of our assets and the assets of those persons are located outside the United States. As a result, it may be difficult to enforce in the United States any judgment obtained in the United States against us or any of these persons, including judgments based upon the civil liability provisions of the United States securities laws. Further, in original actions brought in courts in jurisdictions located outside the United States, it may be difficult for holders of the Notes to enforce liabilities based upon United States federal securities laws. We have been advised that judgments of U.S. courts based on the civil liability provisions of the federal securities laws of the United States may not be enforceable in courts in Singapore, Indonesia, the Cayman Islands or Hong Kong.

Indonesian companies have filed suits in Indonesian courts to invalidate transactions with structures similar to this offering of the Notes and the Guarantees and have brought legal action against lenders and other transaction participants; moreover, such legal actions have resulted in judgments against such defendants invalidating all obligations under the applicable debt instruments and in damages against such defendants in excess of the amounts borrowed

Under the Indonesian Civil Code, a guarantor of a debt obligation may waive its right to require the beneficiary of the guarantee to exhaust its legal remedies against the principal obligor's assets prior to the

beneficiary exercising its rights against the guarantor under the guarantee. Although the Guarantees include a waiver of this right, the Guarantors have been advised by their Indonesian counsel that the Indonesian Guarantors may, nonetheless, require that a beneficiary of the Guarantees first prove that all available legal remedies against the Issuer, as the obligor, have been exhausted. See "— Through the purchase of the Notes and Guarantees, Noteholders may be exposed to a legal system subject to considerable discretion and uncertainty; it may be difficult or impossible for the Noteholders to pursue claims under the Notes or the Guarantees because of considerable discretion and uncertainty of the Indonesian legal system."

In several court cases in Indonesia, Indonesian companies that had defaulted on debt incurred through offshore entities and guaranteed by Indonesian companies have sued their creditors under such debt to, among other things, invalidate their debt obligations, and have sought damages in amounts exceeding the original principal amounts of the relevant debt from such creditors. In a case which was subsequently settled, an Indonesian court voided the transaction documents under a transaction involving a guarantee issued by an Indonesian company of the debt of an offshore subsidiary. In another case, an Indonesian court declared a loan agreement between an offshore entity and its creditors null and void and awarded damages to the defaulting borrower. The courts' reports of these decisions do not provide a clear factual basis or legal rationale for the judgments.

Publicly available reports, including those court decisions, do not provide a clear factual basis or legal rationale for these judgments. In reaching these decisions, however, the courts have not appeared to follow the contractual selection of non-Indonesian law as the governing law. These courts have in certain instances barred the exercise of any remedies available to the investors anywhere in the world.

Under the June 2006 Decision that was released in November 2006, the Indonesian Supreme Court affirmed a lower court judgment that invalidated US$500 million of notes (the "Indah Kiat Notes") issued by Indah Kiat International Finance Company B.V., a Dutch subsidiary of Indah Kiat that were guaranteed by Indah Kiat. The Indonesian courts nullified the Indah Kiat Notes and ruled that the defendants (including the trustee, underwriter and security agent for the issuance of the notes) committed an unlawful act (*perbuatan melawan hukum*) on the basis that the contracts made in relation to the notes were signed without any legal cause, and thus did not meet the provision of Article 1320 of the Indonesian Civil Code that requires a legal cause as one of the elements for a valid agreement. The Indonesian courts also ruled that the establishment of Indah Kiat BV was unlawful as it was intended to avoid Indonesian withholding tax payments. However, the June 2006 Decision was further annulled by the Indonesian Supreme Court on a civil review (*peninjauan kembali*) under the August 2008 Decision on the basis that the claim should have been brought in the courts of New York and not a District Court of Indonesia, as the agreements were governed by New York law.

Despite the above, the Indonesian Supreme Court has taken a contrary view with respect to Lontar Papyrus, a sister company of Indah Kiat. In the March 2009 Decision, the Indonesian Supreme Court refused a civil review of a judgment by the District Court of Kuala Tungkal, which invalidated US$550 million of notes issued by APP International, a Dutch subsidiary of Lontar Papyrus, and guaranteed by Lontar Papyrus on reasons that the loan agreement between APP International and Lontar Papyrus and the indenture must conform with the prevailing laws and regulations in Indonesia. The March 2009 Decision effectively affirmed the lower court's decision to invalidate all of the transaction documents, and the verdict is now final.

The Indonesian legal system does not recognize the doctrine of *stare decisis*, the doctrine that preceding decisions by a court will subsequently bind later courts, as would be the case in common law jurisdictions such as the United States and the United Kingdom. This means that while lower courts are not bound by the Indonesian Supreme Court's decisions, such decisions have persuasive force. Therefore, there can be no assurance that in the future a court will not issue a similar decision to the June 2006 Decision or the March 2009 Decision in relation to the validity and enforceability of the Notes and the Guarantees or grant additional relief to the detriment of holders of the Notes, if the Issuer were to contest efforts made by holders of the Notes to enforce these obligations.

Furthermore, holders of the Notes may have difficulty in enforcing any rights under the Notes, the Guarantees or the other transaction documents in Indonesia, where most of our assets are located. Depending on the recognition foreign courts grant to such Indonesian decisions, the holders of the Notes may also be precluded

from enforcing any right under the Notes, the Guarantees or the transaction documents, or collecting on the Issuer's or the Guarantors' respective assets, anywhere else in the world.

Affirmative relief, if granted against the holders of the Notes by Indonesian courts, may be enforced by foreign courts against the assets of the holders of the Notes (or other transaction participants) located outside Indonesia (and each holder of the Notes should seek legal advice in that regard). As a result, your participation as a holder of Notes in this transaction may expose you to affirmative verdicts by Indonesian courts (beyond the value of the Notes you purchased).

Through the purchase of the Notes and Guarantees, Noteholders may be exposed to a legal system subject to considerable discretion and uncertainty; it may be difficult or impossible for the Noteholders to pursue claims under the Notes or the Guarantees because of considerable discretion and uncertainty of the Indonesian legal system

Indonesian legal principles relating to the rights of debtors and creditors, or their practical implementation by Indonesian courts, may differ materially from those that would apply within the jurisdictions of the United States, the European Union or other jurisdictions.

Indonesia's legal system is a civil law system based on written statutes in which judicial and administrative decisions do not constitute binding precedent and are not systematically published. Indonesia's commercial and civil laws, as well as rules on judicial process, were historically based on Dutch law as in effect prior to Indonesia's independence in 1945, and some have not been revised to reflect the complexities of modern financial transactions and instruments. Indonesian courts may be unfamiliar with sophisticated commercial or financial transactions, leading in practice to uncertainty in the interpretation and application of Indonesian legal principles. The application of Indonesian law depends upon subjective criteria, such as the good faith of the parties to the transaction and principles of public policy, the practical effect of which is difficult or impossible to predict. Indonesian judges operate in an inquisitorial legal system, have very broad fact-finding powers and a high level of discretion in relation to the manner in which those powers are exercised. In practice, Indonesian court decisions may omit, or may not be decided upon, a legal and factual analysis of the issues presented in a case, and as a result, the administration and enforcement of laws and regulations by Indonesian courts and Indonesian governmental agencies may be subject to considerable discretion and uncertainty. Furthermore, corruption in the court system in Indonesia has been widely reported in publicly available sources.

In addition, under the Indonesian Civil Code, although a guarantor may waive its right to require the obligee to exhaust its legal remedies against the obligor's assets prior to the obligee exercising its rights under the related guarantee, a guarantor may be able to argue successfully that the guarantor can nonetheless require the obligee to exhaust such remedies before acting against the guarantor. No assurance can be given that an Indonesian court would not side with the Parent Guarantor or a Subsidiary Guarantor on this matter, despite the express waiver by the Parent Guarantor and a Subsidiary Guarantor of this obligation in the Guarantee.

Furthermore, on September 2, 2013, the holders of notes issued by BLD Investments Pte. Ltd. and guaranteed by PT Bakrieland Development Tbk. ("Bakrieland"), under a trust deed governed under English law, filed a postponement of debt payment petition with the Jakarta commercial court on grounds including that Bakrieland had failed to comply with its obligation to repay the principal amount of the notes when noteholders exercised their put option under the terms of the notes. In its decision dated September 23, 2013, the commercial court ruled, among other things, that the trust deed relating to the notes is governed by English law, all disputes arising out of or in connection with the trust deed must be settled by English courts and, accordingly, that the Jakarta commercial court does not have authority to examine and adjudicate this case.

As a result, it may be difficult for the Noteholders to pursue a claim against the Issuer, the Parent Guarantor or any of the Subsidiary Guarantors in Indonesia, which may adversely affect or eliminate entirely the ability of the Noteholders to obtain and enforce a judgment against the Issuer, the Parent Guarantor or any of the Subsidiary Guarantors in Indonesia or increase the costs incurred by the Noteholders in pursuing, and the time required to pursue, claims against the Issuer, the Parent Guarantor or any of the Subsidiary Guarantors.

The Guarantees may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the Guarantees

Under bankruptcy laws, fraudulent transfer laws, insolvency or unfair preference or similar laws in Singapore, Indonesia, the Cayman Islands, Hong Kong and other jurisdictions where future Guarantors may be established, a guarantee could be voided, or claims in respect of a guarantee could be subordinated to all other debts of that guarantor if, among other things, the guarantor, at the time it incurred the indebtedness evidenced by, or when it gives, its guarantee:

- incurred the debt with the intent to hinder, delay or defraud creditors or was influenced by a desire to put the beneficiary of the guarantee in a position which, in the event of the guarantor's insolvency, would be better than the position the beneficiary would have been in had the guarantee not been given;
- received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee;
- was insolvent or rendered insolvent by reason of the incurrence of such guarantee;
- was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

The measure of insolvency for purposes of the foregoing will vary depending on the laws of the applicable jurisdiction. Generally, however, a guarantor would be considered insolvent at a particular time if it were unable to pay its debts as they fell due or if the sum of its debts was then greater than all of its assets at a fair valuation or if the present fair saleable value of its assets was then less than the amount that would be required to pay its probable liabilities in respect of its existing debts as they became absolute and matured.

In addition, a guarantee may be subject to review under applicable insolvency or fraudulent transfer laws in certain jurisdictions or subject to a lawsuit by or on behalf of creditors of the guarantor. In such case, the analysis set forth above would generally apply, except that the guarantee could also be subject to the claim that, since the guarantee was not incurred for the benefit of the guarantor, the obligations of the guarantor thereunder were incurred for less than reasonably equivalent value or fair consideration.

In an attempt to limit the applicability of insolvency and fraudulent transfer laws in certain jurisdictions, the obligations of the Guarantors under the Guarantees will be limited to the maximum amount that can be guaranteed by the applicable Guarantor without rendering the guarantee, as it relates to such Guarantor, voidable under such applicable insolvency or fraudulent transfer laws.

If a court voids a Guarantee, subordinates such guarantee to other indebtedness of the Guarantor, or holds the Guarantee unenforceable for any other reason, holders of the Notes would cease to have a claim against that Guarantor based upon such guarantee, would be subject to the prior payment of all liabilities (including trade payables) of such Guarantor, and would solely be creditors of us and any Guarantors whose guarantees have not been voided or held unenforceable. We cannot assure you that, in such an event, after providing for all prior claims, there would be sufficient assets to satisfy the claims of the holders of the Notes.

Indonesian courts have limited certain rights of the trustee, acting on behalf of the holders of U.S. dollar bonds, in a decision that affected the holders' rights and the terms of the bonds in connection with a debt restructuring of the guarantor

Indonesian law does not recognize equitable principles in general including, without limitation, the relationship of trustee and beneficiary or other fiduciary relationships as would be the case in common law jurisdictions. In several court-supervised debt restructuring proceedings in Indonesia, known as a PKPU proceeding, the PKPU administrator and the Supervisory Judges at the Commercial Court had failed to acknowledge the noteholders or the trustee as creditors of the parent guarantors under the guarantee arrangement in a financing scheme similar to this offering, and gave no effect to the guarantee.

On December 8, 2014, in Bakrie Tel PKPU, the Supervisory Judge determined that the relevant creditor of Bakrie Tel in respect of the US$380 million of notes was Bakrie Tel's SPV issuer under an intercompany loan arrangement similar to this offering, rather than the noteholders or the trustee. As a result, only the SPV issuer had standing as a Bakrie Tel's creditor to vote in the Bakrie Tel PKPU proceedings, which substantially altered the terms of the U.S. dollar bonds and the guarantee. Similarly, in Trikomsel's PKPU proceedings, the PKPU administrators rejected claims that arose from its two tranches of Singapore dollar bonds and determined that the trustees did not have any standing to make claims on behalf of the noteholders. Further, they asserted that only individual noteholders that had filed claims on their own would be able to participate in the PKPU proceedings and vote on the restructuring plan. This stance was further affirmed by the Commercial Court and the Trikomsel PKPU was settled on September 28, 2016, through the ratification of a composition plan (*rencana perdamaian*) by the Commercial Court. Based on an announcement from Trikomsel, under the composition plan, the bondholders of the two tranches of Singaporean Dollar bonds may be required to convert their notes into new shares to be issued by Trikomsel, thereby extinguishing the bonds.

It may be difficult or impossible for the holder of the Notes or the trustee under the Notes to enforce all of their rights under the Guarantees provided by the Indonesian Subsidiary Guarantors, including to being able to vote in PKPU or bankruptcy proceedings in Indonesia. There can be also no assurance that in the future a PKPU administrator or Commercial Court will not issue a similar decision on PKPU proceedings such as the Bakrie Tel PKPU or Trikomsel PKPU in relation to the capacity of trustee or the noteholders as creditors under the Guarantees, if we were to contest the enforcement by the holders of the Notes of our obligations under the Guarantees.

Claims of the secured creditors of the Guarantors will have priority with respect to their security over the claims of unsecured creditors, such as the Noteholders, to the extent of the value of the assets securing such indebtedness

The terms of the Indenture permit us to incur additional secured indebtedness under certain circumstances. See "Description of the Notes."

Claims of the secured creditors of the Guarantors will have priority with respect to the assets securing their indebtedness over the claims of the Noteholders. Therefore, the Notes and the Guarantees will be effectively subordinated to any secured indebtedness and other secured obligations of the Guarantors to the extent of the value of the assets securing such indebtedness or other obligations. In the event of any foreclosure, dissolution, winding up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of the Guarantors that has secured obligations, holders of secured indebtedness will have prior claims to the assets of the Guarantors that constitute their collateral. The Noteholders will participate ratably with all holders of the unsecured indebtedness of the Guarantors, and potentially with all of their other general creditors, based upon the respective amounts owed to each holder or creditor, in the remaining assets of the Guarantors. In the event that any of the secured indebtedness of the Guarantors becomes due or the creditors thereunder proceed against the assets that secure such indebtedness, the Guarantors' assets remaining after repayment of that secured indebtedness may not be sufficient to repay all amounts owing in respect of the Guarantees. As a result, the Noteholders may receive less than holders of secured indebtedness of the Guarantors.

Payments with respect to the Notes and Guarantees may be structurally subordinated to liabilities, contingent liabilities and obligations of certain of our subsidiaries

On the Original Issue Date (as defined in the Indenture), the Notes will be guaranteed by all of our subsidiaries (other than the Issuer). However, under the terms of the Indenture, entities that are acquired by us in the future, which are less than 80.0% owned by us, may be Restricted Subsidiaries but will not be required to become guarantors of the Notes. At the same time, we may procure the release of Guarantees given by a Subsidiary Guarantor and its Restricted Subsidiaries in the event we divest 20.0% or more of the capital stock of such Subsidiary Guarantor. In addition, the terms of the Indenture permit us to designate certain of our existing Subsidiary Guarantors, as well as future Restricted Subsidiaries, as unrestricted subsidiaries. See "Description of the Notes — Subsidiary Guarantees" and "Description of the Notes — Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries." Creditors, including trade creditors of our non-guarantor subsidiaries

and any holders of preferred shares in such entities, would have a claim on our non-guarantor subsidiaries' assets that would be prior to the claims of the Noteholders. As a result, our payment obligations under the Notes and the Guarantees will be effectively subordinated to all existing and future obligations of our non-guarantor subsidiaries (including obligations of our non-guarantor subsidiaries under guarantees issued in connection with our business), and all claims of creditors of our non-guarantor subsidiaries will have priority as to the assets of such entities over our claims and those of our creditors, including the Noteholders.

The bankruptcy and insolvency laws of Singapore, Indonesia, the Cayman Islands, Hong Kong and other local insolvency laws may differ from U.S. bankruptcy law or those of another jurisdiction with which holders of the Notes are familiar

We are incorporated under the laws of Singapore, an insolvency proceeding relating to us or any Subsidiary Guarantor, even if brought in the United States, would likely involve insolvency laws of Singapore, the procedural and substantive provisions of which may differ from comparable provisions of United States federal bankruptcy law. In addition, the Subsidiary Guarantors are incorporated in Indonesia, the Cayman Islands and Hong Kong and the insolvency laws of such jurisdictions may also differ from the laws of the United States or other jurisdictions with which the holders of the Notes are familiar.

We conduct a significant majority of our business operations through our Indonesian Subsidiary Guarantors and are subject to the bankruptcy and insolvency laws of Indonesia in a bankruptcy or insolvency proceeding involving any of such Subsidiaries Guarantors. Indonesian principles of law relating to the rights of creditors have not been clearly or consistently applied by the Indonesian courts. Indonesian laws and regulations relating to bankruptcy and insolvency and the legal proceedings in that regard may significantly differ from those of the United States and other jurisdictions with which the holders of the Notes are familiar. You should analyze the risks and uncertainties carefully before you invest in our Notes.

The Issuer may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a Change of Control or resulting in a Mandatory Offer to Purchase the Notes as required by the Indenture governing the Notes

Unless (i) the Minimum Reserve Condition (Fall-Away) (as defined in the Indenture governing the Notes) is satisfied at any time prior to six months after , 2020 or (ii) the Minimum Reserve Condition (First Call Date) (as defined in the Indenture governing the Notes) is satisfied on the date which is six months after , 2020, not later than 30 days following such date, the Issuer or the Parent Guarantor must make an offer to purchase all outstanding Notes at 100% of the principal amount thereof plus accrued and unpaid interest, if any, up to the date of repurchase. See "Description of the Notes — Mandatory Offer to Purchase." Upon a Change of Control (as defined in the Indenture governing the Notes), the Issuer must make an offer to repurchase all outstanding Notes. Pursuant to this offer, the Issuer must repurchase the outstanding Notes at 101.0% of their principal amount plus accrued and unpaid interest, if any, up to the date of repurchase. See "Description of the Notes — Repurchase of Notes Upon a Change of Control." However, the Issuer may not have enough available funds at the time any mandatory offer to purchase the Notes is required to be made or of any Change of Control to pay the purchase price of the tendered outstanding Notes. The Issuer's failure to make the offer to repurchase tendered Notes would constitute an Event of Default (as defined in the Indenture). This Event of Default may, in turn, constitute an event of default under other indebtedness, any of which could cause the related debt to be accelerated after any applicable notice or grace periods. If such other debt were accelerated, we may not have sufficient funds to repurchase the Notes and repay the debt.

In addition, the definition of Change of Control for the purposes of the Indenture governing the Notes does not necessarily afford protection for the Holders of the Notes in the event of some highly-leveraged transactions, including certain acquisitions, mergers, refinancings, restructurings or other recapitalizations, although these types of transactions could increase our indebtedness or otherwise affect our capital structure or credit ratings and the Holders of the Notes. The definition of Change of Control for purposes of the Indenture also includes a phrase relating to the sale of "all or substantially all" of our properties or assets and our subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition under applicable law. Accordingly, the Issuer's obligation to make an offer to repurchase

the Notes, and the ability of a Noteholder to require us to repurchase the Notes pursuant to the offer, as a result of a highly leveraged transaction or a sale of less than all of our assets, may be uncertain.

The ratings assigned to the Notes may be lowered or withdrawn

The ratings assigned to the Notes may be lowered or withdrawn entirely in the future. The Notes are expected to be rated "B" by S&P, "B+" by Fitch and "B2" by Moody's. The ratings represent the opinions of the ratings agencies and their assessment of the ability of each of the Issuer and the Parent Guarantor to perform its respective obligations under the terms of the Notes and the Guarantees and credit risks in determining the likelihood that payments will be made when due under the Notes. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. We cannot assure you that a rating will remain for given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment or circumstances in the future so warrant. We have no obligation to inform the Noteholders of any such revision, downgrade or withdrawal. In addition, we cannot assure you that rating agencies other than Fitch and Moody's would not rate the Notes differently. A suspension, reduction or withdrawal at any time of the rating assigned to the Notes or the assignment by a rating agency other than S&P, Fitch or Moody's of a rating of the Notes lower than those provided may adversely affect the market price of the Notes.

An active trading market for the Notes may not develop and the trading price of the Notes could be materially and adversely affected

Although the Initial Purchasers have advised us that they intend to make a market in the Notes, they are not obligated to do so and may discontinue such market making activity at any time without notice. We cannot predict whether an active trading market for the Notes will develop or be sustained. If an active trading market were to develop, the Notes could trade at prices that may be lower than their initial offering price. The liquidity of any market for the Notes depends on many factors, including:

- the number of Holders of Notes;
- the interest of securities dealers in making a market in the Notes;
- prevailing interest rates and the markets for similar securities;
- general economic conditions; and
- our financial condition, historical financial performance and future prospects.

If an active market for the Notes fails to develop or be sustained, the trading price of the Notes could be materially and adversely affected. Approval in-principle has been received for the listing and quotation of the Notes on the SGX-ST. However, no assurance can be given that we will be able to maintain such listing or that, if listed, a trading market will develop. We do not intend to apply for listing of the Notes on any securities exchange other than the SGX-ST. Lack of a liquid, active trading market for the Notes may adversely affect the price of the Notes or may otherwise impede a Holder's ability to dispose of the Notes.

The transfer of the Notes is restricted which may adversely affect their liquidity and the price at which they may be sold

The Notes and the Guarantees have not been registered under, and we are not obligated to register the Notes or the Guarantees under, the Securities Act or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. See "Transfer Restrictions." We have not agreed to or otherwise undertaken to register the Notes and the Guarantees (including by way of an exchange offer), and we have no intention to do so.

Investment in the Notes may subject Noteholders to foreign exchange risks

The Notes are denominated and payable in U.S. dollars. If you measure your investment returns by reference to a currency other than U.S. dollars, an investment in the Notes entails foreign exchange-related risks,

including possible significant changes in the value of the U.S. dollars relative to the currency by reference to which you measure your returns, due to, among other things, economic, political and other factors over which we have no control. Depreciation of the U.S. dollar against the currency by reference to which you measure your investment returns could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you when the return on the Notes is translated into the currency by reference to which you measure your investment returns. In addition, there may be tax consequences for you as a result of any foreign exchange gains resulting from any investment in the Notes.

We will follow the applicable disclosure standards for debt securities listed on the SGX-ST, which standards may be different from those applicable to companies in certain other countries

We will be subject to continuing listing obligations in respect of the Notes to be listed on the SGX-ST. The disclosure standards imposed by the SGX-ST for such continuing listing obligations may be different than those imposed by securities exchanges in other countries or regions such as the U.S. or the United Kingdom. As a result, the level of information that is available may not correspond to what investors in the Notes are accustomed to.

The Notes will initially be held in book-entry form

The Notes will initially only be issued in global certificated form and held through DTC and its participants, including Euroclear Bank SA/NV and Clearstream Banking S.A. Interests in the global notes will trade in book-entry form only, and Notes in definitive registered form, or definitive registered notes, will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners or holders of Notes. A nominee of DTC will be the sole registered holder of the global notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes will be made to the paying agent, which will make payments to DTC. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the global notes representing the Notes (including Euroclear and Clearstream) and credited by such participants to indirect participants. After payment to the nominee of DTC, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of DTC, and if you are not a participant in DTC, on the procedures of the participant through which you own your interest (including Euroclear and Clearstream), to exercise any rights and obligations of a Noteholder under the Indenture.

Unlike the Holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from Holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent available via the facilities of the depositary, which, in turn, rely on the procedures of the participant through which you hold your book-entry interest. The procedures implemented for such actions may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered notes are issued in respect of all book-entry interests, owners of book-entry interests will be restricted to acting through the depositary via the participant through which you hold your book-entry interest. The procedures to be implemented through the depositary may not be adequate to ensure the timely exercise of rights under the Notes. See "Description of the Notes — Book-Entry, Delivery and Form."

Noteholders are exposed to risks relating to Singapore taxation

The Notes to be issued are intended to be "qualifying debt securities" for the purposes of the ITA, subject to the fulfillment of certain conditions described in the section "Taxation — Singapore Taxation." However, we cannot assure you that the tax treatment that applies to "qualifying debt securities" on the date of this Offering Memorandum will apply throughout the tenure of the Notes as the relevant tax laws may be amended or revoked at any time.

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Note

(1) The independent auditor's report on the Group's consolidated financial statements set out herein is re-produced from the Company's annual report for the financial year ended 31 December 2016. Page references referred to in the above-named reports refer to pages set out in such annual report.

Deloitte.

GEO ENERGY RESOURCES LIMITED
AND ITS SUBSIDIARIES
(Registration No. 201011034Z)

INDEPENDENT AUDITOR'S REVIEW REPORT AND THE INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

PERIOD FROM 1 JANUARY 2017 TO 31 MARCH 2017

GEO ENERGY RESOURCES LIMITED AND ITS SUBSIDIARIES

INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2017

3 July 2017

The Board of Directors
Geo Energy Resources Limited
12 Marina Boulevard,
#16-01 Marina Bay Financial Centre Tower 3,
Singapore 018982

Introduction

We have reviewed the accompanying interim unaudited condensed consolidated financial statements of Geo Energy Resources Limited (the "Company") and its subsidiaries (the "Group") which comprise the condensed consolidated statement of financial position as at 31 March 2017, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group for the period from 1 January 2017 to 31 March 2017, and selected notes to the financial statements, as set out on pages 3 to 38. Management is responsible for the preparation and fair presentation of the interim unaudited condensed consolidated financial statements in accordance with the Singapore Financial Reporting Standard No. 34, *Interim Financial Reporting* ("FRS 34"). Our responsibility is to express a conclusion on this interim unaudited condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte & Touche LLP (Unique Entity No. T08LL0721A) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnerships Act (Chapter 163A).

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2017

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim unaudited condensed consolidated financial statements is not prepared, in all material respects, in accordance with FRS 34.

Other Matters

This report has been prepared solely to you for inclusion in the Offering Memorandum in connection with the Group's proposed offering of Senior Notes in 2017. This report is made solely to you, as a body and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

Ronny Chandra
Partner

GEO ENERGY RESOURCES LIMITED AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2017

	Note	31 March 2017	31 December 2016
		US$ (Unaudited)	US$ (Audited)
ASSETS			
Current assets			
Cash and bank balances	8	56,567,965	67,703,681
Trade and other receivables	9	134,995,892	103,493,933
Deposits and prepayments	10	10,852,300	7,415,552
Inventories	11	5,987,566	8,890,420
Total current assets		208,403,723	187,503,586
Non-current assets			
Deposits and prepayments	10	5,146,609	5,067,764
Deferred expenditure	12	-	-
Deferred stripping costs	13	9,440,045	9,940,321
Property, plant and equipment	14	99,194,350	102,529,077
Investment property	15	547,256	542,572
Deferred tax assets	21	4,337,951	3,347,593
Other non-current asset	16	148,122	143,263
Total non-current assets		118,814,333	121,570,590
Total assets		327,218,056	309,074,176
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	17	102,875,268	106,899,123
Current portion of finance leases	18	52,088	14,718
Notes payable	19	71,065,304	-
Income tax payable		12,521,015	7,447,250
Total current liabilities		186,513,675	114,361,091
Non-current liabilities			
Finance leases	18	119,614	43,887
Notes payable	19	-	68,675,591
Provisions	20	1,446,499	1,335,862
Deferred tax liabilities	21	20	-
Total non-current liabilities		1,566,133	70,055,340
Capital, reserves and non-controlling interests			
Share capital	22	89,670,842	89,670,842
Capital and other reserve		316,251	316,251
Translation reserve		(18,387,230)	(18,232,460)
Retained earnings		67,320,738	52,681,429
Equity attributable to owners of the Company		138,920,601	124,436,062
Non-controlling interests		217,647	221,683
Total equity		139,138,248	124,657,745
Total liabilities and equity		327,218,056	309,074,176

See accompanying notes to financial statements.

GEO ENERGY RESOURCES LIMITED AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Period from 1 January 2017 to 31 March 2017

	Note	1 January 2017 to 31 March 2017 (3 months) US$ (Unaudited)	1 January 2016 to 31 March 2016 (3 months) US$ (Unaudited)
Continuing operations			
Revenue	24	99,282,837	11,888,413
Cost of sales		(73,952,778)	(11,640,745)
Gross profit		25,330,059	247,668
Other income	25	112,793	620,703
General and administrative expenses		(1,821,125)	(1,329,353)
Other expenses	26	(1,943,358)	(970,624)
Finance costs	27	(1,815,707)	(1,580,722)
Profit (Loss) before income tax		19,862,662	(3,012,328)
Income tax (expense) credit	28	(5,227,802)	157,034
Profit (Loss) for the period from continuing operations	29	14,634,860	(2,855,294)
Discontinued operation			
Profit for the period from discontinued operation		-	257,576
Profit (Loss) for the period		14,634,860	(2,597,718)
Other comprehensive income, net of tax:			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(154,357)	(2,139,179)
Total comprehensive income for the period		14,480,503	(4,736,897)

GEO ENERGY RESOURCES LIMITED AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Period from 1 January 2017 to 31 March 2017

	Note	1 January 2017 to 31 March 2017 (3 months) US$ (Unaudited)	1 January 2016 to 31 March 2016 (3 months) US$ (Unaudited)
Profit (Loss) attributable to:			
Owners of the Company		14,639,309	(2,585,708)
Non-controlling interests		(4,449)	(12,010)
		14,634,860	(2,597,718)
Total comprehensive income attributable to:			
Owners of the Company		14,484,539	(4,725,345)
Non-controlling interests		(4,036)	(11,552)
		14,480,503	(4,736,897)
Earnings (Loss) per share:	30		
From continuing and discontinued operations:			
- Basic (cents)		1.21	(0.22)
- Diluted (cents)		1.21	(0.22)
From continuing operations:			
- Basic (cents)		1.21	(0.24)
- Diluted (cents)		1.21	(0.24)

See accompanying notes to financial statements.

GEO ENERGY RESOURCES LIMITED AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Period from 1 January 2017 to 31 March 2017

	Share Capital	Capital and other reserve	Revaluation reserve	Translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
	US$ (Note 22)	US$	US$ (Note 23)	US$	US$	US$	US$	US$
Balance at 1 January 2016 (audited)	86,170,842	14,105	776,632	(22,946,814)	29,718,918	93,733,683	237,342	93,971,025
Total comprehensive income for the period:								
Loss for the period	-	-	-	-	(2,585,708)	(2,585,708)	(12,010)	(2,597,718)
Other comprehensive income for the period	-	-	-	(2,139,637)	-	(2,139,637)	458	(2,139,179)
Total	-	-	-	(2,139,637)	(2,585,708)	(4,725,345)	(11,552)	(4,736,897)
Transactions with owners, recognised directly in equity:								
Issue of share capital	3,500,000	-	-	-	-	3,500,000	-	3,500,000
Balance at 31 March 2016 (unaudited)	89,670,842	14,105	776,632	(25,086,451)	27,133,210	92,508,338	225,790	92,734,128
Balance at 1 January 2017 (audited)	89,670,842	316,251	-	(18,232,460)	52,681,429	124,436,062	221,683	124,657,745
Total comprehensive income for the period:								
Profit for the period	-	-	-	-	14,639,309	14,639,309	(4,449)	14,634,860
Other comprehensive income for the period	-	-	-	(154,770)	-	(154,770)	413	(154,357)
Balance at 31 March 2017 (unaudited)	89,670,842	316,251	-	(18,387,230)	67,320,738	138,920,601	217,647	139,138,248

See accompanying notes to financial statements

GEO ENERGY RESOURCES LIMITED AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
Period from 1 January 2017 to 31 March 2017

	1 January 2017 to 31 March 2017 (3 months)	1 January 2016 to 31 March 2016 (3 months)
	US$ (Unaudited)	US$ (Unaudited)
Operating activities		
Profit (Loss) before income tax	19,862,662	(2,660,968)
Adjustments for:		
Depreciation of property, plant and equipment	3,797,485	2,027,690
Amortisation of deferred stripping costs	500,276	201,847
Gain on disposal of property, plant and equipment	(14,374)	(11,269)
Gain on sales and leaseback of property, plant and equipment	-	(9,756)
Interest expense	1,408,824	1,847,261
Interest income	(98,419)	(37,744)
Retirement benefit obligations	88,912	56,231
Net foreign exchange losses	2,068,687	154,856
Operating cash flows before movements in working capital	27,614,053	1,568,148
Trade and other receivables	(18,481,353)	(2,658,495)
Deposits and prepayments	(3,466,644)	(694,792)
Inventories	2,902,854	(404,864)
Trade and other payables	1,568,113	4,168,349
Cash generated from operations	10,137,023	1,978,346
Income tax paid	(1,105,495)	(5,059)
Retirement benefit obligation paid	-	(482)
Net cash from operating activities	9,031,528	1,972,805
Investing activities		
Interest received	66,566	7,799
Addition to deferred stripping costs	-	(2,924,414)
Advance payments for purchase of property, plant and equipment (Note A)	(49,768)	-
Advance payments for conditional acquisition of mining concessions	(13,000,000)	-
Deferred payment for acquisition of assets	(4,482,388)	-
Purchase of property, plant and equipment (Note A)	(328,551)	(131,805)
Proceeds from disposal of property, plant and equipment	51,750	50,757
Purchase of other non-current asset	-	(22,780)
Net cash used in investing activities	(17,742,391)	(3,020,443)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
Period from 1 January 2017 to 31 March 2017

	1 January 2017 to 31 March 2017 (3 months)	1 January 2016 to 31 March 2016 (3 months)
	US$ (Unaudited)	US$ (Unaudited)
Financing activities		
Interest paid	(2,511,383)	(2,853,042)
Repayment of obligations under finance leases	(7,359)	(941,407)
Cash used in financing activities	(2,518,742)	(3,794,449)
Net decrease in cash and cash equivalents	(11,229,605)	(4,842,087)
Cash and cash equivalents at beginning of the period	62,761,457	7,421,269
Effect of exchange rate changes on the balance of cash held in foreign currencies	11,054	126,708
Cash and cash equivalents at end of the period (Note 8)	51,542,906	2,705,890

Notes to condensed consolidated statement of cash flows:

A) During the period, the Group acquired property, plant and equipment amounting to US$451,480 (31 March 2016 : US$131,805) of which US$118,357 (31 March 2016 : US$Nil) was acquired under finance lease arrangements.

In addition, the Group utilised the advance payment of US$4,572 (31 March 2016 : US$Nil) which was paid in prior period (Note 10) to purchase property, plant and equipment during the financial period. Cash payments of US$328,551 (31 March 2016 : US$131,805) were made to purchase the property, plant and equipment.

See accompanying notes to 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 interim unaudited condensed consolidated financial statements are presented in United States dollars (US$) to enhance the comparability of the Group's financials to other companies in the coal mining industry. The functional currency of the Company is Singapore dollars.

The principal activities of the Group are to carry on the business of mining and sale of coal.

On 29 June 2016, the Group entered into a sale and purchase agreement to divest its mining services and coal haulage services businesses to lower costs and streamline its operation to focus on coal production. The effect of this divestment to the Group's profit or loss for the three months period ended 31 March 2016, have been disclosed in Note 34.

The interim unaudited condensed consolidated financial statements of the Group for the period from 1 January 2017 to 31 March 2017 were authorised for issue by the Board of Directors on 3 July 2017.

2 BASIS OF PREPARATION

The interim unaudited condensed consolidated financial statements for the three months period ended 31 March 2017 have been prepared in accordance with Singapore Financial Reporting Standards 34, *Interim Financial Reporting*.

3 SIGNIFICANT ACCOUNTING POLICIES

The interim unaudited condensed consolidated financial statements have been prepared using accounting policies consistent with the Singapore Financial Reporting Standards in accordance with the historical cost basis, except as disclosed in the accounting policies in the audited consolidated financial statements for the year ended 31 December 2016.

The accounting policies adopted are consistent with those followed in the preparation of the Group's audited consolidated financial statements for the latest annual period ended 31 December 2016.

In the current financial period, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2017. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current and prior periods.

At the date of authorisation of these financial statements, the following new/revised FRSs, INT FRSs and amendments to FRS that are relevant to the Group and Company were issued but not yet effective:

- FRS 109 *Financial Instruments* [1]
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)* [1]
- FRS 116 *Leases* [2]
- Amendments to FRS 102 *Classification and Measurement of Share-based Payment Transactions* [1]
- Amendments to FRS 40 *Transfers of Investment Property* [1]

[1] Applies to annual periods beginning on or after 1 January 2018, with early application permitted.

[2] Applies to annual periods beginning on or after 1 January 2019, with early application permitted if FRS 115 is adopted.

Consequential amendments were also made to various standards as a result of these new/revised standards.

Management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRSs in future periods will not have a material impact on the financial statements of the Group and Company in the period of their initial adoption, except for the following:

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) general hedge accounting and (iii) impairment requirements for financial assets.

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 instruments 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 instruments 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 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.

- 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.

Management anticipates that the initial application of the new FRS 109 may not result in any material changes to the accounting policies relating to financial instruments. Additional disclosures may be made with respect of trade and other receivables, including any significant judgement and estimation made. Management has commenced an assessment of the possible impact of implementing FRS 109. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 109.

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. Further clarifications to FRS 115 were also issued in June 2016.

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.

Management anticipates that the initial application of the new FRS 115 will not result in material changes to the accounting policies relating to revenue recognition. Additional disclosures will be made with respect of trade receivables and revenue, including any significant judgement and estimation made. Management has commenced an assessment of the possible impact of implementing FRS 115. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 115.

FRS 116 *Leases*

FRS 116 was issued in June 2016 and will supersede FRS 17 *Leases* and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

As at 31 March 2017, the Group has non-cancellable operating lease commitments ranging from 1 to 5 years totalling US$718,883. FRS 17 does not require the recognition of any right-of-use asset or lease liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in Note 32 to the financial statements. Management anticipates that the initial application of the new FRS 116 will result in changes to the accounting policies relating to operating leases, where the Group is a lessee. A right-of-use asset will be recognised on statement of financial position, representing the Group's right to use the leased asset over the lease term and, recognise a corresponding lease liability representing its obligation to make lease payments. Additional disclosures may be made with respect of right-of-use assets and lease liabilities. Management has commenced an assessment of the possible impact of implementing FRS 116. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 116.

4 OPERATIONS IN THE INTERIM PERIOD

The Group's business is generally not subjected to significant seasonal fluctuations.

5 FINANCIAL RISKS AND CAPITAL MANAGEMENT

There have been no changes in the financial risk management of the Group and the Group's overall capital management remains unchanged and has been disclosed in the audited consolidated financial statements for the year ended 31 December 2016.

6 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The critical judgments and key sources of estimation uncertainty made by the management remain unchanged from the last audited consolidated financial statements for the year ended 31 December 2016.

7 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.

There are no significant transactions between the Group and related parties, other than those disclosed in the financial statements and the accompanying notes.

Compensation of directors and key management personnel

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

	1 January 2017 to 31 March 2017 (3 months)	1 January 2016 to 31 March 2016 (3 months)
	US$ (Unaudited)	US$ (Unaudited)
Short-term benefits	579,813	305,006
Post-employment benefits	10,360	7,221
Total	590,173	312,227

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

8 CASH AND BANK BALANCES

	31 March 2017 US$ (Unaudited)	31 December 2016 US$ (Audited)
Cash on hand	3,376	3,343
Cash at banks [a]	41,465,734	62,753,868
Deposits [b]	15,098,855	4,946,470
Total cash and bank balances	56,567,965	67,703,681
Less: Deposits pledged [c], [d]	(5,025,059)	(4,942,224)
Cash and cash equivalents in the condensed consolidated statement of cash flows	51,542,906	62,761,457

[a] The average effective interest rate of the cash at banks for the period was 0.09% (31 December 2016 : 1.12% per annum).

[b] The effective interest rate of the deposits for the period ranged from 0.20% to 2.42% (31 December 2016 : 0.80% to 5.31% per annum).

[c] As at 31 March 2017, the Group pledged a deposit of US$2,525,059 (31 December 2016 : US$2,442,224), for purpose of securing the Group's coupon payment obligations for the notes payable (Note 19).

[d] As at 31 March 2017, the Group pledged a deposit of US$2,500,000 (31 December 2016 : US$2,500,000) for the issuance of a banker's guarantee to a third party, for the purpose of securing the Group's land use right from a third party.

9 TRADE AND OTHER RECEIVABLES

	31 March 2017	31 December 2016
	US$ (Unaudited)	US$ (Audited)
Trade receivables from:		
- Third parties [(a)]	48,054,204	32,893,880
Less: Allowance for doubtful debt [(d)]	(739,933)	(739,460)
	47,314,271	32,154,420
Other receivables comprise of:		
- Third parties [(a)]	53,348,084	50,148,308
Less: Allowance for doubtful debt [(d)]	(749,975)	(746,440)
	52,898,109	49,401,868
- Goods and Services Tax ("GST") receivables	150,876	18,535
- Prepaid income tax	208,431	208,312
- Refundable deposits in relation to the conditional acquisition of mining concessions	31,500,000	18,500,000
- Refundable payment to secure the rights to use and purchase jetty facilities	3,146,385	3,145,132
- Interest receivables	77,820	65,666
Total	134,995,892	103,493,933

The credit period granted to customers is generally up to 30 days (31 December 2016 : 30 days). No interest is charged on the outstanding balances. During the year ended 31 December 2016, interest of 1% to 3% per annum was charged to certain debtors on the outstanding balances of US$16,604,788.

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

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

	31 March 2017	31 December 2016
	US$ (Unaudited)	US$ (Audited)
Not past due and not impaired	27,070,122	12,538,695
Past due but not impaired [(b)]	20,244,149	19,615,725
	47,314,271	32,154,420
Impaired receivables - individually assessed [(c)]	739,933	739,460
Less: Allowance for doubtful debt [(d)]	(739,933)	(739,460)
	-	-
Total trade receivables, net	47,314,271	32,154,420

Trade receivables that are not past due and not impaired are substantially companies with good collection track records with the Group.

(a) During the year ended 31 December 2016, the Group has signed conditional sale and purchase agreements ("CSPAs") with certain debtors' related corporations and a third party (the "Vendors") where the Group may, upon fulfilment of certain conditions by the Vendors, acquire coal mining concessions from the Vendors in exchange for the settlement of trade and other receivables from certain debtors amounting to US$19,689,022 and US$27,990,774 respectively.

As at 31 March 2017, the CSPA with one of the Vendors had expired and the Group entered into an instalment agreement with a certain debtor where the balance of US$4,657,052 will be recovered by end of 2017.

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

	31 March 2017	31 December 2016
	US$ (Unaudited)	US$ (Audited)
< 3 months	555,128	70,053
> 12 months	19,689,021	19,545,672
	20,244,149	19,615,725

Included in the Group's trade receivables are debtors with a carrying amount of US$20,244,149 (31 December 2016 : US$19,615,725) 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.

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

	31 March 2017	31 December 2016
	US$ (Unaudited)	US$ (Audited)
At beginning of period	1,485,900	2,417,162
Disposal of subsidiaries	-	(1,102,146)
Allowance for doubtful debt charged to profit or loss	-	150,033
Exchange differences	4,008	20,851
At end of period	1,489,908	1,485,900

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.

10 DEPOSITS AND PREPAYMENTS

	31 March 2017 US$ (Unaudited)	31 December 2016 US$ (Audited)
Current assets:		
Prepayments	8,802,300	5,365,552
Advance payments for purchase of coal [(a)]	3,684,020	3,670,034
Less: Impairment loss on advance payment for purchase of coal	(1,634,020)	(1,620,034)
	2,050,000	2,050,000
Total	10,852,300	7,415,552
Non-current assets:		
Deposits [(a)] [(b)]	5,051,308	5,021,412
Advance payments for purchase of property, plant and equipment	95,301	46,352
Total	5,146,609	5,067,764

[(a)] Included in this balance is deposits of US$595,350 (31 December 2016 : US$590,254) for the Group, made to the relevant government authorities to ensure fulfilment of compliance in respect of reclamation and rehabilitation obligations (Note 20).

[(b)] Included in this balance is a deposit for land use right, held at amortised costs of US$4,365,815 (31 December 2016 : US$4,343,850). An interest income on financial assets carried at amortised cost amounting to US$21,965 (31 December 2016 : US$65,200) was recognised during the period (Note 25).

11 INVENTORIES

	31 March 2017 US$ (Unaudited)	31 December 2016 US$ (Audited)
Coal, at cost	5,987,566	8,890,420

12 DEFERRED EXPENDITURE

	31 March 2017	31 December 2016
	US$ (Unaudited)	US$ (Audited)
Cost:		
At beginning of period	1,292,195	1,252,815
Exchange differences	10,468	39,380
At end of period	1,302,663	1,292,195
Accumulated amortisation:		
At beginning of period	501,417	482,616
Exchange differences	3,641	18,801
At end of period	505,058	501,417
Allowance for impairment:		
At beginning of period	790,778	770,199
Exchange differences	6,827	20,579
At end of period	797,605	790,778
Carrying amount:		
At beginning and end of period	-	-

13 DEFERRED STRIPPING COSTS

During the period, the Group capitalised deferred stripping costs amounting to US$Nil (31 March 2016 : US$2,924,414).

During the period, the Group recognised an amortisation of US$500,276 (31 March 2016 : US$201,847).

No impairment loss was recognised during the reporting period in respect of deferred stripping costs.

14 PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment amounting to US$451,480 (31 March 2016 : US$131,805).

During the period, the Group disposed of certain plant and equipment with a carrying amount of US$37,376 (31 March 2016 : US$39,488) for cash proceeds of US$51,750 (31 March 2016 : US$50,757), resulting in gain on disposal of US$14,374 (31 March 2016 : US$11,269).

The carrying amount of the Group's heavy equipment and motor vehicles includes assets acquired under finance leases amounting to US$255,022 (31 December 2016 : US$116,732) (Note 18).

No impairment loss was recognised during the reporting period in respect of property, plant and equipment.

15 INVESTMENT PROPERTY

	31 March 2017	31 December 2016
	US$ (Unaudited)	US$ (Audited)
At fair value		
At beginning of period	542,572	3,336,335
Gain from fair value adjustments included in profit or loss	-	20,255
Disposal [(a)]	-	(2,860,585)
Exchange differences	4,684	46,567
At end of period	547,256	542,572

[(a)] On 16 June 2016, the Company has completed the sale of an investment property located at 10 Anson Road, #20-16, International Plaza, Singapore 079903 to a third party for a total consideration of US$2,827,455.

The Group's investment property is held under leasehold interest.

Details of the investment property and information about the fair value hierarchy as at 31 December 2016 are as follows:

	Level 1	Level 2	Level 3	Fair value
	US$	US$	US$	US$
Investment property located at The Suites Tower, 17th Floor Jl. Boulevard Pantai Indah Kapuk No. 1 Kav OFS, Jakarta 14470				
31 December 2016	-	-	542,572	542,572

16 OTHER NON-CURRENT ASSET

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

17 TRADE AND OTHER PAYABLES

	31 March 2017	31 December 2016
	US$ (Unaudited)	US$ (Audited)
Trade payables due to:		
- Third parties	42,885,299	30,332,952
Other payables comprise of:		
- Third parties	5,398,748	5,624,259
- Value-Added Tax ("VAT") payables	133,462	32,628
- Withholding tax payables	887,752	2,348,976
- Advances from customers [(a)]	32,464,260	43,058,801
- Deposits received [(b)]	3,000,000	3,000,000
- Accrued purchase consideration for acquisition of asset	-	4,482,388
- Accrued interest on notes payable (Note 19)	1,093,729	2,203,309
- Accruals [(c)]	17,012,018	15,815,810
Total	102,875,268	106,899,123

The credit period on purchases is up to 30 days (31 December 2016 : 30 days). No interest is charged on the outstanding balances.

(a) Included in this balance is advance payment of US$30,403,000 (31 December 2016 : US$40,999,870) received by the Group pursuant to coal sales contract with a third party. As at 31 December 2016, the balance was secured by:

(i) a pledge over share capital of subsidiaries; and

(ii) a corporate guarantee by the Company and certain subsidiary.

(b) Included in this balance is refundable deposit received of US$3,000,000 (31 December 2016 : US$3,000,000) by the Group, as a performance guarantee provided by a third party for the provision of overburden removal and coal hauling services.

(c) Accruals principally comprise amounts outstanding for on-going costs.

18 FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
	US$ (Unaudited)	US$ (Audited)	US$ (Unaudited)	US$ (Audited)
Amounts payable under finance leases:				
Within one year	61,308	16,967	52,088	14,718
In the second to fifth year inclusive	127,712	46,632	119,614	43,887
Total	189,020	63,599	171,702	58,605
Less: Future finance charges	(17,318)	(4,994)	NA	NA
Present value of lease obligations	171,702	58,605	171,702	58,605
Less: Amount due for settlement within 12 months (shown under current liabilities)			(52,088)	(14,718)
Amount due for settlement after 12 months			119,614	43,887

The Group acquired certain of its motor vehicles under finance leases. The finance lease term is up to 60 months (31 December 2016 : 60 months) with effective interest rate ranging from 4.33% to 7.19% (31 December 2016 : 4.33%) per annum. Interest rates for 100% (31 December 2016 : 100%) of the finance leases are fixed at the contract date. All finance leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the Group's lease obligation approximates its carrying amount.

The Group's obligation under finance lease is secured by the leased asset.

19 NOTES PAYABLE

The notes payable of S$100,000,000 was issued under the S$300,000,000 Multicurrency Medium Term Note Programme established in June 2014, which carried fixed interest of 7% per annum (interest payable semi-annually in arrear) and matures in January 2018.

The notes payable is unsecured and listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Group has pledged a deposit of US$2,525,059 (31 December 2016 : US$2,442,224) for the purpose of securing the Group's coupon payment obligations during the term of the notes payable (Note 8).

The notes payable was recorded at amortised cost net of transaction costs of US$3,915,749 in 2014. 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.

	31 March 2017	31 December 2016
	US$	US$
	(Unaudited)	(Audited)
Nominal value of notes payable issued	80,593,166	80,593,166
Transaction costs	(3,915,749)	(3,915,749)
At date of issue	76,677,417	76,677,417
Cumulative interest accrued	17,077,011	15,685,728
Cumulative interest paid	(12,659,719)	(10,152,424)
Exchange differences	(8,935,676)	(11,331,821)
Total	72,159,033	70,878,900
Interest payable within one year included in other payables (Note 17)	(1,093,729)	(2,203,309)
Total amount payable within one year	(71,065,304)	-
Liability (non-current) at end of period/year	-	68,675,591

Management has estimated the fair value of the notes payable at 31 March 2017 to be approximately US$63,237,925 (31 December 2016 : US$48,100,215) based on price obtained from bank's publication as at the end of the reporting period. 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 period.

20 PROVISIONS

As at the end of the reporting period, the Group has made the following provisions:

	31 March 2017	31 December 2016
	US$ (Unaudited)	US$ (Audited)
Retirement benefit obligations	928,669	834,558
Provision for rehabilitation [a]	423,430	410,954
Provision for reinstatement costs [b]	94,400	90,350
	1,446,499	1,335,862

[a] This represents the net present value of the costs expected to be incurred for rehabilitation of mining properties. Management uses a discount rate of 15% (31 December 2016 : 15%). As at 31 March 2017, deposits of US$595,350 (31 December 2016 : US$590,254) are made to the relevant government authorities to ensure fulfilment of compliance in respect of reclamation and rehabilitation obligations (Note 10a).

[b] This represents the net present value of the costs expected to be incurred for reinstating the leased office premises. Management uses a discount rate of 5% (31 December 2016 : 5%).

21 DEFERRED TAX

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

	Retirement benefit	Tax losses	Accelerated tax depreciation	Total
	US$	US$	US$	US$
At 1 January 2016 (audited)	(145,684)	(5,206,508)	3,510,517	(1,841,675)
(Credited) Charged to profit or loss	(94,470)	(3,023,029)	2,976,641	(140,858)
Credited to other comprehensive income	(4,385)	-	-	(4,385)
Disposal of subsidiaries	29,430	2,559,921	(4,007,551)	(1,418,200)
Exchange differences	(3,868)	(85,708)	147,101	57,525
At 31 December 2016 (audited)	(218,977)	(5,755,324)	2,626,708	(3,347,593)
Charged (Credited) to profit or loss (Note 28)	16,548	1,420,791	(2,408,551)	(971,212)
Exchange difference	(1,871)	(36,887)	19,632	(19,126)
At 31 March 2017 (unaudited)	(204,300)	(4,371,420)	237,789	(4,337,931)

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 condensed consolidated statement of financial position purposes:

	31 March 2017	31 December 2016
	US$ (Unaudited)	US$ (Audited)
Deferred tax liabilities	20	-
Deferred tax assets	(4,337,951)	(3,347,593)
	(4,337,931)	(3,347,593)

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$56,946,000 (31 December 2016 : US$37,791,000). 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.

22 SHARE CAPITAL

	31 March 2017	31 December 2016	31 March 2017	31 December 2016
	Number of ordinary shares		US$	US$
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
At beginning of period/year	1,212,273,113	1,185,050,891	89,670,842	86,170,842
Issuance of shares for settlement of liability [(a)]	-	27,222,222	-	3,500,000
At end of period/year	1,212,273,113	1,212,273,113	89,670,842	89,670,842

(a) On 22 March 2016, the Company issued 27,222,222 new ordinary shares to fulfil the consideration payable of US$3,500,000 as part of the purchase consideration for the acquisition of the remaining 34% shareholding interest in Borneo International Resources Pte. Ltd.

The new shares ranked pari passu in all aspects with the existing ordinary shares.

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

23 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.

24 REVENUE

	1 January 2017 to 31 March 2017 (3 months)	1 January 2016 to 31 March 2016 (3 months)
	US$ (Unaudited)	US$ (Unaudited)
Continuing operations:		
Sale of coal:		
- Coal mining [a]	87,294,655	11,888,413
- Coal trading	11,702,025	-
Coal mining management services	286,157	-
Total	99,282,837	11,888,413
Discontinued operation:		
Rental services	-	920,156

[a] This includes trade discounts of US$2,448,003 (31 March 2016 : US$578,131).

25 OTHER INCOME

	1 January 2017 to 31 March 2017 (3 months)	1 January 2016 to 31 March 2016 (3 months)
	US$ (Unaudited)	US$ (Unaudited)
Continuing operations:		
Late payment charges from customers	-	509,390
Interest income [a]	98,419	37,581
Rental income – investment property	-	30,968
Gain on disposal of property, plant and equipment – net	14,374	9,904
Others	-	32,860
Total	112,793	620,703

	1 January 2017 to 31 March 2017 (3 months)	1 January 2016 to 31 March 2016 (3 months)
	US$ (Unaudited)	US$ (Unaudited)
Discontinued operation:		
Foreign exchange gain - net	-	768,879
Interest income [a]	-	163
Gain on disposal of property, plant and equipment – net	-	1,365
Others	-	424,915
Total	-	1,195,322

[a] This includes interest income on financial assets carried at amortised cost of US$21,965 (31 March 2016 : US$22,777).

26 OTHER EXPENSES

	1 January 2017 to 31 March 2017 (3 months)	1 January 2016 to 31 March 2016 (3 months)
	US$ (Unaudited)	US$ (Unaudited)
Continuing operations:		
Foreign exchange loss - net	1,932,871	960,591
Others	10,487	10,033
Total	1,943,358	970,624
Discontinued operation:		
Others	-	42,324
Total	-	42,324

27 FINANCE COSTS

	1 January 2017 to 31 March 2017 (3 months)	1 January 2016 to 31 March 2016 (3 months)
	US$ (Unaudited)	US$ (Unaudited)
Continuing operations:		
Interest expense on:		
- Notes payable (Note 19)	1,391,283	1,509,114
- Finance leases	4,088	802
Imputed interest on:		
- Provisions	13,453	12,936
Bank charges	406,883	57,870
Total	1,815,707	1,580,722
Discontinued operation:		
Interest expense on:		
- Finance leases	-	324,409
Bank charges	-	222
Total	-	324,631

28 INCOME TAX EXPENSES (CREDIT)

	1 January 2017 to 31 March 2017 (3 months)	1 January 2016 to 31 March 2016 (3 months)
	US$ (Unaudited)	US$ (Unaudited)
Continuing operations:		
Income tax:		
Current	6,531,914	16,387
Overprovision in prior years	(332,900)	-
Deferred tax (Note 21)	(971,212)	(173,421)
Income tax expense (credit)	5,227,802	(157,034)
Discontinued operation:		
Deferred tax (Note 21)	-	93,784
Income tax expense	-	93,784
Total income tax expense (credit)	5,227,802	(63,250)

Domestic income tax for Singapore incorporated companies is calculated at 17% (31 March 2016 : 17%) of the estimated assessable profit for the period. Taxation for Group entities in other jurisdictions is calculated at the rates prevailing in the relevant jurisdiction.

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% (31 March 2016 : 25%).

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

	1 January 2017 to 31 March 2017 (3 months)	1 January 2016 to 31 March 2016 (3 months)
	US$ (Unaudited)	US$ (Unaudited)
Profit (Loss) before income tax:		
Continuing operations	19,862,662	(3,012,328)
Discontinued operation	-	351,360
	19,862,662	(2,660,968)
Profit (Loss) before income tax	19,862,662	(2,660,968)
Tax at statutory rate of 25%*	4,965,666	(665,242)
Tax effect of expenses that are not deductible in determining taxable profit	1,800,748	601,245
Tax effect of income that are not taxable in determining taxable profit	(32,545)	(182,317)
Tax effect of unrecognised tax losses	-	179,280
Effect of previously unrecognised tax losses now recognised as deferred tax asset	(1,087,671)	-
Effect of different tax rates of companies operating in other jurisdictions	(85,496)	3,784
Adjustments recognised in the current period in relation to income tax of prior years	(332,900)	-
Income tax expense (credit)	5,227,802	(63,250)

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

29 PROFIT (LOSS) FOR THE PERIOD

This has been arrived at after charging:

	1 January 2017 to 31 March 2017 (3 months)	1 January 2016 to 31 March 2016 (3 months)
	US$ (Unaudited)	US$ (Unaudited)
Continuing operations:		
Directors' remuneration	476,212	231,057
Employee benefits expense (including directors' remuneration)	1,436,832	766,884
Costs of defined contribution plans (included in employee benefits expense)	54,369	40,698
Costs of defined benefit plans (included in employee benefits expense)	88,863	38,187
Cost of inventories recognised as expense	58,197,009	8,023,738
Depreciation of property, plant and equipment (Note 14)	3,797,485	1,221,570
Amortisation of deferred stripping costs (Note 13)	500,276	201,847
Discontinued operation:		
Employee benefits expense (including directors' remuneration)	-	196,569
Costs of defined contribution plans (included in employee benefits expense)	-	6,968
Depreciation of property, plant and equipment	-	806,120

30 EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per ordinary share for the three months period ended 31 March 2017 is calculated based on the Group's profit for the period attributable to the owners of the Company of US$14,639,309 (31 March 2016 : loss of US$2,585,708) divided by the weighted average number of shares issued of 1,212,273,113 (31 March 2016 : 1,188,042,344).

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to the ordinary owners of the Company is based on the following data.

Earnings (Loss) figures are calculated as follows:

	1 January 2017 to 31 March 2017 (3 months)	1 January 2016 to 31 March 2016 (3 months)
	US$ (Unaudited)	US$ (Unaudited)
Profit (Loss) for the period attributable to owners	14,639,309	(2,585,708)
Less:		
Profit for the period from discontinued operation	-	257,576
Earnings (Loss) for the purposes of earnings per share from continuing operation	14,639,309	(2,843,284)

The denominators used are the same for those detailed above for both basic and diluted earnings per share.

From discontinued operation

Basic and diluted earnings per share for the discontinued operation is earnings of 0.02 cents per share in the three months ended 31 March 2016, based on the profit for the period from discontinued operation of US$257,582 and the denominators detailed above for both the basic and diluted earnings per share.

31 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 mining	-	Production and sale of coal produced from operating owned coal mines.
Coal trading	-	Purchase and sale of coal from third parties.
Mining services	-	Mining contracting and project management for mining activities conducted at third party mines.

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.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments:

	Revenue		Gross Profit		Net Profit (Loss)	
	1 January 2017 to 31 March 2017 (3 months)	1 January 2016 to 31 March 2016 (3 months)	1 January 2017 to 31 March 2017 (3 months)	1 January 2016 to 31 March 2016 (3 months)	1 January 2017 to 31 March 2017 (3 months)	1 January 2016 to 31 March 2016 (3 months)
	US$ (Unaudited)	US$ (Unaudited)	US$ (Unaudited)	US$ (Unaudited)	US$ (Unaudited)	US$ (Unaudited)
Continuing operations						
Coal mining	87,294,655	11,888,413	24,973,758	247,668	24,995,724	270,445
Coal trading	11,702,025	-	231,836	-	231,836	-
Mining services	286,157	-	124,465	-	124,465	-
	99,282,837	11,888,413	25,330,059	247,668	25,352,025	270,445
Depreciation of property, plant and Equipment					(159,342)	(202,555)
Other gains and losses					(1,852,531)	(372,698)
Group administration costs and directors' remuneration					(1,661,783)	(1,126,798)
Finance costs					(1,815,707)	(1,580,722)
					19,862,662	(3,012,328)

	Revenue		Gross loss		Net Profit (Loss)	
	1 January 2017 to 31 March 2017 (3 months)	1 January 2016 to 31 March 2016 (3 months)	1 January 2017 to 31 March 2017 (3 months)	1 January 2016 to 31 March 2016 (3 months)	1 January 2017 to 31 March 2017 (3 months)	1 January 2016 to 31 March 2016 (3 months)
	US$ (Unaudited)	US$ (Unaudited)	US$ (Unaudited)	US$ (Unaudited)	US$ (Unaudited)	US$ (Unaudited)
Discontinued operation						
Rental services	-	920,156	-	(400,522)	-	(400,522)
Depreciation of property, plant and equipment					-	(16,114)
Other gains and losses					-	1,152,998
Group administration costs and directors' remuneration					-	(60,371)
Finance costs					-	(324,631)
					-	351,360
Profit (Loss) before income tax					19,862,662	(2,660,968)
Income tax (expense) credit					(5,227,802)	63,250
Profit (Loss) for the period					14,634,860	(2,597,718)

Revenue reported represents revenue generated from external customers.

Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' remuneration, finance costs and income tax.

Other segmental information

The following is an analysis of the Group's other segmental information by reportable segments:

	Coal mining		Unallocated		Total	
	1 January 2017 to 31 March 2017 (3 months)	1 January 2016 to 31 March 2016 (3 months)	1 January 2017 to 31 March 2017 (3 months)	1 January 2016 to 31 March 2016 (3 months)	1 January 2017 to 31 March 2017 (3 months)	1 January 2016 to 31 March 2016 (3 months)
	US$ (Unaudited)	US$ (Unaudited)	US$ (Unaudited)	US$ (Unaudited)	US$ (Unaudited)	US$ (Unaudited)
Continuing operations						
Depreciation of property, plant and equipment	3,638,143	1,002,900	159,342	218,670	3,797,485	1,221,570
Amortisation of deferred stripping costs	500,276	201,847	-	-	500,276	201,847
Interest income on financial assets carried at amortised cost	21,965	22,777	-	-	21,965	22,777
Gain on disposal of property, plant and equipment	-	-	14,374	9,904	14,374	9,904

Geographical segments

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

	Revenue	
	1 January 2017 to 31 March 2017 (3 months)	1 January 2016 to 31 March 2016 (3 months)
	US$ (Unaudited)	US$ (Unaudited)
Based on location of customer		
Republic of Indonesia	16,494,406	2,185,491
People's Republic of China	79,324,775	9,076,842
Thailand	-	1,546,236
India	3,463,656	-
Total	99,282,837	12,808,569

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

	Non-current assets	
	31 March 2017	31 December 2016
	US$ (Unaudited)	US$ (Audited)
Republic of Indonesia	109,149,932	112,915,316
Republic of Singapore	275,142	286,269
Total	109,425,074	113,201,585

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 mining		Coal trading		Mining services	
	1 January 2017 to 31 March 2017 (3 months)	1 January 2016 to 31 March 2016 (3 months)	1 January 2017 to 31 March 2017 (3 months)	1 January 2016 to 31 March 2016 (3 months)	1 January 2017 to 31 March 2017 (3 months)	1 January 2016 to 31 March 2016 (3 months)
	US$ (Unaudited)	US$ (Unaudited)	US$ (Unaudited)	US$ (Unaudited)	US$ (Unaudited)	US$ (Unaudited)
Customer						
Top 1st	80,691,639	10,623,078	-	-	-	-
Top 2nd	-	-	9,605,232	-	286,157	-

32 OPERATING LEASE ARRANGEMENTS

	1 January 2017 to 31 March 2017 (3 months)	1 January 2016 to 31 March 2016 (3 months)
	US$ (Unaudited)	US$ (Unaudited)
The Group as lessee		
Minimum lease payments under operating leases recognised as an expense in the period	86,487	107,439

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

	31 March 2017	31 December 2016
	US$ (Unaudited)	US$ (Audited)
Within one year	334,059	323,179
In the second to fifth years inclusive	384,824	452,730
Total	718,883	775,909

Operating lease payments represents rentals payable by the Group for lands, office premises and staff accommodations. 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 CONTINGENT LIABILITY

In 2016, certain subsidiaries of the Group were audited by the Indonesian Tax Office ("ITO"). ITO assessed an underpayment of tax expenses of approximately US$2,300,000 in respect of a subsidiary for capitalisation of an intercompany loan as equity.

Management has sought advice from professional tax consultants and holds the view that there is a lack of basis under the tax laws for this assessment of underpaid tax. Accordingly, an objection to the additional tax assessment has been filed.

As at 31 March 2017, no provision has been recognised in the financial statements as the Group's management does not consider that there is any probable loss.

34 DISCONTINUED OPERATION

On 29 June 2016, the Group entered into a sale and purchase agreement to divest its mining services and coal haulage services businesses under PT Mitra Riau Pratama ("MRP"). The divestment was effected in order for the Group to lower costs and streamline its operation to focus more on coal production.

The profit for the period from discontinued operation is as follows:

	1 January 2016 to 31 March 2016 (3 months)
	US$ (Unaudited)
Profit for the period	257,576

The results of the discontinued operation for the period from 1 January 2016 to 31 March 2016 are as follows:

	1 January 2016 to 31 March 2016 (3 months)
	US$ (Unaudited)
Revenue	920,156
Cost of sales	(1,320,678)
General and administrative expenses	(76,485)
Finance costs	(324,631)
Other income	1,195,322
Other expenses	(42,324)
Profit before tax	351,360
Income tax expense	(93,784)
Profit for the period	257,576

During the three month period ended 31 March 2016, MRP contributed approximately US$1,100,000 to the Group's net operating cash flows, contributed approximately US$8,000 in respect of investing activities and paid approximately US$1,300,000 in respect of financing activities.

35 EVENTS AFTER REPORTING PERIOD

A) On 14 June 2017, the Group received approval from the Noteholders of the Series 001 Notes (the "Notes") to, among other things, include a call option allowing the Group to redeem the Notes at any time prior to the maturity date of the Notes in January 2018.

B) On 23 June 2017, the Group acquired 100% equity interest in Fortune Coal Resources Pte Ltd which owns a mining concession through its subsidiary, PT Tanah Bumbu Resources ("TBR") in South Kalimantan, Indonesia for US$90 million (the "Consideration"). The Consideration was settled via an issued and paid up capital of US$13 million by way of 117,000,000 ordinary shares, US$37 million in cash, and the remaining US$40 million through the assignment of trade and other receivables.

GEO ENERGY RESOURCES LIMITED AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

In the opinion of the directors, the interim unaudited condensed consolidated financial statements of Geo Energy Resources Limited and its subsidiaries (the "Group") as set out on page 3 to 38 are drawn up so as to give a true and fair view of the financial position of the Group as at 31 March 2017, and of the financial performance, changes in equity and cash flows of the Group for the period from 1 January 2017 to 31 March 2017, and at the date of this statement, there are reasonable grounds to believe that the Group will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

....
Charles Antonny Melati

....
Tung Kum Hon

Date: **3 JUL 2017**

Deloitte.

GEO ENERGY RESOURCES LIMITED AND ITS SUBSIDIARIES

(Registration No. 201011034Z)

INDEPENDENT AUDITOR'S REVIEW REPORT AND THE INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

PERIOD FROM 1 JANUARY 2016 TO 31 MARCH 2016

GEO ENERGY RESOURCES LIMITED AND ITS SUBSIDIARIES

INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2016

3 July 2017

The Board of Directors
Geo Energy Resources Limited
12 Marina Boulevard,
#16-01 Marina Bay Financial Centre Tower 3,
Singapore 018982

Introduction

We have reviewed the accompanying interim unaudited condensed consolidated financial statements of Geo Energy Resources Limited (the "Company") and its subsidiaries (the "Group") which comprise the condensed consolidated statement of financial position as at 31 March 2016, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group for the period from 1 January 2016 to 31 March 2016, and selected notes to the financial statements, as set out on pages 3 to 42. Management is responsible for the preparation and fair presentation of the interim unaudited condensed consolidated financial statements in accordance with the Singapore Financial Reporting Standard No. 34, *Interim Financial Reporting* ("FRS 34"). Our responsibility is to express a conclusion on this interim unaudited condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte & Touche LLP (Unique Entity No. T08LL0721A) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnerships Act (Chapter 163A).

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2016

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim unaudited condensed consolidated financial statements is not prepared, in all material respects, in accordance with FRS 34.

Other Matters

This report has been prepared solely to you for inclusion in the Offering Memorandum in connection with the Group's proposed offering of Senior Notes in 2017. This report is made solely to you, as a body and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

Ronny Chandra
Partner

GEO ENERGY RESOURCES LIMITED AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2016

	Note	31 March 2016	31 December 2015
		US$	US$
		(Unaudited)	(Audited)
ASSETS			
Current assets			
Cash and bank balances	8	7,818,825	12,415,628
Trade and other receivables	9	35,540,954	32,709,751
Assets held for sale		2,961,866	-
Deposits and prepayments	10	19,172,147	18,506,479
Inventories	11	5,735,494	5,417,048
Total current assets		71,229,286	69,048,906
Non-current assets			
Deposits and prepayments	10	5,733,247	5,704,123
Deferred expenditure	12	-	-
Deferred stripping costs	13	4,169,039	1,446,472
Property, plant and equipment	14	130,822,627	131,869,944
Investment properties	15	528,774	3,336,335
Deferred tax assets	21	3,850,233	3,621,698
Other non-current asset	16	153,277	123,843
Total non-current assets		145,257,197	146,102,415
Total assets		216,486,483	215,151,321
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	17	39,093,750	39,639,092
Current portion of finance leases	18	6,261,084	6,559,195
Income tax payable		43,717	27,257
Total current liabilities		45,398,551	46,225,544
Non-current liabilities			
Finance leases	18	2,435,709	2,848,503
Notes payable	19	72,809,436	69,249,789
Provisions	20	1,084,247	990,475
Deferred tax liabilities	21	1,945,015	1,780,023
Other non-current liabilities		79,397	85,962
Total non-current liabilities		78,353,804	74,954,752

GEO ENERGY RESOURCES LIMITED AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2016

	Note	31 March 2016	31 December 2015
		US$	US$
		(Unaudited)	(Audited)
Capital, reserves and non-controlling interests			
Share capital	22	89,670,842	86,170,842
Other reserve		14,105	14,105
Revaluation reserve	23	776,632	776,632
Translation reserve		(25,086,451)	(22,946,814)
Retained earnings		27,133,210	29,718,918
Equity attributable to owners of the Company		92,508,338	93,733,683
Non-controlling interests		225,790	237,342
Total equity		92,734,128	93,971,025
Total liabilities and equity		216,486,483	215,151,321

See accompanying notes to financial statements.

GEO ENERGY RESOURCES LIMITED AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Period from 1 January 2016 to 31 March 2016

	Note	1 January 2016 to 31 March 2016 (3 months) US$ (Unaudited)	1 January 2015 to 31 March 2015 (3 months) US$ (Unaudited)
Continuing operations			
Revenue	24	11,888,413	2,689,238
Cost of sales		(11,640,745)	(1,684,464)
Gross profit		247,668	1,004,774
Other income	25	620,703	2,898,185
General and administrative expenses		(1,329,353)	(1,811,051)
Other expenses	26	(970,624)	-
Finance costs	27	(1,580,722)	(1,681,769)
(Loss) Profit before income tax		(3,012,328)	410,139
Income tax credit	28	157,034	444,284
Loss (Profit) for the period from continuing operations	29	(2,855,294)	854,423
Discontinued operation			
Profit (Loss) for the period from discontinued operation		257,576	(3,560,317)
Loss for the period		(2,597,718)	(2,705,894)
Other comprehensive income, net of tax:			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(2,139,179)	(2,310,434)
Total comprehensive income for the period		(4,736,897)	(5,016,328)

See accompanying notes to financial statements.

GEO ENERGY RESOURCES LIMITED AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Period from 1 January 2016 to 31 March 2016

	Note	1 January 2016 to 31 March 2016 (3 months)	1 January 2015 to 31 March 2015 (3 months)
		US$ (Unaudited)	US$ (Unaudited)
Loss attributable to:			
Owners of the Company		(2,585,708)	(2,680,833)
Non-controlling interests		(12,010)	(25,061)
		(2,597,718)	(2,705,894)
Total comprehensive income attributable to:			
Owners of the Company		(4,725,345)	(4,962,007)
Non-controlling interests		(11,552)	(54,321)
		(4,736,897)	(5,016,328)
(Loss) Earnings per share:	30		
From continuing and discontinued operations:			
- Basic (cents)		(0.22)	(0.23)
- Diluted (cents)		(0.22)	(0.23)
From continuing operations:			
- Basic (cents)		(0.24)	0.08
- Diluted (cents)		(0.24)	0.08

See accompanying notes to financial statements.

GEO ENERGY RESOURCES LIMITED AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Period from 1 January 2016 to 31 March 2016

	Share capital	Capital and other reserve	Revaluation reserve	Translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
	US$ (Note 22)	US$	US$ (Note 23)	US$	US$	US$	US$	US$
Balance at 1 January 2015 (audited)	82,518,674	14,349	776,632	(21,528,139)	45,870,836	107,652,352	393,340	108,045,692
Total comprehensive income for the period:								
Loss for the period	-	-	-	-	(2,680,833)	(2,680,833)	(25,061)	(2,705,894)
Other comprehensive income for the period	-	-	-	(2,281,174)	-	(2,281,174)	(29,260)	(2,310,434)
Balance at 31 March 2015 (unaudited)	82,518,674	14,349	776,632	(23,809,313)	43,190,003	102,690,345	339,019	103,029,364
Balance at 1 January 2016 (audited)	86,170,842	14,105	776,632	(22,946,814)	29,718,918	93,733,683	237,342	93,971,025
Total comprehensive income for the period:								
Loss for the period	-	-	-	-	(2,585,708)	(2,585,708)	(12,010)	(2,597,718)
Other comprehensive income for the period	-	-	-	(2,139,637)	-	(2,139,637)	458	(2,139,179)
Total	-	-	-	(2,139,637)	(2,585,708)	(4,725,345)	(11,552)	(4,736,897)
Transactions with owners, recognised directly in equity:								
Issue of share capital	3,500,000	-	-	-	-	3,500,000	-	3,500,000
Balance at 31 March 2016 (unaudited)	89,670,842	14,105	776,632	(25,086,451)	27,133,210	92,508,338	225,790	92,734,128

See accompanying notes to financial statements

GEO ENERGY RESOURCES LIMITED AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
Period from 1 January 2016 to 31 March 2016

	1 January 2016 to 31 March 2016 (3 months)	1 January 2015 to 31 March 2015 (3 months)
	US$ (Unaudited)	US$ (Unaudited)
Operating activities		
Loss before income tax	(2,660,968)	(3,571,963)
Adjustments for:		
Depreciation of property, plant and equipment	2,027,690	1,244,325
Amortisation of deferred stripping costs	201,847	-
(Gain) Loss on disposal of property, plant and equipment	(11,269)	247,638
Gain on sales and leaseback of property, plant and equipment	(9,756)	-
Interest expense	1,847,261	2,002,190
Interest income	(37,744)	(165,776)
Retirement benefit obligations	56,231	103,573
Net foreign exchange losses (gains)	154,856	(1,805,284)
Operating cash flows before movements in working capital	1,568,148	(1,945,297)
Trade and other receivables	(2,658,495)	1,154,394
Deposits and prepayments	(694,792)	721,139
Inventories	(404,864)	343,562
Trade and other payables	4,168,349	3,515,663
Cash generated from operations	1,978,346	3,789,461
Income tax paid	(5,059)	(433,574)
Retirement benefit obligation paid	(482)	-
Net cash from operating activities	1,972,805	3,355,887
Investing activities		
Interest received	7,799	730
Addition to deferred stripping costs	(2,924,414)	-
Advance payments for purchase of property, plant and equipment	-	(149,104)
Purchase of property, plant and equipment	(131,805)	(65,849)
Proceeds from disposal of property, plant and and equipment (Note A)	50,757	924,599
Purchase of other non-current asset	(22,780)	-
Net cash (used in) from investing activities	(3,020,443)	710,376

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
Period from 1 January 2016 to 31 March 2016

	1 January 2016 to 31 March 2016 (3 months)	1 January 2015 to 31 March 2015 (3 months)
	US$ (Unaudited)	US$ (Unaudited)
Financing activities		
Interest paid	(2,853,042)	(2,941,892)
Repayment of bank borrowings	-	(63,047)
Repayment of obligations under finance leases	(941,407)	(2,066,598)
Cash used in financing activities	(3,794,449)	(5,071,537)
Net decrease in cash and cash equivalents	(4,842,087)	(1,005,274)
Cash and cash equivalents at beginning of the period	7,421,269	10,666,464
Effect of exchange rate changes on the balance of cash held in foreign currencies	126,708	(403,561)
Cash and cash equivalents at end of the period (Note 8)	2,705,890	9,257,629

Notes to consolidated statement of cash flows:

A) During the period, the Group disposed of property, plant and equipment with carrying amount of US$50,757 (31 March 2015 : US$803,882) for a total sale proceeds of US$50,757 (31 March 2015 : US$924,599). As at 31 March 2016, US$Nil (31 March 2015 : US$69,481) of the sale proceeds is outstanding and included as part of trade and other receivables (Note 9).

See accompanying notes to 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 interim unaudited condensed unaudited consolidated financial statements are presented in United States dollars (US$) to enhance the comparability of the Group's financials to other companies in the coal mining industry. The functional currency of the Company is Singapore dollars.

The principal activities of the Group are to carry on the business of mining and sale of coal.

On 29 June 2016, the Group entered into a sale and purchase agreement to divest its mining services and coal haulage services businesses to lower costs and streamline its operation to focus on coal production. The effect of this divestment to the Group's profit or loss for the three months period ended 31 March 2015 and 31 March 2016, have been disclosed in Note 33.

The interim unaudited condensed consolidated financial statements of the Group for the period from 1 January 2016 to 30 March 2016 were authorised for issue by the Board of Directors on 3 July 2017.

2 BASIS OF PREPARATION

The interim unaudited condensed unaudited consolidated financial statements for the three months period ended 31 March 2016 have been prepared in accordance with Singapore Financial Reporting Standards 34, *Interim Financial Reporting*.

3 SIGNIFICANT ACCOUNTING POLICIES

The interim unaudited condensed consolidated financial statements have been prepared using accounting policies consistent with the Singapore Financial Reporting Standards in accordance with the historical cost basis, except as disclosed in the accounting policies in the audited consolidated financial statements for the year ended 31 December 2015.

The accounting policies adopted are consistent with those followed in the preparation of the Group's audited consolidated financial statements for the latest annual period ended 31 December 2015.

In the current financial period, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("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 and INT FRSs does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current and prior periods except as disclosed below.

At the date of authorisation of these financial statements, the following new/revised FRSs, INT FRSs and amendments to FRS that are relevant to the Group and Company were issued but not yet effective:

- FRS 109 *Financial Instruments* [1]
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)* [1]
- FRS 116 *Leases* [2]
- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative* [3]
- Amendments to FRS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses* [3]
- Amendments to FRS 102 *Classification and Measurement of Share-based Payment Transactions* [1]
- Amendments to FRS 40 *Transfers of Investment Property* [1]

[1] Applies to annual periods beginning on or after 1 January 2018, with early application permitted.

[2] Applies to annual periods beginning on or after 1 January 2019, with early application permitted if FRS 115 is adopted.

[3] Applies to annual periods beginning on or after 1 January 2017, with early application permitted.

Consequential amendments were also made to various standards as a result of these new/revised standards.

Management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRSs in future periods will not have a material impact on the financial statements of the Group and Company in the period of their initial adoption, except for the following:

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) general hedge accounting and (iii) impairment requirements for financial assets.

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 instruments 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 instruments 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 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.

- 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.

Management anticipates that the initial application of the new FRS 109 may not result in any material changes to the accounting policies relating to financial instruments. Additional disclosures may be made with respect of trade and other receivables, including any significant judgement and estimation made. Management has commenced an assessment of the possible impact of implementing FRS 109. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 109.

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. Further clarifications to FRS 115 were also issued in June 2016.

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.

Management anticipates that the initial application of the new FRS 115 will not result in material changes to the accounting policies relating to revenue recognition. Additional disclosures will be made with respect of trade receivables and revenue, including any significant judgement and estimation made. Management has commenced an assessment of the possible impact of implementing FRS 115. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 115.

FRS 116 *Leases*

FRS 116 was issued in June 2016 and will supersede FRS 17 *Leases* and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

As at 31 March 2016, the Group has non-cancellable operating lease commitments ranging from 1 to 5 years totalling US$1,024,767. FRS 17 does not require the recognition of any right-of-use asset or lease liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in Note 32 to the financial statements. Management anticipates that the initial application of the new FRS 116 will result in changes to the accounting policies relating to operating leases, where the Group is a lessee. A right-of-use asset will be recognised on statement of financial position, representing the Group's right to use the leased asset over the lease term and, recognise a corresponding lease liability representing its obligation to make lease payments. Additional disclosures may be made with respect of right-of-use assets and lease liabilities. Management has commenced an assessment of the possible impact of implementing FRS 116. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 116.

Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Management anticipates that the initial application of Amendments to FRS 7 will result in additional disclosures to be made with respect to statement of cash flows. Management has commenced an assessment of the possible impact of implementing Amendments to FRS 7. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the Amendments to FRS 7.

4 OPERATIONS IN THE INTERIM PERIOD

The Group's business is generally not subjected to significant seasonal fluctuations.

5 FINANCIAL RISKS AND CAPITAL MANAGEMENT

There have been no changes in the financial risk management of the Group and the Group's overall capital management remains unchanged and has been disclosed in the audited consolidated financial statements for the year ended 31 December 2015.

6 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The critical judgments and key sources of estimation uncertainty made by the management remain unchanged from the last audited consolidated financial statements for the year ended 31 December 2015.

7 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.

There are no significant transactions between the Group and related parties, other than those disclosed in the financial statements and the accompanying notes.

Compensation of directors and key management personnel

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

	1 January 2016 to 31 March 2016 (3 months)	1 January 2015 to 31 March 2015 (3 months)
	US$ (Unaudited)	US$ (Unaudited)
Short-term benefits	305,006	444,606
Post-employment benefits	7,221	4,186
Total	312,227	448,792

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

8 CASH AND BANK BALANCES

	31 March 2016	31 December 2015
	US$ (Unaudited)	US$ (Audited)
Cash on hand	1,075	2,164
Cash at banks [(a)]	2,704,815	7,415,207
Deposits [(b)]	5,112,935	4,998,257
Total cash and bank balances	7,818,825	12,415,628
Less: Deposits pledged [(c), (d)]	(5,112,935)	(4,994,359)
Cash and cash equivalents in the condensed consolidated statement of cash flows	2,705,890	7,421,269

(a) The average effective interest rate of the cash at banks for the period was 0.19% (31 December 2015 : 1.25% per annum).

(b) The effective interest rate of the deposits for the period ranged from 0.20% to 1.35% (31 December 2015 : 0.20% to 1.15% per annum).

(c) As at 31 March 2016, the Group pledged a deposit of US$2,612,935 (31 December 2015 : US$2,494,359), for purpose of securing the Group's coupon payment obligations for the notes payable (Note 19).

(d) As at 31 March 2016, the Group pledged a deposit of US$2,500,000 (31 December 2015 : US$2,500,000) for the issuance of a banker's guarantee to a third party, for the purpose of securing the Group's land use right from a third party.

9 TRADE AND OTHER RECEIVABLES

	31 March 2016	31 December 2015
	US$ (Unaudited)	US$ (Audited)
Trade receivables from:		
- Third parties	25,838,363	24,081,499
Less: Allowance for doubtful debt [(c)]	(1,690,811)	(1,681,379)
	24,147,552	22,400,120
Other receivables comprise of:		
- Third parties	3,003,176	2,187,667
Less: Allowance for doubtful debt [(c)]	(751,375)	(735,783)
	2,251,801	1,451,884
- Goods and Services Tax ("GST") receivables	452,640	490,288
- Prepaid income tax	3,495,401	3,187,699
- Refundable deposits in relation to the conditional acquisition of mining concessions	2,000,000	2,000,000
- Refundable payment to secure the rights to use and purchase jetty facilities	3,146,882	3,141,356
- Interest receivables	46,678	38,404
Total	35,540,954	32,709,751

The credit period granted to customers is generally up to 30 days (31 December 2015 : 60 days). No interest is charged on the outstanding balances.

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

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

	31 March 2016	31 December 2015
	US$ (Unaudited)	US$ (Audited)
Not past due and not impaired	1,716,744	519,133
Past due but not impaired [a]	21,696,025	21,145,204
	23,412,769	21,664,337
Impaired receivables - individually assessed [b]	2,425,594	2,417,162
Less: Allowance for doubtful debt [c]	(1,690,811)	(1,681,379)
	734,783	735,783
Total trade receivables, net	24,147,552	22,400,120

Trade receivables that are not past due and not impaired are substantially companies with good collection track records with the Group.

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

	31 March 2016	31 December 2015
	US$ (Unaudited)	US$ (Audited)
< 3 months	637,444	1,291,487
3 months to 6 months	377,919	2,805,242
> 6 months to 12 months	4,412,162	806,780
> 12 months	16,268,500	16,241,695
	21,696,025	21,145,204

Included in the Group's trade receivables are debtors with a carrying amount of US$21,696,025 (31 December 2015 : US$21,145,204) 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.

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

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

	31 March 2016	31 December 2015
	US$ (Unaudited)	US$ (Audited)
At beginning of period	2,417,162	29,610
Allowance for doubtful debt charged to profit or loss	-	2,408,576
Exchange differences	25,024	(21,024)
At end of period	2,442,186	2,417,162

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.

10 DEPOSITS AND PREPAYMENTS

	31 March 2016	31 December 2015
	US$ (Unaudited)	US$ (Audited)
Current assets:		
Prepayments	3,146,767	2,481,099
Advance payments for purchase of coal [a]	17,664,939	17,603,255
Less: Impairment loss on advance payment for purchase of coal charged to profit or loss	(1,639,559)	(1,577,875)
	16,025,380	16,025,380
Total	19,172,147	18,506,479
Non-current assets:		
Deposits [b]	733,247	704,123
Prepayment [c]	5,000,000	5,000,000
Total	5,733,247	5,704,123

(a) In 2015, the Group assigned its rights to certain advance payments for purchase of coal amounting to US$8,089,041 to satisfy the purchase consideration for the acquisition of property, plant and equipment.

(b) Included in this balance is deposits of US$597,368 (31 December 2015 : US$574,893) for the Group, made to the relevant government authorities to ensure fulfilment of compliance in respect of reclamation and rehabilitation obligations (Note 20).

(c) This represents payment made by the Group to a third party for prepayment of land use right.

11 INVENTORIES

	31 March 2016	31 December 2015
	US$ (Unaudited)	US$ (Audited)
Coal, at cost	4,881,388	4,590,362
Consumables, at cost	854,106	826,686
Total	5,735,494	5,417,048

12 DEFERRED EXPENDITURE

	31 March 2016	31 December 2015
	US$ (Unaudited)	US$ (Audited)
Cost:		
At beginning of period	1,252,815	1,389,276
Exchange differences	48,976	(136,461)
At end of period	1,301,791	1,252,815
Accumulated amortisation:		
At beginning of period	482,616	535,185
Exchange differences	18,867	(52,569)
At end of period	501,483	482,616
Allowance for impairment:		
At beginning of period	770,199	854,091
Exchange differences	30,109	(83,892)
At end of period	800,308	770,199
Carrying amount:		
At end of period	-	-
At beginning of period	-	-

13 DEFERRED STRIPPING COSTS

During the period, the Group capitalised deferred stripping costs amounting to US$2,924,414 (31 March 2015 : US$Nil).

During the period, the Group recognised an amortisation of US$201,847 (31 March 2015 : US$Nil).

No impairment loss was recognised during the reporting period in respect of deferred stripping costs.

14 PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment amounting to US$131,805 (31 March 2015 : US$65,849).

During the period, the Group disposed of certain plant and equipment for a total sale proceeds of US$50,757 (31 March 2015 : US$924,599), of which US$Nil (31 March 2015 : US$368,355) related to proceeds from sales occurring in the previous period. The disposed plant and equipment had carrying amount of US$39,488 (31 March 2015 : US$803,882), resulting in gain on disposal of US$11,269 (31 March 2015 : loss on disposal of US$247,638).

The carrying amount of the Group's heavy equipment and motor vehicles includes assets acquired under finance leases amounting to US$16,528,386 (31 December 2015 : US$16,758,270) (Note 18).

No impairment loss was recognised during the reporting period in respect of property, plant and equipment.

15 INVESTMENT PROPERTIES

	31 March 2016	31 December 2015
	US$ (Unaudited)	US$ (Audited)
At fair value		
At beginning of period	3,336,335	3,484,058
Additions	-	326,637
Change in fair value	-	(244,644)
Transfer to assets held for sale	(2,961,866)	-
Exchange differences	154,305	(229,716)
At end of period	528,774	3,336,335

The Group's investment property is held under leasehold interest.

Details of the investment property and information about the fair value hierarchy as at 31 December 2015 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 2015	-	-	2,827,455	2,827,455
Investment property located at The Suites Tower, 17th Floor Jl. Boulevard Pantai Indah Kapuk No. 1 Kav OFS, Jakarta 14470				
31 December 2015	-	-	508,880	508,880

16 OTHER NON-CURRENT ASSET

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

17 TRADE AND OTHER PAYABLES

	31 March 2016	31 December 2015
	US$	US$
	(Unaudited)	(Audited)
Trade payables due to:		
- Third parties	5,942,757	2,654,120
Other payables comprise of:		
- Third parties	131,855	145,277
- Value-Added Tax ("VAT") payables	525,611	1,027,048
- Withholding tax payables	149,093	14,459
- Advances from customers [(a)]	5,739,059	8,888,705
- Deposits received [(b)]	15,328,809	15,030,366
- Accrued purchase consideration for acquisition of asset	4,482,388	7,982,388
- Accrued interest on notes payable (Note 19)	1,036,653	2,250,344
- Accruals [(c)]	5,757,525	1,646,385
Total	39,093,750	39,639,092

The credit period on purchases is up to 30 days (31 December 2015 : 30 days). No interest is charged on the outstanding balances.

(a) Included in this balance is advance payment of US$4,850,000 (31 December 2015 : US$7,650,000) received by the Group pursuant to coal sales contract with a third party. As at the end of the reporting period, the balance was secured by:

(i) a pledge over share capital of subsidiaries;
(ii) a corporate guarantee by the Company; and
(iii) a personal guarantee by a director of the Company.

(b) Included in this balance is refundable deposit received of US$15,000,000 (31 December 2015 : US$15,000,000) by the Group, as a performance guarantee provided by a third party for the provision of overburden removal and coal hauling services.

(c) Accruals principally comprise amounts outstanding for on-going costs.

18 FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
	US$	US$	US$	US$
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Amounts payable under finance leases:				
Within one year	7,219,373	7,528,549	6,261,084	6,559,195
In the second to fifth year inclusive	2,617,068	3,115,777	2,435,709	2,848,503
Total	9,836,441	10,644,326	8,696,793	9,407,698
Less: Future finance charges	(1,139,648)	(1,236,628)	NA	NA
Present value of lease obligations	8,696,793	9,407,698	8,696,793	9,407,698
Less: Amount due for settlement within 12 months (shown under current liabilities)			(6,261,084)	(6,559,195)
Amount due for settlement after 12 months			2,435,709	2,848,503

The Group acquired certain of its heavy equipment and motor vehicles under finance leases. The finance lease term is up to 60 months (31 December 2015 : 60 months) with effective interest rates ranging from 4.33% to 16.82% (31 December 2015 : 4.33% to 16.82%) per annum. Interest rates for 80% (31 December 2015 : 75%) 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 14).

19 NOTES PAYABLE

The notes payable was 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 Group has pledged a deposit of US$2,612,935 (31 December 2015 : US$2,494,359) for the purpose of securing the Group's coupon payment obligations during the term of the notes payable (Note 8).

The notes payable was recorded at amortised cost net of transaction costs of US$3,915,749 in 2014. 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.

	31 March 2016	31 December 2015
	US$ (Unaudited)	US$ (Audited)
Nominal value of notes payable issued	80,593,166	80,593,166
Transaction costs	(3,915,749)	(3,915,749)
At date of issue	76,677,417	76,677,417
Cumulative interest accrued	11,208,098	9,698,984
Cumulative interest paid	(7,605,661)	(5,077,830)
Exchange differences	(6,433,765)	(9,798,438)
Total	73,846,089	71,500,133
Interest payable within one year included in other payables (Note 17)	(1,036,653)	(2,250,344)
Liability (non-current) at end of period	72,809,436	69,249,789

Management has estimated the fair value of the notes payable at 31 March 2016 to be approximately US$56,275,454 (31 December 2015 : US$56,549,092) based on price obtained from bank's publication as at the end of the reporting period. 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 period.

20 PROVISIONS

As at the end of the reporting period, the Group has made the following provisions:

	31 March 2016	31 December 2015
	US$ (Unaudited)	US$ (Audited)
Retirement benefit obligations	615,499	538,894
Provision for rehabilitation [a]	375,206	363,356
Provision for reinstatement costs [b]	93,542	88,225
	1,084,247	990,475

(a) This represents the net present value of the costs expected to be incurred for rehabilitation of mining properties. Management uses a discount rate of 15% (31 December 2015 : 15%). As at 31 March 2016, deposits of US$597,368 (31 December 2015 : US$574,893) are made to the relevant government authorities to ensure fulfilment of compliance in respect of reclamation and rehabilitation obligations (Note 10b).

(b) This represents the net present value of the costs expected to be incurred for reinstating the leased office premises. Management uses a discount rate of 5% (31 December 2015 : 5%).

21 DEFERRED TAX

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

	Retirement benefit	Tax losses	Accelerated tax depreciation	Total
	US$	US$	US$	US$
At 1 January 2015 (audited)	(237,358)	(3,591,128)	4,223,222	394,736
Charged (Credited) to profit or loss	19,758	(1,773,157)	(308,911)	(2,062,310)
Charged to other comprehensive income	50,277	-	-	50,277
Exchange differences	21,639	157,777	(403,794)	(224,378)
At 31 December 2015 (audited)	(145,684)	(5,206,508)	3,510,517	(1,841,675)
(Credited) Charged to profit or loss (Note 28)	(3,401)	(1,231,901)	1,314,939	79,637
Exchange difference	(5,807)	(297,481)	160,108	(143,180)
At 31 March 2016 (unaudited)	(154,892)	(6,735,890)	4,985,564	(1,905,218)

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 condensed consolidated statement of financial position purposes:

	31 March 2016	31 December 2015
	US$ (Unaudited)	US$ (Audited)
Deferred tax liabilities	1,945,015	1,780,023
Deferred tax assets	(3,850,233)	(3,621,698)
	(1,905,218)	(1,841,675)

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$19,395,000 (31 December 2015 : US$18,294,000). 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.

22 SHARE CAPITAL

	31 March 2016	31 December 2015	31 March 2016	31 December 2015
	Number of ordinary shares		US$	US$
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
At beginning of period/year	1,185,050,891	1,157,050,891	86,170,842	82,518,674
Issuance of shares for cash [a]	-	28,000,000	-	3,652,168
Issuance of shares settlement of liability [b]	27,222,222	-	3,500,000	-
At end of period/year	1,212,273,113	1,185,050,891	89,670,842	86,170,842

[a] On 18 June 2015, the Company issued 28,000,000 new ordinary shares pursuant to the placement agreement dated 21 April 2015 for a net cash consideration of US$3,652,168.

[b] On 22 March 2016, the Company issued 27,222,222 new ordinary shares to fulfil the consideration payable of US$3,500,000 as part of the purchase consideration for the acquisition of the remaining 34% shareholding interest in Borneo International Resources Pte. Ltd.

The new shares ranked pari passu in all aspects with the existing ordinary shares.

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

23 REVALUATION RESERVE

The property revaluation reserve arose 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.

24 REVENUE

	1 January 2016 to 31 March 2016 (3 months)	1 January 2015 to 31 March 2015 (3 months)
	US$ (Unaudited)	US$ (Unaudited)
Continuing operations:		
Sale of coal:		
- Coal mining [a]	11,888,413	-
- Coal trading	-	172,572
Mining services	-	2,516,666
Total	11,888,413	2,689,238
Discontinued operation:		
Rental services	920,156	203,790

[a] This includes trade discounts of US$578,131 (31 March 2015 : US$Nil).

25 OTHER INCOME

	1 January 2016 to 31 March 2016 (3 months)	1 January 2015 to 31 March 2015 (3 months)
	US$ (Unaudited)	US$ (Unaudited)
Continuing operations:		
Foreign exchange gain - net	-	2,659,701
Late payment charges from customers	509,390	-
Interest income [a]	37,581	165,417
Rental income – investment property	30,968	31,550
Gain on disposal of property, plant and equipment – net	9,904	37,197
Others	32,860	4,320
Total	620,703	2,898,185

	1 January 2016 to 31 March 2016 (3 months)	1 January 2015 to 31 March 2015 (3 months)
	US$ (Unaudited)	US$ (Unaudited)
Discontinued operation:		
Foreign exchange gain - net	768,879	-
Interest income [a]	163	359
Gain on disposal of property, plant and equipment – net	1,365	-
Others	424,915	16,068
Total	1,195,322	16,427

[a] This includes interest income on financial assets carried at amortised cost of US$22,777 (31 March 2015 : US$67,150).

26 OTHER EXPENSES

	1 January 2016 to 31 March 2016 (3 months)	1 January 2015 to 31 March 2015 (3 months)
	US$ (Unaudited)	US$ (Unaudited)
Continuing operations:		
Foreign exchange loss - net	960,591	-
Others	10,033	-
Total	970,624	-
Discontinued operation:		
Foreign exchange loss - net	-	1,300,758
Loss on disposal of property, plant and equipment – net	-	284,835
Others	42,324	157
Total	42,324	1,585,750

27 FINANCE COSTS

	1 January 2016 to 31 March 2016 (3 months)	1 January 2015 to 31 March 2015 (3 months)
	US$ (Unaudited)	US$ (Unaudited)
Continuing operations:		
Interest expense on:		
- Notes payable (Note 19)	1,509,114	1,639,833
- Finance leases	802	-
- Bank borrowings	-	2,905
Imputed interest on:		
- Provisions	12,936	12,098
Bank charges	57,870	26,933
Total	1,580,722	1,681,769
Discontinued operation:		
Interest expense on:		
- Finance leases	324,409	347,354
Bank charges	222	1,155
Total	324,631	348,509

28 INCOME TAX CREDIT

	1 January 2016 to 31 March 2016 (3 months)	1 January 2015 to 31 March 2015 (3 months)
	US$ (Unaudited)	US$ (Unaudited)
Continuing operations:		
Current tax	16,387	14,721
Deferred tax (Note 21)	(173,421)	(459,005)
Income tax credit	(157,034)	(444,284)
Discontinued operation:		
Current tax	-	-
Deferred tax (Note 21)	93,784	(421,785)
Income tax expense (credit)	93,784	(421,785)
Total income tax credit	(63,250)	(866,069)

Domestic income tax for Singapore incorporated companies is calculated at 17% (31 March 2015 : 17%) of the estimated assessable loss for the period. Taxation for Group entities in other jurisdictions is calculated at the rates prevailing in the relevant jurisdiction.

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% (31 March 2015 : 25%).

The total charge for the period can be reconciled to the accounting loss as follows:

	1 January 2016 to 31 March 2016 (3 months)	1 January 2015 to 31 March 2015 (3 months)
	US$ (Unaudited)	US$ (Unaudited)
(Loss) Profit before income tax:		
Continuing operations	(3,012,328)	410,139
Discontinued operation	351,360	(3,982,102)
	(2,660,968)	(3,571,963)
Loss before income tax	(2,660,968)	(3,571,963)
Tax at statutory rate of 25% *	(665,242)	(892,991)
Tax effect of expenses that are not deductible in determining taxable profit	601,245	58,548
Tax effect of income that are not taxable in determining taxable profit	(182,317)	(225,086)
Tax exemption	-	(6,974)
Tax effect of unrecognised tax losses	179,280	209,846
Effect of different tax rates of companies operating in other jurisdictions	3,784	(9,412)
Income tax credit	(63,250)	(866,069)

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

29 LOSS FOR THE PERIOD

This has been arrived at after charging:

	1 January 2016 to 31 March 2016 (3 months)	1 January 2015 to 31 March 2015 (3 months)
	US$ (Unaudited)	US$ (Unaudited)
Continuing operations:		
Directors' remuneration	231,057	268,229
Employee benefits expense (including directors' remuneration)	766,884	999,193
Costs of defined contribution plans (included in employee benefits expense)	40,698	35,623
Costs of defined benefit plans (included in employee benefits expense)	38,187	42,210
Cost of inventories recognised as expense	8,023,738	-
Depreciation of property, plant and equipment	1,221,570	190,085
Amortisation of deferred stripping costs (Note 12)	201,847	-
Discontinued operation:		
Employee benefits expense (including directors' remuneration)	196,569	373,151
Costs of defined contribution plans (included in employee benefits expense)	6,968	9,521
Depreciation of property, plant and equipment	806,120	1,054,240

30 (LOSS) EARNINGS PER SHARE

Basic and diluted (loss) earnings per ordinary share for the three months period ended 31 March 2016 is calculated based on the Group's loss for the period attributable to the owners of the Company of US$2,585,708 (31 March 2015 : US$2,680,833) divided by the weighted average number of shares issued of 1,188,042,344 (31 March 2015 : 1,157,050,891) ordinary shares in issue for the period then ended.

From continuing operations

The calculation of the basic and diluted (loss) earnings per share from continuing operations attributable to the ordinary owners of the Company is based on the following data.

(Loss) Earnings figures are calculated as follows:

	1 January 2016 to 31 March 2016 (3 months)	1 January 2015 to 31 March 2015 (3 months)
	US$ (Unaudited)	US$ (Unaudited)
Loss for the period attributable to owners	(2,585,708)	(2,680,833)
Less:		
Profit (Loss) for the period from discontinued operation	257,576	(3,560,317)
(Loss) Earnings for the purposes of earnings per share from continuing operations	(2,843,284)	879,484

The denominators used are the same for those detailed above for both basic and diluted earnings per share.

From discontinued operation

Basic and diluted earnings per share for the discontinued operation is earnings of 0.02 cents per share (31 March 2015 : loss of 0.31 cents per share) in the three months ended 31 March 2016, based on the profit for the period from discontinued operation of US$257,576 (31 March 2015 : loss of US$3,560,317) and the denominators detailed above for both the basic and diluted earnings per share.

31 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 mining	-	Production and sale of coal produced from operating owned coal mines.
Coal trading	-	Purchase and sale of coal from third parties.
Mining services	-	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.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments:

	Revenue		Gross Profit		Net Profit (Loss)	
	1 January 2016 to 31 March 2016 (3 months)	1 January 2015 to 31 March 2015 (3 months)	1 January 2016 to 31 March 2016 (3 months)	1 January 2015 to 31 March 2015 (3 months)	1 January 2016 to 31 March 2016 (3 months)	1 January 2015 to 31 March 2015 (3 months)
	US$ (Unaudited)	US$ (Unaudited)	US$ (Unaudited)	US$ (Unaudited)	US$ (Unaudited)	US$ (Unaudited)
Continuing operations						
Coal mining	11,888,413	-	247,668	-	270,445	-
Coal trading	-	172,572	-	172,572	-	172,572
Mining services	-	2,516,666	-	832,202	-	899,352
	11,888,413	2,689,238	247,668	1,004,774	270,445	1,071,924
Depreciation of property, plant and equipment					(202,555)	(184,149)
Other gains and losses					(372,698)	2,898,185
Group administration costs and directors' remuneration					(1,126,798)	(1,694,052)
Finance costs					(1,580,722)	(1,681,769)
					(3,012,328)	410,139

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	Revenue		Gross Loss		Net Loss	
	1 January 2016 to 31 March 2016 (3 months)	1 January 2015 to 31 March 2015 (3 months)	1 January 2016 to 31 March 2016 (3 months)	1 January 2015 to 31 March 2015 (3 months)	1 January 2016 to 31 March 2016 (3 months)	1 January 2015 to 31 March 2015 (3 months)
	US$ (Unaudited)	US$ (Unaudited)	US$ (Unaudited)	US$ (Unaudited)	US$ (Unaudited)	US$ (Unaudited)
Discontinued operation						
Rental services	920,156	203,790	(400,522)	(1,913,766)	(400,522)	(1,913,766)
Depreciation of property, plant and equipment					(16,114)	(21,001)
Other gains and losses					1,152,998	(1,569,323)
Group administration costs and directors' remuneration					(60,371)	(129,503)
Finance costs					(324,631)	(348,509)
					351,360	(3,982,102)
Loss before income tax					(2,660,968)	(3,571,963)
Income tax credit					63,250	866,069
Loss for the period					(2,597,718)	(2,705,894)

Revenue reported represents revenue generated from external customers.

Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' remuneration, finance costs and income tax.

Other segmental information

The following is an analysis of the Group's other segmental information by reportable segments:

	Coal mining		Mining services		Unallocated		Total	
	1 January 2016 to 31 March 2016 (3 months)	1 January 2015 to 31 March 2015 (3 months)	1 January 2016 to 31 March 2016 (3 months)	1 January 2015 to 31 March 2015 (3 months)	1 January 2016 to 31 March 2016 (3 months)	1 January 2015 to 31 March 2015 (3 months)	1 January 2016 to 31 March 2016 (3 months)	1 January 2015 to 31 March 2015 (3 months)
	US$ (Unaudited)	US$ (Unaudited)	US$ (Unaudited)	US$ (Unaudited)	US$ (Unaudited)	US$ (Unaudited)	US$ (Unaudited)	US$ (Unaudited)
Continuing operations								
Depreciation of property, plant and equipment	1,002,900	-	-	5,937	218,670	184,148	1,221,570	190,085
Amortisation of deferred stripping costs	201,847	-	-	-	-	-	201,847	-
Interest income on financial assets carried at amortised cost	22,777	-	-	67,150	-	-	22,777	67,150
Gain on disposal of property, plant and equipment	-	-	-	-	9,904	37,197	9,904	37,197

Geographical segments

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

	Revenue	
	1 January 2016 to 31 March 2016 (3 months)	1 January 2015 to 31 March 2015 (3 months)
	US$ (Unaudited)	US$ (Unaudited)
Based on location of customer		
Republic of Indonesia	2,185,491	2,893,028
People's Republic of China	9,076,842	-
Thailand	1,546,236	-
Total	12,808,569	2,893,028

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

	Non-current assets	
	31 March 2016	31 December 2015
	US$ (Unaudited)	US$ (Audited)
Republic of Indonesia	140,322,016	138,588,297
Republic of Singapore	351,701	3,188,297
Total	140,673,717	141,776,594

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 mining		Coal trading		Mining services	
	1 January 2016 to 31 March 2016 (3 months)	1 January 2015 to 31 March 2015 (3 months)	1 January 2016 to 31 March 2016 (3 months)	1 January 2015 to 31 March 2015 (3 months)	1 January 2016 to 31 March 2016 (3 months)	1 January 2015 to 31 March 2015 (3 months)
	US$ (Unaudited)	US$ (Unaudited)	US$ (Unaudited)	US$ (Unaudited)	US$ (Unaudited)	US$ (Unaudited)
Customer						
Top 1st	10,623,078	-	-	172,572	-	2,619,334

32 OPERATING LEASE ARRANGEMENTS

	1 January 2016 to 31 March 2016 (3 months)	1 January 2015 to 31 March 2015 (3 months)
	US$ (Unaudited)	US$ (Unaudited)
The Group as lessee		
Minimum lease payments under operating leases recognised as an expense in the period	107,439	164,703

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

	31 March 2016	31 December 2015
	US$ (Unaudited)	US$ (Audited)
Within one year	336,909	366,478
In the second to fifth years inclusive	687,858	783,604
Total	1,024,767	1,150,082

Operating lease payments represents rentals payable by the Group for lands, office premises and staff accommodations. 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.

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.

The Group as lessor

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

	31 March 2016	31 December 2015
	US$	US$
	(Unaudited)	(Audited)
Within one year	-	91,098
In the second to fifth year inclusive	-	-
Total	-	91,098

33 DISCONTINUED OPERATION

On 29 June 2016, the Group entered into a sale and purchase agreement to divest its mining services and coal haulage services businesses under PT Mitra Riau Pratama ("MRP"). The divestment was effected in order for the Group to lower costs and streamline its operation to focus more on coal production.

The profit (loss) for the period from discontinued operation is as follows:

	1 January 2016 to 31 March 2016 (3 months)	1 January 2015 to 31 March 2015 (3 months)
	US$	US$
	(Unaudited)	(Unaudited)
Profit (Loss) for the period	257,576	(3,560,317)

The results of the discontinued operation for the periods are as follows:

	1 January 2016 to 31 March 2016 (3 months)	1 January 2015 to 31 March 2015 (3 months)
	US$ (Unaudited)	US$ (Unaudited)
Revenue	920,156	203,790
Cost of sales	(1,320,678)	(2,117,556)
General and administrative expenses	(76,485)	(150,504)
Finance costs	(324,631)	(348,509)
Other income	1,195,322	16,427
Other expenses	(42,324)	(1,585,750)
Profit (Loss) before tax	351,360	(3,982,102)
Income tax (expense) credit	(93,784)	421,785
Profit (Loss) for the period	257,576	(3,560,317)

During the three month period ended 31 March 2016, MRP contributed approximately US$1,100,000 (31 March 2015 : US$1,900,000) to the Group's net operating cash flows, contributed approximately US$8,000 (31 March 2015 : US$400,000) in respect of investing activities and paid approximately US$1,300,000 (31 March 2015 : US$2,400,000) in respect of financing activities.

34 EVENTS AFTER REPORTING PERIOD

A) On 10 June 2016, the Company incorporated a wholly-owned subsidiary, All Win Holdings Pte. Ltd., in Singapore with issued and paid-up share capital of S$2 comprising two ordinary shares held by the Company. The incorporation is for investment holding and for the purpose of restructuring of the Group's business.

B) On 24 June 2016, the Company incorporated a wholly-owned subsidiary, Geo Group Holdings Ltd, in the Cayman islands with issued and paid-up share capital of US$1 comprising one ordinary share held by the Company. The incorporation is for investment holding and for the purpose of restructuring of the Group's business.

On 6 September 2016, the subsidiary changed its name to Geo Energy Investments Ltd.

C) On 29 June 2016, the Group disposed of its subsidiaries, PT Geo Mineral Trading ("GMT") and All Win Holdings Pte. Ltd. In addition, as referred to in Note 33 to the financial statements, the Group also divested its mining services and coal haulage services businesses at the time of the disposal of its subsidiary, MRP.

Details of the disposal are as follows:

Carrying amounts of net assets over which control was lost:

	US$
Non-current assets	
Property, plant and equipment	19,037,373
Deposits and prepayments	4,200
Total non-current assets	19,041,573
Current assets	
Cash and bank balances	95,198
Trade and other receivables	4,786,116
Deposits and prepayments	16,152,593
Inventories	747,674
Total current assets	21,781,581
Non-current liabilities	
Retirement benefit obligations	(226,249)
Deferred tax liabilities	(1,418,200)
Finance leases	(2,107,511)
Other non-current liabilities	(69,979)
Total non-current liabilities	(3,821,939)
Current Liabilities	
Trade and other payables	(29,584,098)
Current portion of finance leases	(5,551,793)
Income tax payable	(16,868)
Total current liabilities	(35,152,759)
Net assets derecognised	1,848,456
Consideration received:	
Cash	-
Deferred consideration [a]	10,000,000
Total consideration received	10,000,000

[a] In 2016, the right to the deferred consideration has been assigned to fulfil the purchase consideration for the acquisition of a mining concession as a refundable deposit.

	US$
Consideration received	10,000,000
Net assets derecognised	(1,848,456)
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control of subsidiary	(4,500,560)
Exchange differences	43,957
Gain on disposal, net of loss on disposal of discontinued operation	3,694,941
Net cash outflow arising on disposal of subsidiaries:	
Cash consideration received	-
Cash and bank balances disposed of	(95,198)
	(95,198)

D) On 5 July 2016, the Group entered into a long term Life of Mine ("LOM") coal purchase agreement ("Coal Offtake Agreement") with Engelhart Commodities Trading Partners (Singapore) Pte Ltd ("ECTP"; formerly known as BTG Pactual Commodities (Singapore) Pte Ltd) to supply 4,200 GAR thermal coal for exports (excluding domestic sales) over the entire lifespan of SDJ coal mine. The Coal Offtake Agreement with ECTP is to supply 4 million tonnes of coal for a period of 7 months due in January 2017 and an additional 6 million tonnes of coal for a period until December 2017 and a minimum 4 million tonnes of coal per year for the remainder period of the LOM.

On 19 December 2016, the Group amended its LOM Coal Offtake Agreement with ECTP to supply more 4,200 GAR thermal coal for the entire lifespan of SDJ coal mine subject to terms of agreement. Under the terms of the LOM agreement, the Group will supply 4 million tonnes of coal till 31 January 2017 and 7 million tonnes of coal from 1 February to 31 December 2017.

E) On 31 October 2016, the Group's wholly-owned subsidiaries, Geo Coal International Pte Ltd ("GCI") and PT Mitra Nasional Pratama ("MNP"), entered into a Sale and Purchase of Coal Agreement ("AJE Coal Off-take Agreement") and Coal Mining Management Service Agreement ("AJE Management Service Agreement") respectively with PT Angsana Jaya Energi ("AJE") for approximately 5 million tonnes of coal in 2017.

F) On 3 November 2016, the Group incorporated a new subsidiary, PT STT Tunas Bara, in Indonesia with an authorised capital of IDR500,000,000 and an issued and paid-up capital of IDR125,000,000. The Company's subsidiary, MNP, holds 99.2% of the capital of the subsidiary while the remaining 0.8% is held by Huang She Thong (the Executive Director of the Group and a brother of the Company's Executive Chairman, Charles Antonny Melati).

G) On 18 November 2016, the Group, through its subsidiary, PT STT Tunas Bara, completed the acquisition of 100% effective equity interest in PT Surya Tambang Tolindo, with an authorised capital of IDR 5 billion and issued and paid up capital of IDR 3 billion divided into 2,400 shares each with nominal value of IDR1,250,000 for a consideration of US$2,000,000.

H) On 6 February 2017, the Company incorporated the following wholly-owned subsidiaries in Hong Kong:

i. Geo Energy International (HK) Limited; and

ii. Geo Coal International (HK) Limited.

Each of the abovementioned subsidiaries has an issued and paid-up capital of US$1.00 comprising of one ordinary share held by the Company.

I) On 6 February 2017, the Group incorporated a wholly-owned subsidiary, STT Coal Resources Pte. Ltd., in Singapore, with issued and paid-up capital of US$1.00 comprising of one ordinary share held by Geo Energy Investments Ltd.

J) On 9 February 2017, the Group incorporated a subsidiary, PT Tunas Bara Abadi Tolindo, in Indonesia, with issued and paid-up capital of IDR12,000,000,000. The Company's subsidiary, MNP, holds 99.9% of the capital of the subsidiary.

K) On 14 June 2017, the Group received approval from the Noteholders of the Series 001 Notes (the "Notes") to, among other things, include a call option allowing the Group to redeem the Notes at any time prior to the maturity date of the Notes in January 2018.

L) On 23 June 2017, the Group acquired 100% equity interest in Fortune Coal Resources Pte Ltd which owns a mining concession through its subsidiary, PT Tanah Bumbu Resources ("TBR") in South Kalimantan, Indonesia for US$90 million (the "Consideration"). The Consideration was settled via an issued and paid up capital of US$13 million by way of 117,000,000 ordinary shares, US$37 million in cash, and the remaining US$40 million through the assignment of trade and other receivables.

GEO ENERGY RESOURCES LIMITED AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

In the opinion of the directors, the interim unaudited condensed consolidated financial statements of Geo Energy Resources Limited and its subsidiaries (the "Group") as set out on page 3 to 42 are drawn up so as to give a true and fair view of the financial position of the Group as at 31 March 2016, and of the financial performance, changes in equity and cash flows of the Group for the period from 1 January 2016 to 31 March 2016, and at the date of this statement, there are reasonable grounds to believe that the Group will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

....

Charles Antonny Melati

....

Tung Kum Hon

3 July 2017

Deloitte.

GEO ENERGY RESOURCES LIMITED AND ITS SUBSIDIARIES

(Registration No. 201011034Z)

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

GEO ENERGY RESOURCES LIMITED AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

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DIRECTORS' STATEMENT

The directors present their statement together with the 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 2016.

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 16 to 93 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and the financial performance, 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 as and when they fall due.

1 DIRECTORS

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

Charles Antonny Melati
Tung Kum Hon
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 BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company.

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 share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Companies Act (Chapter 50) (the "Act") except as follows:

	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]	93,345,406	193,345,406	-	-
Dhamma Surya [a]	101,810,704	101,810,704	453,326,287	353,326,287
Huang She Thong	29,825,620	29,825,620	-	-
Ong Beng Chye [b]	400,000	400,000	-	-
Lu King Seng	300,000	300,000	-	-
James Beeland Rogers Jr [a]	3,400,000	3,400,000	2,000,000	2,000,000
Ordinary shares of PT Mitra Nasional Pratama (subsidiary)				
Huang She Thong	1	1	-	-
Ordinary shares of PT Sumber Bara Jaya (subsidiary)				
Huang She Thong	1	1	-	-
Ordinary shares of PT Bumi Enggang Khatulistiwa (subsidiary)				
Huang She Thong	1	1	-	-

	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 PT Sungai Danau Jaya (subsidiary)				
Huang She Thong	1	1	-	-
Ordinary shares of PT Karunia Mitra Berkat (subsidiary)				
Huang She Thong	1	1	-	-
Ordinary shares of PT Era Tiga Putra (subsidiary)				
Huang She Thong	120	120	-	-
Ordinary shares of PT Geo Tebo Power Inti (subsidiary)				
Huang She Thong	-	10	-	-
Ordinary shares of PT STT Tunas Bara (subsidiary)				
Huang She Thong	-	1	-	-
Ordinary shares of PT Surya Tambang Tolindo (subsidiary)				
Huang She Thong	-	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.

The Company's Executive Director, Dhamma Surya, holds 24.0% of the shares in Master Resources International Limited ("Master Resources"). As such, Dhamma Surya is deemed to have interest in the 353,326,287 shares held by Master Resources and have interest in all the related corporations of the Company by virtue of section 7 of the Act.

(b) On 18 November 2016, Ong Beng Chye acquired interest in S$250,000 notes payable, from the open market, issued under the Medium Term Note Programme of the Company.

The directors' interests in the shares and debentures of the Company at 21 January 2017 were the same at 31 December 2016, except as follows:

	Shareholdings registered in name of director		Shareholdings in which director is deemed to have an interest	
	At end of year	At 21 January 2017	At end of year	At 21 January 2017
Ordinary shares of the Company				
Dhamma Surya	101,810,704	101,810,704	353,326,287	343,326,287
Tung Kum Hon [a]	-	10,000,000	-	-

(a) On 13 January 2017, Master Resources entered into an agreement with Tung Kum Hon for the transfer of 10,000,000 ordinary shares of the Company held by it for a consideration of S$1.00.

4 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.

5 AUDIT COMMITTEE

The members of the audit committee of the Company (the "Audit Committee") as at the date of this statement 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 includes the following:

(i) review the audit plans of the external auditors and internal auditors, including the results of the external and internal auditor's 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 Financial Reporting Standards in Singapore, 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 in 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 Group at the forthcoming annual general meeting of the Company.

6 INDEPENDENT AUDITORS

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

ON BEHALF OF THE DIRECTORS

Charles Antonny Melati

Tung Kum Hon

28 March 2017

Deloitte.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

GEO ENERGY RESOURCES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the 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 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 16 to 93.

In our opinion, the accompanying 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 Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte & Touche LLP (Unique Entity No. T08LL0721A) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnerships Act (Chapter 163A).

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

GEO ENERGY RESOURCES LIMITED

Key audit matters	How the matter was addressed in the audit
Appropriateness of carrying amounts of mining properties and deferred stripping costs	
Mining properties are classified as an asset under property, plant and equipment. Mining properties 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. Stripping costs incurred during the production phase that improve access to ore bodies in future periods are capitalised as part of deferred stripping costs. As at 31 December 2016, mining properties (Note 14) and deferred stripping costs (Note 13) amounting to US$100,262,646 and US$9,940,321 respectively represent 90.6% of total non-current assets and 35.7% of total assets in the Group's statement of financial position. Due to the volatility in coal prices and global demand for coal, there is a risk that the recoverable amounts of the mining properties and deferred stripping costs are lower than the carrying amounts, resulting in potential impairment to be recognised.	Our audit procedures on the assessment of recoverable amounts of the mining properties and deferred stripping costs were led by the Group audit team, supplemented by specific procedures by the component auditor, which included, among others: • We evaluated the appropriateness of management's controls over the impairment assessment process, including the identification of indicators of impairment, determination of cash generating units ("CGU") and estimation of recoverable amounts for each CGU. • We obtained the Reports issued by an independent qualified person appointed by the Group and based on the reports, assessed if there are any unexpected reduction in reserve volumes used in the cash flow projections. • We assessed the competency, reputation, and objectivity of the independent qualified person appointed by the Group and considered the valuation methodology used against those applied by other independent qualified persons for similar resource (coal mines).

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

GEO ENERGY RESOURCES LIMITED

Key audit matters	How the matter was addressed in the audit
Management's assessment of the recoverable amounts of the mining properties and deferred stripping costs, determined based on the value in use of the underlying mine, is a judgmental process which requires the estimation of the remaining life of mine, forecasted coal prices, projected production volumes and discount rates. Inappropriate management estimates made in the impairment assessment may result in a significant impact on the carrying amounts of the mining properties and deferred stripping costs. Management has obtained the Resource and Reserve reports and Exploration Target report (the "Reports") for all mines held by the Group which gives an indication of the reserve volumes used in the cash flow projections. These Reports are issued by an independent qualified person in accordance with The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("The JORC Code"). The key sources of estimation uncertainty made in the assessment of recoverable amounts of mining properties and deferred stripping costs, and the sensitivity of changes in these assumptions have been disclosed in Note 3(e) to the consolidated financial statements	• We obtained and challenged the assumptions used in the cash flow projections of the underlying coal mines provided by the management (remaining life of mine, forecasted coal prices, and projected production volumes) and evaluated the reasonableness of these assumptions by comparing them to available industry, economic and financial data. • We engaged our internal valuation specialist to review the appropriateness of the discount rates used by management. • We checked the mathematical accuracy of the value in use calculation using the cash flow projections covering the life of mine. • We performed independent sensitivity analysis in regards to the discount rate and forecasted coal prices as these are the significant key assumptions in the value in use calculation. Based on our procedures, we noted management's key assumptions to be within a reasonable range of our expectations. We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

GEO ENERGY RESOURCES LIMITED

Key audit matters	How the matter was addressed in the audit
Recoverability of trade and other receivables, and refundable deposits	
As at 31 December 2016, the Group has the following significant balances: • Trade and other receivables due from third parties (Note 8) amounting to US$81,556,288; and • Refundable deposits in relation to the conditional acquisition of mining concessions (Note 8) amounting to US$18,500,000. The above balances represent 53.4% of current assets and 32.4% of total assets in the Group's statement of financial position. Due to the volatility in coal prices and global demand for coal, there is a risk that the Group's trade and other receivables, and refundable deposits may not be recoverable. The Group performs an ongoing evaluation of recoverability, including aging analysis of individual receivables by reference to their past default experience. During the year, the Group signed conditional sales and purchase agreement with certain debtors' related corporations and a third party (the "Vendors") where the Group may, upon fulfilment of certain conditions by the Vendors, acquire coal mining concessions from the Vendors in exchange for the settlement of trade and receivables from certain debtors (Note 8a). Subsequent to year end, the Group also entered into an instalment agreement with a certain debtor where the balance will be recovered by end of 2017 (Note 8a).	Our audit procedures on the recoverability of trade and other receivables, and refundable deposits were led by the Group audit team, supplemented by specific procedures by the component auditor, included, among others: • We reviewed the management's policy on the provision for doubtful debts and process in assessing collectability. • We evaluated the appropriateness of management's controls over the recoverability assessment process, including the identification of indicators of impairment and estimation of recoverable amounts. • We reviewed the credit quality of the debtors based on the following factors: - Historical trend of payments made by customers; - Subsequent receipts collected after the end of the reporting period; and - Continuous on-going business relationship. • We obtained and reviewed the signed conditional sales and purchase agreement with the Vendors for the acquisition of coal mining concessions in exchange for the settlement of trade and other receivables from certain debtors. • We obtained and reviewed the instalment agreement with a certain debtor, and assessed the credit quality of this debtor.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

GEO ENERGY RESOURCES LIMITED

Key audit matters	How the matter was addressed in the audit
The review of the recoverability of the above balances with these debtors are based on the value in use of the underlying coal mines to be acquired. Management has performed legal due diligence to validate the ownership of the coal mines, identify and mitigate any legal restrictions attached to the underlying coal mines. Management's assessment of the recoverable amounts of the trade and other receivables, and refundable deposits balances requires estimation and judgement in assessing the collectability and credit risk of these debtors. It involves estimation of the remaining life of mine, forecasted coal prices, projected production volumes and discount rates. Inappropriate management's estimates made in the impairment assessment may result in significant impact on the carrying amounts of the trade and other receivables, and refundable deposits balances. The key sources of estimation uncertainty made in the assessment of recoverable amounts of trade and other receivables, and refundable deposits balances, and sensitivity of changes in these assumptions have been disclosed in Note 3(c) to the consolidated financial statements.	• We performed the following procedures to assess the reasonableness of management's estimation of the recoverable amounts of the underlying coal mines to be acquired: - Obtained and reviewed management's legal due diligence; - Obtained and challenged the assumptions used in the cash flow projections of the mines provided by management (remaining life of mine, forecasted coal prices, projected production volumes) and evaluated the reasonableness of these assumptions by comparing them to available industry, economic and financial data; - Challenged the discount rates used in the cash flow projections by comparing them against historical rates and available industry data, taking into consideration comparability and market factors; - Checked the mathematical accuracy of the value in use calculation using the cash flow projections covering the life of mine; and - Performed independent sensitivity analysis in regards to the discount rates and forecasted coal prices as these are the significant key assumptions used in the value in use calculation. Based on our procedures, we noted management's key assumptions to be within a reasonable range of our expectations. We have also assessed the classification and validated the adequacy and appropriateness of the disclosures made in the financial statements.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

GEO ENERGY RESOURCES LIMITED

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors 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 Act and FRSs, 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

GEO ENERGY RESOURCES LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner responsible for the audit resulting in this independent auditor's report is Ronny Chandra.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

28 March 2017

GEO ENERGY RESOURCES LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2016

	Note	Group		Company	
		2016	2015	2016	2015
		US$	US$	US$	US$
ASSETS					
Current assets					
Cash and bank balances	7	67,703,681	12,415,628	53,417,879	8,700,645
Trade and other receivables	8	103,493,933	32,709,751	74,659,464	58,422,001
Deposits and prepayments	9	7,415,552	18,506,479	194,271	23,509
Inventories	10	8,890,420	5,417,048	-	-
Total current assets		187,503,586	69,048,906	128,271,614	67,146,155
Non-current assets					
Deposits and prepayments	9	5,067,764	5,704,123	82,285	103,699
Investment in subsidiaries	11	-	-	98,024,126	97,554,117
Deferred expenditure	12	-	-	-	-
Deferred stripping costs	13	9,940,321	1,446,472	-	-
Property, plant and equipment	14	102,529,077	131,869,944	134,882	236,999
Investment properties	15	542,572	3,336,335	-	2,827,455
Deferred tax assets	21	3,347,593	3,621,698	263,418	175,768
Other non-current asset	16	143,263	123,843	143,263	123,843
Total non-current assets		121,570,590	146,102,415	98,647,974	101,021,881
Total assets		309,074,176	215,151,321	226,919,588	168,168,036
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	17	106,899,123	39,639,092	65,929,218	22,113,841
Current portion of finance leases	18	14,718	6,559,195	14,718	14,396
Income tax payable		7,447,250	27,257	-	-
Total current liabilities		114,361,091	46,225,544	65,943,936	22,128,237

STATEMENTS OF FINANCIAL POSITION (cont'd)
As at 31 December 2016

	Note	Group		Company	
		2016	2015	2016	2015
		US$	US$	US$	US$
Non-current liabilities					
Finance leases	18	43,887	2,848,503	43,887	59,856
Notes payable	19	68,675,591	69,249,789	68,675,591	69,249,789
Provisions	20	1,335,862	990,475	90,350	88,225
Deferred tax liabilities	21	-	1,780,023	-	-
Other non-current liabilities		-	85,962	-	-
Total non-current liabilities		70,055,340	74,954,752	68,809,828	69,397,870
Capital, reserves and non-controlling interests					
Share capital	22	89,670,842	86,170,842	89,670,842	86,170,842
Capital and other reserve		316,251	14,105	-	-
Revaluation reserve	23	-	776,632	-	776,632
Translation reserve		(18,232,460)	(22,946,814)	(4,464,506)	(4,324,438)
Retained earnings (Accumulated losses)		52,681,429	29,718,918	6,959,488	(5,981,107)
Equity attributable to owners of the Company		124,436,062	93,733,683	92,165,824	76,641,929
Non-controlling interests		221,683	237,342	-	-
Total equity		124,657,745	93,971,025	92,165,824	76,641,929
Total liabilities and equity		309,074,176	215,151,321	226,919,588	168,168,036

See accompanying notes to the financial statements.

GEO ENERGY RESOURCES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2016

	Note	Group 2016	Group 2015
		US$	US$
Continuing operations			
Revenue	25	182,108,648	18,209,176
Cost of sales		(140,189,931)	(15,064,799)
Gross profit		41,918,717	3,144,377
Other income	26	9,345,290	6,172,506
General and administrative expenses		(8,154,370)	(6,493,964)
Other expenses	27	(2,394,457)	(4,133,364)
Finance costs	28	(6,047,015)	(6,465,771)
Profit (Loss) before income tax		34,668,165	(7,776,216)
Income tax (expense) credit	29A	(11,130,932)	420,846
Profit (Loss) for the year from continuing operations	30	23,537,233	(7,355,370)
Discontinued operation			
Loss for the year from discontinued operation	36	(1,348,045)	(9,231,812)
Profit (Loss) for the year		22,189,188	(16,587,182)

GEO ENERGY RESOURCES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (cont'd)
Year ended 31 December 2016

	Note	Group 2016 US$	Group 2015 US$
Profit (Loss) for the year		22,189,188	(16,587,182)
Other comprehensive income, net of tax:			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations	24	4,708,823	(1,429,296)
Items that will not be subsequently reclassified to profit or loss:			
Remeasurement of defined benefit obligations	24	(13,437)	154,332
Other comprehensive income for the year, net of tax		4,695,386	(1,274,964)
Total comprehensive income for the year		26,884,574	(17,862,146)
Profit (Loss) attributable to:			
Owners of the Company		22,199,316	(16,306,250)
Non-controlling interests		(10,128)	(280,932)
		22,189,188	(16,587,182)
Total comprehensive income attributable to:			
Owners of the Company		26,900,233	(17,570,593)
Non-controlling interests		(15,659)	(291,553)
		26,884,574	(17,862,146)
Earnings (Loss) per share	31		
From continuing and discontinued operations:			
Basic (cents)		1.84	(1.39)
Diluted (cents)		1.84	(1.39)
From continuing operations:			
Basic (cents)		1.95	(0.60)
Diluted (cents)		1.95	(0.60)

See accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN EQUITY
Year ended 31 December 2016

	Share capital	Capital and other reserve	Revaluation reserve	Translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
	US$ (Note 22)	US$	US$ (Note 23)	US$	US$	US$	US$	US$
Group								
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
Total comprehensive income for the year:								
Loss for the year	-	-	-	-	(16,306,250)	(16,306,250)	(280,932)	(16,587,182)
Other comprehensive income for the year	-	-	-	(1,418,675)	154,332	(1,264,343)	(10,621)	(1,274,964)
Total	-	-	-	(1,418,675)	(16,151,918)	(17,570,593)	(291,553)	(17,862,146)
Transactions with owners, recognised directly in equity:								
Issue of share capital	3,740,537	-	-	-	-	3,740,537	-	3,740,537
Share issuance expense	(88,369)	-	-	-	-	(88,369)	-	(88,369)
Acquisition of asset with non-controlling interests	-	-	-	-	-	-	135,311	135,311
Dilution of non-controlling interests	-	(244)	-	-	-	(244)	244	-
Total	3,652,168	(244)	-	-	-	3,651,924	135,555	3,787,479
Balance at 31 December 2015	86,170,842	14,105	776,632	(22,946,814)	29,718,918	93,733,683	237,342	93,971,025
Total comprehensive income for the year:								
Profit (Loss) for the year	-	-	-	-	22,199,316	22,199,316	(10,128)	22,189,188
Other comprehensive income for the year	-	-	-	4,714,354	(13,437)	4,700,917	(5,531)	4,695,386
Effects of disposal of investment property	-	-	(776,632)	-	776,632	-	-	-
Total	-	-	(776,632)	4,714,354	22,962,511	26,900,233	(15,659)	26,884,574
Transactions with owners, recognised directly in equity:								
Issue of share capital	3,500,000	-	-	-	-	3,500,000	-	3,500,000
Effects of disposal of subsidiaries	-	(14,349)	-	-	-	(14,349)	-	(14,349)
Participation in Tax Amnesty Programme	-	316,495	-	-	-	316,495	-	316,495
Total	3,500,000	302,146	-	-	-	3,802,146	-	3,802,146
Balance at 31 December 2016	89,670,842	316,251	-	(18,232,460)	52,681,429	124,436,062	221,683	124,657,745

STATEMENTS OF CHANGES IN EQUITY (cont'd)
Year ended 31 December 2016

	Share capital	Revaluation reserve	Translation reserve	Accumulated losses	Total
	US$ (Note 22)	US$ (Note 23)	US$	US$	US$
Company					
Balance at 1 January 2015	82,518,674	776,632	(4,186,712)	(1,475,278)	77,633,316
Total comprehensive income for the year:					
Loss for the year	-	-	-	(4,505,829)	(4,505,829)
Other comprehensive income for the year	-	-	(137,726)	-	(137,726)
Total	-	-	(137,726)	(4,505,829)	(4,643,555)
Transactions with owners, recognised directly in equity:					
Issue of share capital	3,740,537	-	-	-	3,740,537
Share issuance expense	(88,369)	-	-	-	(88,369)
Total	3,652,168	-	-	-	3,652,168
Balance at 31 December 2015	86,170,842	776,632	(4,324,438)	(5,981,107)	76,641,929
Total comprehensive income for the year:					
Profit for the year	-	-	-	12,163,963	12,163,963
Other comprehensive income for the year	-	-	(140,068)	-	(140,068)
Effects of disposal of investment property	-	(776,632)	-	776,632	-
Total	-	(776,632)	(140,068)	12,940,595	12,023,895
Transactions with owners, recognised directly in equity:					
Issue of share capital	3,500,000	-	-	-	3,500,000
Total	3,500,000	-	-	-	3,500,000
Balance at 31 December 2016	89,670,842	-	(4,464,506)	6,959,488	92,165,824

See accompanying notes to the financial statements.

GEO ENERGY RESOURCES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2016

	Group	
	2016	2015
	US$	US$
Operating activities		
Profit (Loss) before income tax (Note 29A)	33,108,440	(18,232,065)
Adjustments for:		
Depreciation of property, plant and equipment	12,534,984	4,539,081
Amortisation of deferred stripping costs	330,935	-
(Gain) Loss on disposal of property, plant and equipment	(32,398)	1,870,526
Impairment loss on sale and leaseback of property, plant and equipment	-	930,354
Gain on sales and leaseback of property, plant and equipment	(19,637)	-
Impairment loss on advance payment for coal	-	1,617,436
Fair value (gain) loss on investment properties	(20,255)	244,644
Loss on financial asset carried at amortised cost	721,350	-
Allowance for doubtful debts	150,033	2,408,576
Other expenses arising from participation in Tax Amnesty	809,593	-
Gain on disposal of subsidiaries	(4,962,232)	-
Loss on disposal of discontinued operation	1,267,291	-
Interest expense	6,870,035	7,934,941
Interest income	(128,334)	(608,126)
Retirement benefit obligations	365,483	(69,860)
Net foreign exchange gains	(2,818,494)	(2,625,293)
Operating cash flows before movements in working capital	48,176,794	(1,989,786)
Trade and other receivables	(70,813,000)	572,806
Deposits and prepayments	(5,039,305)	(2,829,219)
Inventories (Note A)	(3,116,096)	(558,058)
Trade and other payables	100,383,827	25,775,250
Cash generated from operations	69,592,220	20,970,993
Income tax paid	(2,641,005)	(672,969)
Income tax refund	2,360,537	2,281,328
Retirement benefit obligation paid	(489)	(50,945)
Net cash from operating activities	69,311,263	22,528,407
Investing activities		
Interest received	33,795	972,144
Disposal of subsidiaries (Note 37)	(95,198)	-
Addition to deferred stripping costs	(8,824,784)	(1,446,472)
Advance payments for purchase of property, plant and equipment	(46,352)	-
Purchase of property, plant and equipment (Note B)	(231,705)	(20,043,397)
Proceeds from disposal of property, plant and equipment	153,155	3,498,153
Proceeds on disposal of investment property	2,860,585	-
Purchase of other non-current asset	(22,990)	-
Net cash used in investing activities	(6,173,494)	(17,019,572)

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
Year ended 31 December 2016

	Group	
	2016	2015
	US$	US$
Financing activities		
Increase in deposits pledged	-	(2,500,000)
Interest paid	(5,906,141)	(6,554,738)
Repayment of bank borrowings	-	(253,664)
Proceeds from issuance of shares	-	3,740,537
Transaction costs pursuant to issuance of shares	-	(88,369)
Proceeds from sale and leaseback of property, plant and equipment (Note C)	-	3,648,203
Repayment of obligations under finance leases	(1,967,077)	(6,079,137)
Net cash used in financing activities	(7,873,218)	(8,087,168)
Net increase (decrease) in cash and cash equivalents	55,264,551	(2,578,333)
Cash and cash equivalents at beginning of the year	7,421,269	10,666,464
Effect of exchange rate changes on the balance of cash held in foreign currencies	75,637	(666,862)
Cash and cash equivalents at end of the year (Note 7)	62,761,457	7,421,269

Notes to consolidated statement of cash flows:

A) During the year, the Group capitalised US$1,104,950 (2015 : US$90,015) of depreciation of property, plant and equipment as inventories.

B) During the year, the Group acquired property, plant and equipment amounting to US$2,319,667 of which US$1,995,835 was acquired through utilisation of refundable deposits relating to the conditional acquisition of a mining concession paid in prior year and US$323,832 through participating in Tax Amnesty Programme by certain subsidiaries.

In 2015, the Group acquired property, plant and equipment amounting to US$10,126,367 of which US$8,089,041 was satisfied by assignment of the certain advance payments for purchase of coal (Note 9A), US$79,786 were acquired under finance lease arrangements and US$135,311 due to acquisition of additional interests in subsidiary from non-controlling shareholder and the Group utilised its advance payment of US$1,470,497 which was paid in prior year to purchase property, plant and equipment, of which US$326,637 pertained to addition in investment property during the year.

The balance of US$678,369 remained unpaid as at 31 December 2015 and was included as part of trade and other payables.

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
Year ended 31 December 2016

Notes to consolidated statement of cash flows (cont'd):

C) In 2015, the Group entered into a sale and leaseback arrangement with third parties to dispose of heavy equipment with carrying amount of US$3,562,241 for consideration of US$3,648,203 (Note 18).

See accompanying notes to the financial statements.

1 GENERAL

The Company (Registration No. 201011034Z) is incorporated in 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 Company is listed on the Singapore Exchange Securities Trading Limited.

The consolidated financial statements are expressed 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 year ended 31 December 2016 were authorised for issue by the Board of Directors on 28 March 2017.

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 Financial Reporting Standards in Singapore ("FRSs").

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 measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety which are described as follows:

a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

b) 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

c) Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS - On 1 January 2016, the Group 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's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following new/revised FRSs, INT FRSs and amendments to FRS that are relevant to the Group and Company were issued but not yet effective:

- FRS 109 *Financial Instruments* [1]
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)* [1]
- FRS 116 *Leases* [2]
- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative* [3]
- Amendments to FRS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses* [3]
- Amendments to FRS 102 *Classification and Measurement of Share-based Payment Transactions* [1]
- Amendments to FRS 40 *Transfers of Investment Property* [1]

[1] Applies to annual periods beginning on or after 1 January 2018, with early application permitted.

[2] Applies to annual periods beginning on or after 1 January 2019, with early application permitted if FRS 115 is adopted.

[3] Applies to annual periods beginning on or after 1 January 2017, with early application permitted.

Consequential amendments were also made to various standards as a result of these new/revised standards.

Management anticipates that the adoption of the above FRSs, INT FRS and amendments to FRSs in future periods will not have a material impact on the financial statements of the Group and Company in the period of their initial adoption, except for the following:

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) general hedge accounting and (iii) impairment requirements for financial assets.

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 instruments 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 instruments 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 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.

- 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.

Management anticipates that the initial application of the new FRS 109 may not result in any material changes to the accounting policies relating to financial instruments. Additional disclosures may be made with respect of trade and other receivables, including any significant judgement and estimation made. Management has commenced an assessment of the possible impact of implementing FRS 109. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 109.

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. Further clarifications to FRS 115 were also issued in June 2016.

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.

Management anticipates that the initial application of the new FRS 115 will not result in material changes to the accounting policies relating to revenue recognition. Additional disclosures will be made with respect of trade receivables and revenue, including any significant judgement and estimation made. Management has commenced an assessment of the possible impact of implementing FRS 115. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 115.

FRS 116 *Leases*

FRS 116 was issued in June 2016 and will supersede FRS 17 *Leases* and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

As at 31 December 2016, the Group has non-cancellable operating lease commitments ranging from 1 to 5 years totalling US$775,909. FRS 17 does not require the recognition of any right-of-use asset or lease liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in Note 33 to the financial statements. Management anticipates that the initial application of the new FRS 116 will result in changes to the accounting policies relating to operating leases, where the Group is a lessee. A right-of-use asset will be recognised on balance sheet, representing the Group's right to use the leased asset over the lease term and, recognise a corresponding lease liability representing its obligation to make lease payments. Additional disclosures may be made with respect of right-of-use assets and lease liabilities. Management has commenced an assessment of the possible impact of implementing FRS 116. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 116.

Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Management anticipates that the initial application of Amendments to FRS 7 will result in additional disclosures to be made with respect to statement of cash flows. Management has commenced an assessment of the possible impact of implementing Amendments to FRS 7. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the Amendments to FRS 7.

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.

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 COMBINATIONS - 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 at fair value, with the changes in fair value 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.

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 share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; 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.

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

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 basis 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". Loans and receivables (including trade and other receivables and cash and bank balances) are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when 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 all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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 and notes payable are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Derecognition of financial liabilities

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

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 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 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.

Marketing coal inventories are recorded at fair value less costs to sell. Unrealised gains and losses from the 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.

DEFERRED STRIPPING COSTS - Overburden and other mine waste materials are often removed during the initial development of a mine site in order to access the mineral deposit. This activity is referred to as development stripping. The directly attributable costs are capitalised under mining properties. Capitalisation of development stripping costs ceases at the time that saleable material begins to be extracted from the mine.

Production stripping commences from the point saleable materials are being extracted from the mine. Stripping costs incurred during the production phase might benefit current period production and improve access to ore bodies in future periods. Where benefits are realised in the form of inventory produced in the current period, these costs are accounted for as part of the cost of producing inventory. Where a benefit of improved access exists, the costs are recognised as part deferred stripping costs when the following criteria are met:

- It is probable that the future economic benefits (improved access to the coal body) associated with the stripping activity will flow to the entity;
- The entity can identify the component of the coal body for which access has been improved; and
- The costs relating to the stripping activity associated with that component can be measured reliably.

In identifying the components of the ore body, mining operations personnel will analyse the Group's mine plans. Generally a component will be subset of the total ore body and a mine may have several components, for example, certain quantities of coal within separate mining pits.

The deferred stripping costs is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improve access to the identified component of ore, plus an allocation of directly attributable overhead costs.

When the costs of stripping to improve access to an ore body are not clearly distinguishable from the costs of producing current inventories, i.e., there is a mixture of waste and ore being removed, the stripping costs are allocated based on a relevant measure of production. This production measure is calculated for the identified component of the ore body. The Group uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production.

The deferred stripping costs is subsequently amortised using the unit-of-production method over the life of the identified component of the ore body for which access has been improved. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the ore body. The deferred stripping costs is then carried at cost less depreciation and impairment losses, if any.

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, other than construction-in-progress, over their estimated useful lives, using the straight-line method, on the following bases:

	Number of years
Leasehold property	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 properties are classified as an asset under property, plant and equipment. Mining properties 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 each year end, with the effect of any changes in estimate 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.

INVESTMENT PROPERTIES - Investment properties, which are property held to earn rentals and/or for capital appreciation, are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair value of investment properties 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.

Sale of coal

Revenue from the sale of coal (coal mining 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 basis, by reference to the principal outstanding and at the effective interest rate applicable.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, 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 use or 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 with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses, is reflected immediately in the 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 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.

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 consolidated 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. 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 objective 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 Group entity are measured and presented in the currency of the primary economic environment in which the entity 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.

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, 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 the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

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.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits, bank overdrafts, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

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, 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.

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.

a) 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.

b) Depreciation of mining properties

The amounts recorded for depreciation as well as the recovery of the carrying value of mining properties 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 prices and the costs of development and production of the reserves. The carrying amounts of the Group's mining properties are disclosed in Note 14 to the financial statements.

c) 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$150,033 (2015 : US$2,408,576) during the year.

In addition to the above, for certain debtors where the Group has signed conditional sales and purchase agreements during the year, as disclosed in Note 8(a), the review of the recoverability of these balances are based on the value in use of the underlying coal mines.

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

- Discount rate
- Forecasted coal prices

The future cash flows are discounted to the value in use based on the discount rate of 11% (2015 : 11%) which reflects the current market assessment of the time value of money and the risks specific to the asset. No impairment has been recognised for these balances.

As at 31 December 2016, any reasonably possible change to the key assumptions applied above is not likely to cause the recoverable amounts of the trade and other receivable balances to be below the respective carrying amounts.

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

d) Deferred stripping costs

Certain mining costs, principally those that relate to the stripping of waste and which relate to future economically recoverable coal to be mined, are included in deferred stripping costs. These costs are deferred and subsequently taken to the cost of producing inventory by way of amortisation of deferred stripping costs. The estimated waste incurred to improve access to remaining ore reserves, estimates of coal reserves and the remaining life of the mine are regularly assessed by the management to ensure the carrying value and rate of deferral is appropriate taking into consideration the available facts and circumstances from time to time.

The carrying amounts of the Group's deferred stripping costs are disclosed in Note 13 to the financial statements.

e) Impairment of advance payments for purchase of coal, deferred stripping costs and property, plant and equipment

The Group assesses annually whether its advance payments for purchase of coal, deferred stripping costs 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 stripping costs 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.

Management has carried out a review of the recoverable amount of the advance payments for purchase of coal, deferred stripping costs and property, plant and equipment based on the higher of fair value less costs to sell and value in use.

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

- Discount rate
- Forecasted coal prices

The future cash flows are discounted to the value in use based on the discount rate of 11% (2015 : 11%) which reflects the current market assessment of the time value of money and the risks specific to the asset.

As at 31 December 2016, 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 stripping costs and property, plant and equipment to be below the respective carrying amounts.

The assessment has led to allowance for impairment of advance payments for purchase of coal of US$Nil (2015 : US$1,617,437), and property, plant and equipment of US$Nil (2015 : US$930,354) for the year ended 31 December 2016. No impairment has been recognised for deferred stripping costs.

The carrying amounts of the Group's advance payments for purchase of coal, deferred stripping costs and property, plant and equipment are disclosed in Notes 9, 13 and 14 to the financial statements respectively.

f) 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") in 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.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management estimate is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

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.

g) 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 reversal of allowance for impairment of investment in subsidiaries of US$361,481 (2015 : US$Nil) and amounts due from subsidiaries of US$377,386 (2015 : US$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.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

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

	Group		Company	
	2016	2015	2016	2015
	US$	US$	US$	US$
Financial assets				
Loans and receivables at amortised cost (including cash and bank balances)	175,992,179	42,151,515	128,142,745	67,226,345
Financial liabilities				
Amortised cost	130,192,914	104,866,367	134,658,466	87,901,080

(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's and the 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's and the 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's and the 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 and Indonesia rupiah. The Group and 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.

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	
	2016	2015	2016	2015
	US$	US$	US$	US$
Group				
United States dollars	67,974,389	38,148,055	127,092,268	77,399,781
Indonesia rupiah	18,328,699	3,220,837	4,841,142	8,207,192
Singapore dollars	9,783,211	7,188,148	137,230	48,459

	Liabilities		Assets	
	2016	2015	2016	2015
	US$	US$	US$	US$
Company				
United States dollars	60,278,136	11,813,000	119,785,923	58,049,580
Indonesia rupiah	-	-	145,132	141,356

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's and the 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 profit (2015 : loss) for the year will increase (decrease) by:

	2016	2015
	US$	US$
Group		
United States dollars	(2,955,894)	1,962,586
Indonesia rupiah	674,378	249,318
Singapore dollars	482,299	(356,984)
Company		
United States dollars	(2,975,389)	2,311,829
Indonesia rupiah	(7,257)	7,068

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

(ii) Interest rate risk management

The Group's and the Company's exposure to interest rate risk are restricted to its interest bearing bank balances and deposits, finance leases and notes payable as disclosed in Notes 7, 18 and 19 to the financial statements respectively.

No interest rate sensitivity was performed since the Group's and the 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 2016, 78% (2015 : Nil%) of the Group's revenue are derived from customers in People's Republic of China, which represent concentration risk within this geographical location. There is concentration of credit risk as 99% (2015 : 85%) of the Group's trade receivables at the end of the financial year relate to four customers (2015 : three 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 7% (2015 : 37%) 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.

	Weighted average interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustment	Total
	%	US$	US$	US$	US$
Group					
2016					
Non-interest bearing	-	59,255,409	-	-	59,255,409
Finance leases (fixed rate)	4.33	16,967	46,632	(4,994)	58,605
Notes payable (fixed rate)	8.65	4,844,625	71,651,164	(5,616,889)	70,878,900
Total		64,117,001	71,697,796	(5,621,883)	130,192,914
2015					
Non-interest bearing	-	23,958,536	-	-	23,958,536
Finance leases (fixed rate)	4.33 to 16.82	7,528,549	3,115,777	(1,236,628)	9,407,698
Notes payable (fixed rate)	8.65	4,961,602	78,128,767	(11,590,236)	71,500,133
Total		36,448,687	81,244,544	(12,826,864)	104,866,367

	Weighted average interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustment	Total
	%	US$	US$	US$	US$
Company					
2016					
Non-interest bearing	-	63,720,961	-	-	63,720,961
Notes payable (fixed rate)	8.65	4,844,625	71,651,164	(5,616,889)	70,878,900
Finance lease (fixed rate)	4.33	16,967	46,632	(4,994)	58,605
Total		68,582,553	71,697,796	(5,621,883)	134,658,466
2015					
Non-interest bearing	-	16,326,695	-	-	16,326,695
Notes payable (fixed rate)	8.65	4,961,602	78,128,767	(11,590,236)	71,500,133
Finance lease (fixed rate)	4.33	17,329	64,956	(8,033)	74,252
Total		21,305,626	78,193,723	(11,598,269)	87,901,080

Non-derivative financial assets

All the financial assets of the Group and Company in 2016 and 2015 are repayable on demand or due within one year from the end of the reporting period, except for non-current deposits as disclosed in Note 9 to the financial statements respectively.

(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 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 structures of the Group and Company consist of debt, which includes the finance leases (Note 18) and notes payable (Note 19), and equity attributable to owners of the Company, which comprises issued capital, reserves and retained earnings.

Management regularly monitors compliance with the financial covenants imposed by financial institutions for the facilities granted to the Group and Company. As at the end of the reporting period, the Group and Company are 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	
	2016	2015
	US$	US$
Total debt	70,937,505	80,907,831
Cash and bank balances	(67,703,681)	(12,415,628)
Net debt	3,233,824	68,492,203
Equity attributable to the owners of the Company	124,436,062	93,733,683
Net debt to equity ratio	3%	73%

The Group's and the 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. 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.

There are no significant transactions between the Group and related parties, other than those disclosed in the financial statements and the accompanying notes.

Compensation of directors and key management personnel

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

	Group	
	2016	2015
	US$	US$
Short-term benefits	1,782,316	1,568,621
Post-employment benefits	43,571	19,488
Total	1,825,887	1,588,109

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

7 CASH AND BANK BALANCES

	Group		Company	
	2016	2015	2016	2015
	US$	US$	US$	US$
Cash on hand	3,343	2,164	165	262
Cash at banks [(a)]	62,753,868	7,415,207	50,975,490	6,206,024
Deposits [(b)]	4,946,470	4,998,257	2,442,224	2,494,359
Total cash and bank balances	67,703,681	12,415,628	53,417,879	8,700,645
Less: Deposit pledged [(c), (d)]	(4,942,224)	(4,994,359)	(2,442,224)	(2,494,359)
Cash and cash equivalents in the consolidated statement of cash flows	62,761,457	7,421,269	50,975,655	6,206,286

(a) The average effective interest rate of the cash at banks was 1.12% (2015 : 1.25%) per annum.

(b) The effective interest rate of the deposits ranged from 0.80% to 5.31% (2015 : 0.20% to 1.15%) per annum.

(c) As at 31 December 2016, the Group and Company pledged a deposit of US$2,442,224 (2015 : US$2,494,359), for purpose of securing the Group's and the Company's coupon payment obligations for the notes payable (Note 19).

(d) As at 31 December 2016, the Group pledged a deposit of US$2,500,000 (2015 : US$2,500,000) for the issuance of a banker's guarantee to a third party, for the purpose of securing the Group's land use right from a third party.

8 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016	2015	2016	2015
	US$	US$	US$	US$
Trade receivables from:				
- Third parties [a]	32,893,880	24,081,499	-	-
Less: Allowance for doubtful debt [d]	(739,460)	(1,681,379)	-	-
	32,154,420	22,400,120	-	-
Other receivables comprise of:				
- Subsidiaries (Note 5)	-	-	14,444,405	53,612,141
Less: Allowance for doubtful debt [d]	-	-	-	(368,983)
	-	-	14,444,405	53,243,158
- Third parties [a]	50,148,308	2,187,667	38,488,255	-
Less: Allowance for doubtful debt [d]	(746,440)	(735,783)	-	-
	49,401,868	1,451,884	38,488,255	-
- Goods and Services Tax ("GST") receivables	18,535	490,288	16,883	-
- Prepaid income tax	208,312	3,187,699	-	-
- Refundable deposits in relation to the conditional acquisition of mining concessions	18,500,000	2,000,000	18,500,000	2,000,000
- Refundable payment to secure the rights to use and purchase jetty facilities	3,145,132	3,141,356	3,145,132	3,141,356
- Interest receivables	65,666	38,404	64,789	37,487
Total	103,493,933	32,709,751	74,659,464	58,422,001

The credit period granted to customers is generally up to 30 days (2015 : 60 days). No interest is charged on the outstanding balances, except for certain debtors where interest is charged between 1% to 3% (2015 : Nil%) per annum on the outstanding balances amounting to US$16,604,788.

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.

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

	Group		Company	
	2016	2015	2016	2015
	US$	US$	US$	US$
Not past due and not impaired	12,538,695	519,133	-	-
Past due but not impaired [b]	19,615,725	21,145,204	-	-
	32,154,420	21,664,337	-	-
Impaired receivables - individually assessed [c]	739,460	2,417,162	-	-
Less: Allowance for doubtful debt [d]	(739,460)	(1,681,379)	-	-
	-	735,783	-	-
Total trade receivables, net	32,154,420	22,400,120	-	-

Trade receivables that are not past due and not impaired are substantially companies with good collection track records with the Group.

[a] During the year, the Group has signed conditional sale and purchase agreements ("CSPAs") with certain debtors' related corporations and a third party (the "Vendors") where the Group may, upon fulfilment of certain conditions by the Vendors, acquire coal mining concessions from the Vendors in exchange for the settlement of trade and other receivables from certain debtors amounting to US$19,545,672 and US$27,572,705 respectively.

Subsequent to year end, the CSPA with one of the Vendors had expired and the Group entered into an instalment agreement with a certain debtor where the balance of US$4,657,052 will be recovered by end of 2017.

[b] Aging of trade receivables that are past due but not impaired:

	Group		Company	
	2016	2015	2016	2015
	US$	US$	US$	US$
< 3 months	70,053	1,291,487	-	-
3 months to 6 months	-	2,805,242	-	-
> 6 months to 12 months	-	806,780	-	-
> 12 months	19,545,672	16,241,695	-	-
	19,615,725	21,145,204	-	-

Included in the Group's trade receivables are debtors with a carrying amount of US$19,615,725 (2015 : US$21,145,204) 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.

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

	Group		Company	
	2016	2015	2016	2015
	US$	US$	US$	US$
At beginning of year	2,417,162	29,610	368,983	395,365
Disposal of subsidiaries	(1,102,146)	-	-	-
Write-back of allowance for doubtful debt credited to profit or loss	-	-	(377,386)	-
Allowance for doubtful debt charged to profit or loss (Note 27)	150,033	2,408,576	-	-
Exchange differences	20,851	(21,024)	8,403	(26,382)
At end of year	1,485,900	2,417,162	-	368,983

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	
	2016	2015	2016	2015
	US$	US$	US$	US$
Current assets:				
Prepayments	5,365,552	2,481,099	194,271	23,509
Advance payments for purchase of coal [a]	3,670,034	17,603,255	-	-
Less: Impairment loss on advance payment for purchase of coal [d]	(1,620,034)	(1,577,875)	-	-
	2,050,000	16,025,380	-	-
Total	7,415,552	18,506,479	194,271	23,509
Non-current assets:				
Deposits [b] [c]	5,021,412	704,123	82,285	103,699
Prepayment [c]	-	5,000,000	-	-
Advance payments for purchase of property, plant and equipment	46,352	-	-	-
Total	5,067,764	5,704,123	82,285	103,699

(a) In 2015, the Group assigned its rights to certain advance payments for purchase of coal amounting to US$8,089,041 to satisfy the purchase consideration for the acquisition of property, plant and equipment.

(b) Included in this balance is deposits of US$590,254 (2015 : US$574,893) for the Group, made to the relevant government authorities to ensure fulfilment of compliance in respect of reclamation and rehabilitation obligations (Note 20B).

(c) In 2015, the Group made a payment to a third party for prepayment of land use right amounting to US$5,000,000. During the year, an addendum was signed to transfer the payment to a deposit. Accordingly, the prepayment was reclassified to a deposit, held at amortised cost of US$4,343,850. A loss on financial assets carried at amortised cost (Note 27) and interest income on financial assets carried at amortised cost (Note 26) amounting to US$721,350 and US$65,200 respectively were recognised during the year.

(d) Movement in impairment loss on advance payment for purchase of coal are as follows:

	Group	
	2016	2015
	US$	US$
At beginning of year	1,577,875	-
Impairment loss charged to profit or loss (Note 27)	-	1,617,436
Exchange differences	42,159	(39,561)
At end of year	1,620,034	1,577,875

10 INVENTORIES

	Group	
	2016	2015
	US$	US$
Coal, at cost	8,890,420	4,590,362
Consumables, at cost	-	826,686
Total	8,890,420	5,417,048

11 INVESTMENT IN SUBSIDIARIES

	Company	
	2016	2015
	US$	US$
Unquoted equity shares, at cost	82,908,742	82,833,551
Less: Allowance for impairment	-	(394,818)
	82,908,742	82,438,733
Deemed investment [(a)]	15,115,384	15,115,384
	98,024,126	97,554,117

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

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	
		2016	2015
		%	%
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] [e]	Investment holding/ Singapore	100	100
Geo Energy Investments Ltd [f]	Investment holding/ Cayman Island	100	-
Held by PT Geo Energy Coalindo			
PT Mitra Nasional Pratama [b] [c]	Mining services/ Indonesia	98.01	98.01
PT Sumber Bara Jaya [b] [c]	Mining services/ Indonesia	98.90	98.90
PT Mitra Riau Pratama [h]	Rental of equipment/ Indonesia	-	98.99
PT Geo Mineral Trading [h]	Coal trading/Indonesia	-	98.90
PT Geo Tebo Power Inti [c] [d] [f]	Power generation/ Indonesia	98.92	-

Name of subsidiaries	Principal activities/ Country of incorporation and operation	Effective equity interest of the Company	
		2016	2015
		%	%
Held by PT Mitra Nasional Pratama			
PT STT Tunas Bara [c] [d] [f]	General trading and services/Indonesia	97.22	-
Held by PT STT Tunas Bara			
PT Surya Tambang Tolindo [c] [d] [g]	Coal mining/Indonesia	97.18	-
Held by PT Sumber Bara Jaya			
PT Bumi Enggang Khatulistiwa [b] [c]	Coal mining/Indonesia	98.88	98.88
Held by Borneo International Resources Pte. Ltd.			
PT Era Tiga Putra [c] [d]	Investment holding/ Indonesia	99.00	99.00
Held by PT Era Tiga Putra			
PT Karunia Mitra Berkat [c] [d]	Investment holding/ Indonesia	98.97	98.97
Held by PT Karunia Mitra Berkat			
PT Sungai Danau Jaya [b] [c] [e]	Coal mining/Indonesia	98.96	98.96

Notes

[a] Audited by Deloitte & Touche LLP, Singapore.

[b] Audited by Satrio Bing Eny & Rekan, Jakarta, Indonesia (a member firm of Deloitte & Touche Tohmatsu Limited).

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

(e) The Group has pledged the shares of the subsidiaries to secure the advances received from a customer (Note 17).

(f) The subsidiaries were incorporated during the year.

(g) The subsidiary was acquired during the year (Note 34).

(h) These entities were disposed during the financial year (Note 37).

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	
	2016	2015
	US$	US$
Cost:		
At beginning of year	1,252,815	1,389,276
Exchange differences	39,380	(136,461)
At end of year	1,292,195	1,252,815
Accumulated amortisation:		
At beginning of year	482,616	535,185
Exchange differences	18,801	(52,569)
At end of year	501,417	482,616
Allowance for impairment:		
At beginning of year	770,199	854,091
Exchange differences	20,579	(83,892)
At end of year	790,778	770,199
Carrying amount:		
At beginning and end of year	-	-

13 DEFERRED STRIPPING COSTS

	Group	
	2016	2015
	US$	US$
Cost:		
At beginning of year	1,446,472	-
Addition	8,824,784	1,446,472
At end of year	10,271,256	1,446,472
Accumulated amortisation:		
At beginning of year	-	-
Amortisation	330,935	-
At end of year	330,935	-
Carrying amount:		
At end of year	9,940,321	1,446,472
At beginning of year	1,446,472	-

NOTES TO FINANCIAL STATEMENTS
31 December 2016

14 PROPERTY, PLANT AND EQUIPMENT

	Leasehold property	Temporary housing facility	Jetty	Heavy equipment	Machineries	Motor vehicles	Equipment and furniture	Computer and software	Mining properties	Construction in progress	Total
	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$
Group											
Cost:											
At 1 January 2015	-	343,121	832,635	41,449,816	2,259,106	2,996,504	656,677	633,777	87,208,151	-	136,379,787
Additions [(a) (b)]	1,299,115	-	-	-	-	159,429	184,533	40,202	28,486,485	-	30,169,764
Disposals	-	-	-	(7,047,163)	(330,067)	(1,072,123)	(30,396)	(18,157)	-	-	(8,497,906)
Exchange differences	(30,229)	(9,269)	-	(3,898,997)	(76,476)	(257,774)	(50,685)	(40,241)	-	-	(4,363,671)
At 31 December 2015	1,268,886	333,852	832,635	30,503,656	1,852,563	1,826,036	760,129	615,581	115,694,636	-	153,687,974
Additions [(c)]	228,172	7,132	-	-	3,191	95,173	28,967	8,951	2,141,636	38,150	2,551,372
Disposals	-	-	-	-	(217,003)	(588,565)	(600)	(2,272)	-	-	(808,440)
Disposal of subsidiaries (Note 37)	-	(81,494)	-	(27,257,528)	(284,907)	(612,334)	(29,227)	(151,928)	-	-	(28,417,418)
Exchange differences	32,214	3,826	-	(3,246,128)	19,608	53,044	2,589	11,965	(15,897)	-	(3,138,779)
At 31 December 2016	1,529,272	263,316	832,635	-	1,373,452	773,354	761,858	482,297	117,820,375	38,150	123,874,709
Accumulated depreciation:											
At 1 January 2015	-	126,128	294,892	10,868,282	1,629,110	2,235,562	383,890	333,115	5,378,702	-	21,249,681
Depreciation	21,337	82,507	208,159	3,582,445	274,370	102,285	149,198	118,780	90,015	-	4,629,096
Disposals	-	-	-	(2,386,300)	(292,204)	(841,746)	(29,813)	(17,000)	-	-	(3,567,063)
Exchange differences	(445)	(3,787)	-	(1,121,641)	(56,943)	(190,149)	(31,219)	(19,854)	-	-	(1,424,038)
At 31 December 2015	20,892	204,848	503,051	10,942,786	1,554,333	1,305,952	472,056	415,041	5,468,717	-	20,887,676
Depreciation	79,409	63,847	208,159	781,231	156,058	50,644	131,240	80,334	12,089,012	-	13,639,934
Disposals	-	-	-	-	(214,646)	(470,852)	(100)	(2,085)	-	-	(687,683)
Disposal of subsidiaries (Note 37)	-	(55,030)	-	(7,617,441)	(203,783)	(469,981)	(21,838)	(81,618)	-	-	(8,449,691)
Exchange differences	(106)	2,392	-	(4,106,576)	15,215	42,692	(4,551)	6,330	-	-	(4,044,604)
At 31 December 2016	100,195	216,057	711,210	-	1,307,177	458,455	576,807	418,002	17,557,729	-	21,345,632

	Leasehold property	Temporary housing facility	Jetty	Heavy equipment	Machineries	Motor vehicles	Equipment and furniture	Computer and software	Mining properties	Construction in Progress	Total
	US$	US$	US$	US$	US$	US$	US$	US$	US$		US$
Group (cont'd)											
Impairment:											
At 1 January 2015	-	-	-	-	-	-	-	-	-	-	
Impairment loss	-	-	-	930,354	-	-	-	-	-	-	930,354
At 31 December 2015	-	-	-	930,354	-	-	-	-	-	-	930,354
Disposal of subsidiaries (Note 37)	-	-	-	(930,354)	-	-	-	-	-	-	(930,354)
At 31 December 2016	-	-	-	-	-	-	-	-	-	-	-
Carrying amount:											
At 31 December 2016	1,429,077	47,259	121,425	-	66,275	314,899	185,051	64,295	100,262,646	38,150	102,529,077
At 31 December 2015	1,247,994	129,004	329,584	18,630,516	298,230	520,084	288,073	200,540	110,225,919	-	131,869,944

(a) In 2015, the addition to mining properties of US$25,000,000 pertained to acquisition of additional interests in Borneo International Resources Pte. Ltd. from non-controlling shareholder (Note 34).

(b) The Group's leasehold property is located at The Suites Tower, 17th Floor Jl. Boulevard Pantai Indah Kapuk No. 1 Kav OFS, Jakarta, Indonesia, for the use as office space for the Indonesian subsidiaries and the unexpired lease term of the leasehold property is 17 years.

(c) Included in this balance is the addition to mining properties of US$1,995,835 pertaining to the acquisition of a new mining concession through the acquisition of PT Surya Tambang Tolindo (Note 34).

Management has carried out a review of the recoverable amount of the property, plant and equipment based on the higher of fair value less costs to sell and value in use. The assessment has led to an allowance of impairment of certain heavy equipment of US$930,354 in 2015 based on their fair value less costs to sell, which were disposed during the year. The fair value less costs to sell was based on recent market prices of assets with similar age and obsolescence. No further impairment loss was made during the year.

	Motor vehicle	Equipment and furniture	Computer and software	Total
	US$	US$	US$	US$
Company				
Cost:				
At 1 January 2015	-	367,726	25,304	393,030
Additions	159,429	602	2,406	162,437
Exchange differences	(3,919)	(24,553)	(1,751)	(30,223)
At 31 December 2015	155,510	343,775	25,959	525,244
Additions	-	4,435	8,028	12,463
Disposal	-	(600)	-	(600)
Exchange differences	(3,251)	(7,348)	(885)	(11,484)
At 31 December 2016	152,259	340,262	33,102	525,623
Accumulated depreciation:				
At 1 January 2015	-	154,166	20,723	174,889
Depreciation	5,320	119,749	3,237	128,306
Exchange differences	(136)	(13,348)	(1,466)	(14,950)
At 31 December 2015	5,184	260,567	22,494	288,245
Depreciation	31,810	78,870	2,780	113,460
Disposal	-	(100)	-	(100)
Exchange differences	(1,467)	(8,809)	(588)	(10,864)
At 31 December 2016	35,527	330,528	24,686	390,741
Carrying amount:				
At 31 December 2016	116,732	9,734	8,416	134,882
At 31 December 2015	150,326	83,208	3,465	236,999

The carrying amount of the Group's heavy equipment and motor vehicles includes assets acquired under finance leases amounting to US$116,732 (2015 : US$16,758,270) (Note 18).

The carrying amount of the Company's motor vehicles includes an asset acquired under finance leases amounting to US$116,732 (2015 : US$150,326) (Note 18).

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

	Group	
	2016	2015
	US$	US$
Charged to profit or loss (Note 30)	12,534,984	4,539,081
Capitalised as inventory	1,104,950	90,015
	13,639,934	4,629,096

15 INVESTMENT PROPERTIES

	Group		Company	
	2016	2015	2016	2015
	US$	US$	US$	US$
At fair value				
At beginning of year	3,336,335	3,484,058	2,827,455	3,484,058
Additions	-	326,637	-	-
Gain (Loss) from fair value adjustments included in profit or loss (Notes 26 and 27)	20,255	(244,644)	-	(435,243)
Disposal	(2,860,585)	-	(2,860,585)	-
Exchange differences	46,567	(229,716)	33,130	(221,360)
At end of year	542,572	3,336,335	-	2,827,455

These include the following related to investment properties classified under Level 3 of the fair value hierarchy:

	Group		Company	
	2016	2015	2016	2015
	US$	US$	US$	US$
Gain (Loss) from fair value adjustments included in profit or loss	20,255	(244,644)	-	(435,243)

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

Fair value measurement of the Group's investment property

As at the end of the reporting period, the fair value of the Group's investment property has been determined on the basis of valuation carried out by independent valuer, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The valuation was arrived using direct market comparison method (2015 : direct market comparison method).

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. Management has also considered the fair value of investment property based on latest available information on the arms-length transactional price for the relevant properties.

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 2016	-	-	-	-
31 December 2015	-	-	2,827,455	2,827,455
Investment property located at The Suites Tower, 17th Floor Jl. Boulevard Pantai Indah Kapuk No. 1 Kav OFS, Jakarta 14470				
31 December 2016	-	-	542,572	542,572
31 December 2015	-	-	508,880	508,880

	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity
The Suites Gross floor: 270 sq.m.	Direct market comparison method. The key input is the adjusted market price.	Adjusted market price: Approximate US$2,010 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 located at International Plaza, which is leased out under operating lease and disposed during the year, amounted to US$62,607 (2015 : US$124,650). Direct operating expenses (including repair and maintenance) arising from the rental-generating investment property amounted to US$13,893 (2015 : US$28,500).

16 OTHER NON-CURRENT ASSET

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

17 TRADE AND OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	US$	US$	US$	US$
Trade payables due to:				
- Third parties	30,332,952	2,654,120	-	-
Other payables comprise of:				
- Third parties	5,624,259	145,277	86,911	110,115
- Subsidiaries (Note 5)	-	-	55,795,748	11,232,489
- Value-Added Tax ("VAT") payables	32,628	1,027,048	-	32,057
- Withholding tax payables	2,348,976	14,459	4,948	4,745
- Advances from customers [a]	43,058,801	8,888,705	-	-
- Deposits received [b]	3,000,000	15,030,366	3,007,698	40,134
- Accrued purchase consideration for acquisition of asset (Note 34)	4,482,388	7,982,388	4,482,388	7,982,388
- Accrued interest on notes payable (Note 19)	2,203,309	2,250,344	2,203,309	2,250,344
- Accruals [c]	15,815,810	1,646,385	348,216	461,569
Total	106,899,123	39,639,092	65,929,218	22,113,841

The credit period on purchases is up to 30 days (2015 : 30 days). No interest is charged on the outstanding balances.

[a] Included in this balance is advance payment of US$40,999,870 (2015 : US$7,650,000) received by the Group pursuant to coal sales contract with a third party. As at 31 December 2016, the balance was secured by:

(i) a pledge over share capital of subsidiaries (Note 11); and

(ii) a corporate guarantee by the Company and certain subsidiary.

[b] Included in this balance is refundable deposit received of US$3,000,000 (2015 : US$15,000,000) by the Group, as a performance guarantee provided by a third party for the provision of overburden removal and coal hauling services.

[c] Accruals principally comprise amounts outstanding for on-going costs.

18 FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2016	2015	2016	2015
	US$	US$	US$	US$
Group				
Amounts payable under finance leases:				
Within one year	16,967	7,528,549	14,718	6,559,195
In the second to fifth year inclusive	46,632	3,115,777	43,887	2,848,503
Total	63,599	10,644,326	58,605	9,407,698
Less: Future finance charges	(4,994)	(1,236,628)	NA	NA
Present value of lease obligations	58,605	9,407,698	58,605	9,407,698
Less: Amount due for settlement within 12 months (shown under current liabilities)			(14,718)	(6,559,195)
Amount due for settlement after 12 months			43,887	2,848,503

	Minimum lease payments		Present value of minimum lease payments	
	2016	2015	2016	2015
	US$	US$	US$	US$
Company				
Amounts payable under finance leases:				
Within one year	16,967	17,329	14,718	14,396
In the second to fifth year inclusive	46,632	64,956	43,887	59,856
Total	63,599	82,285	58,605	74,252
Less: Future finance charges	(4,994)	(8,033)	NA	NA
Present value of lease obligations	58,605	74,252	58,605	74,252
Less: Amount due for settlement within 12 months (shown under current liabilities)			(14,718)	(14,396)
Amount due for settlement after 12 months			43,887	59,856

NA : Not applicable

During the year, the Group disposed a subsidiary which held substantial amount of the Group's lease obligations as at 31 December 2015.

The Group acquired certain of its heavy equipment and motor vehicles under finance leases. The finance lease term is up to 60 months (2015 : 60 months) with an effective interest rate of 4.33% (2015 : ranging from 4.33% to 16.82%) per annum. Interest rates for 100% (2015 : 75%) 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 Company acquired its motor vehicle under finance lease. The finance lease term is up to 60 months (2015 : 60 months) with an effective interest rate of 4.33% (2015 : 4.33%) per annum. The interest rate of the finance lease is fixed at the contract date, and thus exposes the Company to fair value interest rate risk. The finance lease is on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the Group's and the Company's lease obligation approximates its carrying amount.

The Group's and the Company's obligation under finance lease is secured by the leased asset (Note 14).

19 NOTES PAYABLE

The notes payable of S$100,000,000 was issued under the S$300,000,000 Multicurrency Medium Term Note Programme established in June 2014, which carried fixed interest of 7% per annum (interest payable semi-annually in arrear) and matures 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$2,442,224 (2015 : US$2,494,359) for the purpose of securing the Company's coupon payment obligations during the term of the notes payable (Note 7).

The notes payable was recorded at amortised cost net of transaction costs of US$3,915,749 in 2014. 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	
	2016	2015
	US$	US$
Nominal value of notes payable issued	80,593,166	80,593,166
Transaction costs [a]	(3,915,749)	(3,915,749)
At date of issue	76,677,417	76,677,417
Cumulative interest accrued	15,685,728	9,698,984
Cumulative interest paid	(10,152,424)	(5,077,830)
Exchange differences	(11,331,821)	(9,798,438)
Total	70,878,900	71,500,133
Interest payable within one year included in other payables (Note 17)	(2,203,309)	(2,250,344)
Liability (non-current) at end of year	68,675,591	69,249,789

[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 in 2014.

Management has estimated the fair value of the notes payable at 31 December 2016 to be approximately US$48,100,215 (2015 : US$56,549,092) based on price obtained from bank's publication as at 31 December 2016. 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.

20 PROVISIONS

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

	Group		Company	
	2016	2015	2016	2015
	US$	US$	US$	US$
Retirement benefit obligations (Note A)	834,558	538,894	-	-
Provision for rehabilitation (Note B)	410,954	363,356	-	-
Provision for reinstatement costs (Note C)	90,350	88,225	90,350	88,225
	1,335,862	990,475	90,350	88,225

(A) Retirement benefit obligations

	Group	
	2016	2015
	US$	US$
Present value of unfunded obligations	834,558	538,894
Changes in the present value of the defined obligations:		
Opening defined benefit obligations	538,894	943,344
Employee benefits expense (Note 30)	365,483	(69,860)
Remeasurement, (credited) charged to other comprehensive income:		
- Actuarial losses (gains) from changes in financial assumptions	42,201	(52,785)
- Actuarial gains from experience adjustment	(24,379)	(151,824)
Benefits paid	(489)	(50,945)
Disposal of subsidiaries (Note 37)	(226,249)	-
Exchange differences	139,097	(79,036)
Closing defined benefit obligations	834,558	538,894

Employee benefits expense comprised of:

	Group	
	2016	2015
	US$	US$
Current service cost	228,934	439,896
Past service cost	81,804	(578,983)
Interest cost	54,745	69,227
Total	365,483	(69,860)

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.

The actuarial valuation of present value of the defined benefit obligation was carried out at 31 December 2016 and 2015 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	
	2016	2015
Discount rate per annum	8.5%	9.00%
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	
	2016	2015
	US$	US$
At beginning of the year	363,356	321,893
Interest accretion charged to profit or loss (Note 28)	47,598	41,463
At the end of the year	410,954	363,356

This represents net present value of the costs expected to be incurred for rehabilitation of mining properties. Management uses a discount rate of 15% (2015 : 15%).

As at 31 December 2016, deposits of US$590,254 (2015 : US$574,893) are made to the relevant government authorities to ensure fulfilment of compliance in respect of reclamation and rehabilitation obligations (Note 9b).

(C) Provision for reinstatement costs

	Group and Company	
	2016	2015
	US$	US$
At beginning of the year	88,225	90,032
Interest accretion charged to profit or loss (Note 28)	4,146	4,311
Exchange differences	(2,021)	(6,118)
At the end of the year	90,350	88,225

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% (2015 : 5%).

21 DEFERRED TAX

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

	Retirement benefit	Tax losses	Accelerated tax depreciation	Total
	US$	US$	US$	US$
Group				
At 1 January 2015	(237,358)	(3,591,128)	4,223,222	394,736
Charged (Credited) to profit or loss (Note 29A)	19,758	(1,773,157)	(308,911)	(2,062,310)
Credited to other comprehensive income (Note 29B)	50,277	-	-	50,277
Exchange differences	21,639	157,777	(403,794)	(224,378)
At 31 December 2015	(145,684)	(5,206,508)	3,510,517	(1,841,675)
(Credited) Charged to profit or loss (Note 29A)	(94,470)	(3,023,029)	2,976,641	(140,858)
Credited to other comprehensive income (Note 29B)	(4,385)	-	-	(4,385)
Disposal of subsidiaries (Note 37)	29,430	2,559,921	(4,007,551)	(1,418,200)
Exchange differences	(3,868)	(85,708)	147,101	57,525
At 31 December 2016	(218,977)	(5,755,324)	2,626,708	(3,347,593)

	Accelerated tax depreciation	Tax losses	Total
	US$	US$	US$
Company			
At 1 January 2015	106,804	-	106,804
Credited to profit or loss	(97,205)	(185,463)	(282,668)
Exchange differences	(4,642)	4,738	96
At 31 December 2015	4,957	(180,725)	(175,768)
Credited to profit or loss	(14,598)	(80,800)	(95,398)
Exchange differences	519	7,229	7,748
At 31 December 2016	(9,122)	(254,296)	(263,418)

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	
	2016	2015	2016	2015
	US$	US$	US$	US$
Deferred tax liabilities	-	1,780,023	-	-
Deferred tax assets	(3,347,593)	(3,621,698)	(263,418)	(175,768)
	(3,347,593)	(1,841,675)	(263,418)	(175,768)

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$37,791,000 (2015 : US$18,294,000). 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.

22 SHARE CAPITAL

	Group and Company			
	2016	2015	2016	2015
	Number of ordinary shares		US$	US$
At beginning of year	1,185,050,891	1,157,050,891	86,170,842	82,518,674
Issuance of shares for cash [(a)]	-	28,000,000	-	3,652,168
Issuance of shares for settlement of liability [(b)]	27,222,222	-	3,500,000	-
At end of year	1,212,273,113	1,185,050,891	89,670,842	86,170,842

(a) On 18 June 2015, the Company issued 28,000,000 new ordinary shares pursuant to the placement agreement dated 21 April 2015 for a net cash consideration of US$3,652,168.

(b) On 22 March 2016, the Company issued 27,222,222 new ordinary shares to fulfil the consideration payable of US$3,500,000 as part of the purchase consideration for the acquisition of the remaining 34% shareholding interest in Borneo International Resources Pte. Ltd.

The new shares ranked pari pasu in all aspects with the existing ordinary shares.

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

23 REVALUATION RESERVE

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

24 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	Group	
	2016	2015
	US$	US$
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations		
- Arising during the year	208,263	(1,429,296)
- Reclassification to profit or loss from equity on disposal of subsidiaries (Note 37)	4,500,560	-
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit obligations (Notes 20A and 29B)	(13,437)	154,332
Other comprehensive income for the year, net of tax	4,695,386	(1,274,964)

25 REVENUE

	Group 2016 US$	Group 2015 US$
Continuing operations:		
Sale of coal:		
- Coal mining	182,108,648	-
- Coal trading	-	12,406,732
Mining services	-	5,802,444
Total	182,108,648	18,209,176
Discontinued operation:		
Rental services	1,072,146	4,127,252

26 OTHER INCOME

	Group 2016 US$	Group 2015 US$
Continuing operations:		
Gain on disposal of subsidiaries	4,962,232	-
Late payment charges from customers	2,156,063	-
Foreign exchange gain - net	1,951,573	5,189,129
Interest income [a]	127,662	605,748
Rental income - investment property	62,607	124,650
Gain on disposal of property, plant and equipment	28,972	79,849
Fair value gain on investment property (Note 15)	20,255	-
Others	35,926	173,130
Total	9,345,290	6,172,506
Discontinued operation:		
Foreign exchange gain - net	920,104	-
Interest income	672	2,378
Gain on disposal of property, plant and equipment	3,426	-
Gain on sale and leaseback of property, plant and equipment	19,637	-
Others	458,753	35,641
Total	1,402,592	38,019

[a] This includes interest income on financial assets carried at amortised cost of US$65,200 (2015 : US$201,278).

27 OTHER EXPENSES

	Group	
	2016	2015
	US$	US$
Continuing operations:		
Other expenses arising from finalisation of tax assessments	704,112	25,256
Other expenses arising from participation from Tax Amnesty	809,593	-
Loss on financial assets carried at amortised cost (Note 9c)	721,350	-
Allowance for doubtful debt (Note 8)	150,033	2,215,985
Impairment loss on advance payment for purchase of coal (Note 9d)	-	1,617,436
Fair value loss on investment properties (Note 15)	-	244,644
Others	9,369	30,043
Total	2,394,457	4,133,364
Discontinued operation:		
Loss on disposal of discontinued operation	1,267,291	-
Foreign exchange loss – net	-	2,613,583
Loss on disposal of property, plant and equipment	-	1,950,375
Impairment loss on sale and leaseback of property, plant and equipment	-	930,354
Allowance for doubtful debt (Note 8)	-	192,591
Others	104,603	124,912
Total	1,371,894	5,811,815

28 FINANCE COSTS

	Group	
	2016	2015
	US$	US$
Continuing operations:		
Interest expense on:		
- Notes payable	5,986,744	6,412,259
- Finance leases	8,527	-
- Bank borrowings	-	7,738
Imputed interest on:		
- Provisions (Notes 20B and 20C)	51,744	45,774
Total	6,047,015	6,465,771
Discontinued operation:		
Interest expense on:		
- Finance leases	823,020	1,469,170

29 INCOME TAX EXPENSE (CREDIT)

A) Income tax recognised in profit or loss

	Continuing operations		Discontinued operation		Total	
	2016	2015	2016	2015	2016	2015
	US$	US$	US$	US$	US$	US$
Income tax:						
- Current	10,094,943	60,039	-	-	10,094,943	60,039
- Underprovision in prior years	965,167	357,388	-	-	965,167	357,388
Deferred tax (Note 21):						
- Current	58,165	(2,134,720)	(251,103)	(1,436,731)	(192,938)	(3,571,451)
- Underprovision in prior years	12,657	1,296,447	39,423	212,694	52,080	1,509,141
Income tax expense (credit)	11,130,932	(420,846)	(211,680)	(1,224,037)	10,919,252	(1,644,883)

Domestic income tax for Singapore incorporated companies is calculated at 17% (2015 : 17%) of the estimated assessable income (2015 : loss) 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% (2015 : 25%).

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

	Group	
	2016	2015
	US$	US$
Profit (Loss) before income tax:		
Continuing operations	34,668,165	(7,776,216)
Discontinued operation	(1,559,725)	(10,455,849)
	33,108,440	(18,232,065)

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

	Group	
	2016	2015
	US$	US$
Profit (Loss) before income tax	33,108,440	(18,232,065)
Tax at statutory rate of 25% (2015 : 25%) *	8,277,110	(4,558,016)
Tax effect of expenses that are not deductible in determining taxable profit	11,758,812	718,488
Tax effect of income that are not taxable in determining taxable profit	(8,717,661)	(136,995)
Tax exemption	(25,925)	-
Tax effect of unrecognised tax losses	-	284,143
Effect of different tax rates of companies operating in other jurisdictions	(1,390,331)	180,968
Adjustments recognised in the current year in relation to current and deferred tax of prior years	1,017,247	1,866,529
Income tax expense (credit)	10,919,252	(1,644,883)

* 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 by the Group in respect of US$Nil (2015 : US$7,215,572) of unutilised tax losses due to unpredictability of future profit streams, of which the amount will expire within five years of initial recognition. During the year, certain subsidiaries participated in the Tax Amnesty Programme introduced by the Indonesian Tax Office, resulting in US$7,215,572 of unutilised tax losses to be foregone.

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

	Group	
	2016	2015
	US$	US$
Deferred tax:		
- Remeasurement of defined benefit obligations (Note 21)	(4,385)	50,277
Total deferred tax on components of other comprehensive income	(4,385)	50,277

30 PROFIT (LOSS) FOR THE YEAR

Profit (Loss) for the year has been arrived at after charging (crediting):

	Continuing operations		Discontinued operation		Total	
	2016	2015	2016	2015	2016	2015
	US$	US$	US$	US$	US$	US$
Directors' remuneration	1,414,370	1,021,320	-	-	1,414,370	1,021,320
Employee benefits expense (including directors remuneration)	4,500,187	3,975,746	305,561	1,173,196	4,805,748	5,148,942
Costs of defined contribution plans (included in employee benefits expense)	214,664	142,688	12,426	34,038	227,090	176,726
Costs of defined benefit plans (included in employee benefits expense) (Note 20A)	365,483	(69,860)	-	-	365,483	(69,860)
Cost of inventories recognised as expense	108,472,720	11,662,037	-	-	108,472,720	11,662,037
Depreciation of property, plant and equipment (Note 14)	11,707,956	762,236	827,028	3,776,845	12,534,984	4,539,081
Amortisation of deferred stripping costs (Note 13)	330,935	-	-	-	330,935	-
Audit fees paid/payable to:						
- Auditors of the Company	152,549	139,278	-	-	152,549	139,278
- Member firm of the Auditors of the Company	112,749	84,824	-	29,064	112,749	113,888
Non-audit fees paid/ payable to:						
- Auditors of the Company	9,977	27,496	-	-	9,977	27,496

31 EARNINGS (LOSS) PER SHARE

Basic and diluted earnings per share for the financial year ended 31 December 2016 is calculated based on the profit (loss) for the year attributable to owners of the Company of US$22,199,316 (2015 : loss of US$16,306,250) divided by the weighted average number of shares issued of 1,206,248,522 (2015 : 1,172,163,220).

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to the ordinary owners of the Company is based on the following data.

Earnings figures are calculated as follows:

	2016	2015
	US$	US$
Profit (Loss) for the year attributable to owners	22,199,316	(16,306,250)
Add:		
Loss for the year from discontinued operation	1,348,045	9,231,812
Earnings (Loss) for the purposes of earnings per share from continuing operation	23,547,361	(7,074,438)

The denominators used are the same for those detailed above for both basic and diluted earnings per share.

From discontinued operation

Basic and diluted earnings per share for the discontinued operation is loss of 0.11 cents per share (2015 : 0.79 cents per share), based on the loss for the year from the discontinued operation of US$1,348,045 (2015 : US$9,231,812) and the denominators detailed above for both the basic and diluted earnings per share.

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 mining	-	Production and sale of coal produced from operating owned coal mines.
Coal trading	-	Purchase and sale of coal from third parties.
Mining services	-	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.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments:

Group	Revenue		Gross Profit		Net Profit (Loss)	
	2016	2015	2016	2015	2016	2015
	US$	US$	US$	US$	US$	US$
Continuing operations						
Coal mining	182,108,648	-	41,918,717	-	41,262,567	(26,702)
Coal trading	-	12,406,732	-	744,521	(150,033)	(1,778,416)
Mining services	-	5,802,444	-	2,399,856	-	1,317,352
	182,108,648	18,209,176	41,918,717	3,144,377	41,112,534	(487,766)
Depreciation of property, plant and equipment					(722,690)	(762,236)
Gain on disposal of subsidiaries					4,962,232	-
Other gains and losses					2,794,784	5,671,285
Group administration costs and directors' remuneration					(7,431,680)	(5,731,728)
Finance costs					(6,047,015)	(6,465,771)
					34,668,165	(7,776,216)

Group	Revenue		Gross Loss		Net Profit (Loss)	
	2016	2015	2016	2015	2016	2015
	US$	US$	US$	US$	US$	US$
Discontinued operation						
Rental services	1,072,146	4,127,252	(618,786)	(2,746,709)	(595,723)	(5,820,029)
Depreciation of property, plant and equipment					(26,601)	(75,974)
Loss on disposal of discontinued operation					(1,267,291)	-
Other gains and losses					1,274,926	(2,700,476)
Group administration costs and directors' remuneration					(122,016)	(390,200)
Finance costs					(823,020)	(1,469,170)
					(1,559,725)	(10,455,849)
Profit (Loss) before income tax					33,108,440	(18,232,065)
Income tax (expense) credit					(10,919,252)	1,644,883
Profit (Loss) for the year					22,189,188	(16,587,182)

Revenue reported represents revenue generated from external customers.

Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' remuneration, finance costs and income tax expense.

Other segmental information

The following is an analysis of the Group's other segmental information by reportable segments:

Group	Coal mining		Coal trading		Mining services		Unallocated		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$
Continuing operations										
Depreciation of property, plant and equipment	10,985,266	-	-	-	-	-	722,690	762,236	11,707,956	762,236
Amortisation of deferred stripping costs	330,935	-	-	-	-	-	-	-	330,935	-
Gain on disposal of subsidiaries	-	-	-	-	-	-	(4,962,232)	-	(4,962,232)	-
Interest income on financial assets carried at amortised cost	(65,200)	-	-	-	-	(201,278)	-	-	(65,200)	(201,278)
Gain on disposal of property, plant and equipment	-	-	-	-	-	-	(28,972)	(79,849)	(28,972)	(79,849)
Loss on financial assets carried at amortised cost	721,350	-	-	-	-	-	-	-	721,350	-
Allowance for doubtful debt	-	26,702	150,033	905,501	-	1,283,782	-	-	150,033	2,215,985
Impairment loss on advance payment for purchase of coal	-	-	-	1,617,436	-	-	-	-	-	1,617,436

Geographical segments

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

	Revenue	
	2016	2015
	US$	US$
Republic of Indonesia	14,009,819	10,564,787
People's Republic of China	143,061,916	-
Republic of Singapore	-	11,771,641
Thailand	17,232,563	-
India	6,533,216	-
Others	2,343,280	-
Total	183,180,794	22,336,428

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

	Non-current assets	
	2016	2015
	US$	US$
Republic of Indonesia	112,915,316	138,588,297
Republic of Singapore	286,269	3,188,297
Total	113,201,585	141,776,594

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 mining		Coal trading		Mining services and others	
	2016	2015	2016	2015	2016	2015
	US$	US$	US$	US$	US$	US$
Customer						
Top 1st	164,007,838	-	-	9,539,047	-	-
Top 2nd	-	-	-	635,090	-	6,704,885
Top 3rd	-	-	-	2,232,594	-	-
Top 4th	-	-	-	-	-	2,175,124
Top 5th	-	-	-	-	-	-

33 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	Group	
	2016	2015
	US$	US$
Minimum lease payments under operating leases recognised as an expense in the financial year	377,942	607,521

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	
	2016	2015	2016	2015
	US$	US$	US$	US$
Within one year	323,179	366,478	317,473	357,012
In the second to fifth year inclusive	452,730	783,604	449,753	783,604
Total	775,909	1,150,082	767,226	1,140,616

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.

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 sublets to a subsidiary for 36 months and rental is fixed throughout the sublease term. The Company expects to receive future minimum sublease payments under non-cancellable sublease of US$111,619 (2015 : US$24,422).

The Group as lessor

The Group and Company leased out its Singapore investment property, which was disposed during the year (Note 15). 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	
	2016	2015
	US$	US$
Within one year	-	91,098
In the second to fifth year inclusive	-	-
Total	-	91,098

34 ACQUISITION OF ASSET

In 2015, the Company acquired the remaining 34% equity interest in Borneo International Resources Pte. Ltd. from the non-controlling shareholder, for a consideration of US$25,000,000 (Note 14). The transaction was determined by management to be an acquisition of asset rather than business combination as defined in FRS 103 *Business Combinations*. The outstanding balance payable of US$4,482,388 was included in trade and other payables (Note 17) as at 31 December 2016 which was subsequently paid in January 2017.

On 18 November 2016, the Group acquired 97.18% effective equity interest in PT Surya Tambang Tolindo, which owns a mining concession, for a consideration of US$2,000,000 (Note 14). The transaction was determined by management to be an acquisition of asset rather than business combination as defined in FRS 103 *Business Combinations*.

35 CONTINGENT LIABILITY

During the year ended 31 December 2016, certain subsidiaries of the Group were audited by the Indonesian Tax Office ("ITO"). ITO assessed an underpayment of tax expenses of approximately US$2,300,000 in respect of a subsidiary for capitalisation of an intercompany loan as equity.

Management has sought advice from professional tax consultants and holds the view that there is a lack of basis under the tax laws for this assessment of underpaid tax. Accordingly, an objection to the additional tax assessment has been filed.

No provision has been recognised in the financial statements as the Group's management does not consider that there is any probable loss.

36 DISCONTINUED OPERATION

On 29 June 2016, the Group entered into a sale and purchase agreement to divest its mining services and coal haulage services businesses under PT Mitra Riau Pratama ("MRP"). The divestment was effected in order for the Group to lower costs and streamline its operation to focus more on coal production.

The loss for the year from discontinued operation is as follows:

	Group	
	2016	2015
	US$	US$
Loss for the year	(80,754)	(9,231,812)
Loss on disposal of discontinued operation	(1,267,291)	-
	(1,348,045)	(9,231,812)

The results of the discontinued operation for the period from 1 January 2016 to 29 June 2016 are as follows:

	Group	
	2016	2015
	US$	US$
Revenue	1,072,146	4,127,252
Cost of sales	(1,690,932)	(6,873,961)
General and administrative expenses	(148,617)	(466,174)
Finance costs	(823,020)	(1,469,170)
Other income	1,402,592	38,019
Other expenses	(104,603)	(5,811,815)
Loss before tax	(292,434)	(10,455,849)
Income tax credit	211,680	1,224,037
Loss for the year	(80,754)	(9,231,812)

During the year, MRP contributed approximately US$2,600,000 (2015 : US$1,100,000) to the Group's net operating cash flows, contributed approximately US$20,000 (2015 : US$6,600,000) in respect of investing activities and paid approximately US$2,800,000 (2015 : US$7,800,000) in respect of financing activities.

The carrying amounts of the assets and liabilities of MRP at the date of disposal are disclosed in Note 37 to the financial statements.

37 DISPOSAL OF SUBSIDIARIES

On 29 June 2016, the Group disposed of its subsidiaries, PT Geo Mineral Trading ("GMT") and All Win Holdings Pte. Ltd. In addition, as referred to in Note 36 to the financial statements, the Group also divested its mining services and coal haulage services businesses at the time of the disposal of its subsidiary, MRP.

Details of the disposal are as follows:

Carrying amounts of net assets over which control was lost:

	Group 2016
	US$
Non-current assets	
Property, plant and equipment	19,037,373
Deposits and prepayments	4,200
Total non-current assets	19,041,573
Current assets	
Cash and bank balances	95,198
Trade and other receivables	4,786,116
Deposits and prepayments	16,152,593
Inventories	747,674
Total current assets	21,781,581
Non-current liabilities	
Retirement benefit obligations	(226,249)
Deferred tax liabilities	(1,418,200)
Finance leases	(2,107,511)
Other non-current liabilities	(69,979)
Total non-current liabilities	(3,821,939)
Current Liabilities	
Trade and other payables	(29,584,098)
Current portion of finance leases	(5,551,793)
Income tax payable	(16,868)
Total current liabilities	(35,152,759)
Net assets derecognised	1,848,456
Consideration received:	
Cash	-
Deferred consideration [a]	10,000,000
Total consideration received	10,000,000

[a] During the year, the right to the deferred consideration has been assigned to fulfil the purchase consideration for the acquisition of a mining concession as a refundable deposit (Note 8).

	2016
	US$
Consideration received	10,000,000
Net assets derecognised	(1,848,456)
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control of subsidiary	(4,500,560)
Exchange differences	43,957
Gain on disposal, net of loss on disposal of discontinued operation	3,694,941
Net cash outflow arising on disposal of subsidiaries:	
Cash consideration received	-
Cash and bank balances disposed of	(95,198)
	(95,198)

38 EVENTS AFTER REPORTING PERIOD

A) On 6 February 2017, the Company incorporated the following wholly-owned subsidiaries in Hong Kong:

i. Geo Energy International (HK) Limited; and
ii. Geo Coal International (HK) Limited.

Each of the abovementioned subsidiaries has an issued and paid-up capital of US$1.00 comprising of one ordinary share held by the Company.

B) On 6 February 2017, the Group incorporated a wholly-owned subsidiary, STT Coal Resources Pte. Ltd., in Singapore, with issued and paid-up capital of US$1.00 comprising of one ordinary share held by Geo Energy Investments Ltd.

C) On 9 February 2017, the Group incorporated a subsidiary, PT Tunas Bara Abadi Tolindo, in Indonesia, with issued and paid-up capital of IDR12,000,000,000. The Company's subsidiary, PT Mitra Nasional Pratama, holds 99.9% of the capital of the subsidiary.

39 IFRS CONVERGENCE IN 2018

Singapore-incorporated companies listed on the Singapore Exchange ("SGX") will be required to apply a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") for annual periods beginning on or after 1 January 2018. The Group will be adopting the new framework for the first time for financial year ending 31 December 2018, with retrospective application to the comparative financial year ending 31 December 2017 and the opening statement of financial position as at 1 January 2017 (date of transition).

Based on a preliminary assessment of the potential impact arising from IFRS 1 *First-time adoption of IFRS*, management does not expect any material changes to the Group's current accounting policies or material adjustments on transition to the new framework, other than those that may arise from implementing new/revised IFRSs, and the election of certain transition options available under IFRS 1.

Management is currently performing a detailed analysis of the transition options and other requirements of IFRS 1. Particularly, management is evaluating the option to reset the translation reserve to zero as at date of transition, and if elected, may result in material adjustments on transition to the new framework.

The preliminary assessment above may be subject to change arising from the detailed analysis.

Deloitte.

GEO ENERGY RESOURCES LIMITED AND ITS SUBSIDIARIES
(Registration No. 201011034Z)

INDEPENDENT AUDITORS' REPORT AND THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED 31 DECEMBER 2014 AND 2015

GEO ENERGY RESOURCES LIMITED AND ITS SUBSIDIARIES

INDEPENDENT AUDITORS' REPORT AND THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S 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 as at 31 December 2014 and 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years then ended 31 December 2014 and 2015, and a summary of significant accounting policies and other explanatory information as set out on pages 3 to 75.

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 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 financial statements and to maintain accountability of assets.

Auditor's 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.

Deloitte & Touche LLP (Unique Entity No. T08LL0721A) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnerships Act (Chapter 163A).

Deloitte.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

GEO ENERGY RESOURCES LIMITED

Opinion

In our opinion, the consolidated financial statements of the Group are properly drawn up in accordance with the Singapore Financial Reporting Standards so as to give a true and fair view of the consolidated statement of financial position of the Group as at 31 December 2014 and 2015 and the consolidated financial performance, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for years ended 31 December 2014 and 2015.

Other Matters

This report has been prepared solely to you for inclusion in the Offering Memorandum in connection with the Group's proposed offering of Senior Notes in 2017. This report is made solely to you, as a body and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

Ronny Chandra
Partner

3 July 2017

GEO ENERGY RESOURCES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2014 and 2015

	Note	2014 US$	2015 US$
ASSETS			
Current assets			
Cash and bank balances	7	13,339,167	12,415,628
Trade and other receivables	8	31,596,601	32,709,751
Deposits and prepayments	9	30,176,683	18,506,479
Inventories	10	4,768,975	5,417,048
Total current assets		79,881,426	69,048,906
Non-current assets			
Trade receivables	8	7,565,204	-
Deposits and prepayments	9	2,373,359	5,704,123
Investment in subsidiaries	11	-	-
Deferred expenditure	12	-	-
Deferred stripping costs	13	-	1,446,472
Property, plant and equipment	14	115,130,106	131,869,944
Investment properties	15	3,484,058	3,336,335
Deferred tax assets	22	2,998,675	3,621,698
Other non-current asset	16	132,697	123,843
Total non-current assets		131,684,099	146,102,415
Total assets		211,565,525	215,151,321
LIABILITIES AND EQUITY			
Current liabilities			
Bank borrowing	17	264,854	-
Trade and other payables	18	13,432,330	39,639,092
Current portion of finance leases	19	9,704,519	6,559,195
Income tax payable		50,009	27,257
Total current liabilities		23,451,712	46,225,544

GEO ENERGY RESOURCES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)
As at 31 December 2014 and 2015

	Note	2014	2015
		US$	US$
Non-current liabilities			
Finance leases	19	2,511,662	2,848,503
Notes payable	20	72,807,779	69,249,789
Provisions	21	1,355,269	990,475
Deferred tax liabilities	22	3,393,411	1,780,023
Other non-current liabilities		-	85,962
Total non-current liabilities		80,068,121	74,954,752
Capital, reserves and non-controlling interests			
Share capital	23	82,518,674	86,170,842
Other reserve		14,349	14,105
Revaluation reserve	24	776,632	776,632
Translation reserve		(21,528,139)	(22,946,814)
Retained earnings		45,870,836	29,718,918
Equity attributable to owners of the Company		107,652,352	93,733,683
Non-controlling interests		393,340	237,342
Total equity		108,045,692	93,971,025
Total liabilities and equity		211,565,525	215,151,321

See accompanying notes to the financial statements.

GEO ENERGY RESOURCES LIMIED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Years ended 31 December 2014 and 2015

	Note	2014 US$	2015 US$
Continuing operations			
Revenue	25	52,645,923	18,209,176
Cost of sales		(45,376,223)	(15,064,799)
Gross profit		7,269,700	3,144,377
Other income	26	4,068,678	6,172,506
General and administrative expenses		(7,321,104)	(6,493,964)
Other expenses	27	(1,210,787)	(4,133,364)
Finance costs	28	(3,459,782)	(6,465,771)
Loss before income tax		(653,295)	(7,776,216)
Income tax credit	29A	3,322,081	420,846
Profit (Loss) for the year from continuing operations	30	2,668,786	(7,355,370)
Discontinued operation			
Loss for the year from discontinued operation	36	(15,449,108)	(9,231,812)
Loss for the year		(12,780,322)	(16,587,182)
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)	(1,429,296)
Items that will not be subsequently reclassified to profit or loss:			
Remeasurement of defined benefit obligations	21A, 29B	(46,299)	154,332
Other comprehensive income for the year, net of tax		(1,487,717)	(1,274,964)
Total comprehensive income for the year		(14,268,039)	(17,862,146)

GEO ENERGY RESOURCES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (cont'd)
Years ended 31 December 2014 and 2015

	Note	2014 US$	2015 US$
Loss attributable to:			
Owners of the Company		(12,578,189)	(16,306,250)
Non-controlling interests		(202,133)	(280,932)
		(12,780,322)	(16,587,182)
Total comprehensive income attributable to:			
Owners of the Company		(14,063,845)	(17,570,593)
Non-controlling interests		(204,194)	(291,553)
		(14,268,039)	(17,862,146)
Earnings (Loss) per share:	31		
From continuing and discontinued operations:			
Basic (cents)		(1.09)	(1.39)
Diluted (cents)		(1.09)	(1.39)
From continuing operations:			
Basic (cents)		0.25	(0.60)
Diluted (cents)		0.25	(0.60)

See accompanying notes to the financial statements.

GEO ENERGY RESOURCES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Years ended 31 December 2014 and 2015

	Share capital	Other reserve	Revaluation reserve	Translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
	US$ (Note 23)	US$	US$ (Note 24)	US$	US$	US$	US$	US$
Balance at 1 January 2014	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
Total comprehensive income for the year:								
Loss for the year	-	-	-	-	(16,306,250)	(16,306,250)	(280,932)	(16,587,182)
Other comprehensive income for the year	-	-	-	(1,418,675)	154,332	(1,264,343)	(10,621)	(1,274,964)
Total	-	-	-	(1,418,675)	(16,151,918)	(17,570,593)	(291,553)	(17,862,146)
Transactions with owners, recognised directly in equity:								
Issue of share capital	3,740,537	-	-	-	-	3,740,537	-	3,740,537
Share issuance expense	(88,369)	-	-	-	-	(88,369)	-	(88,369)
Acquisition of asset with non-controlling interests	-	-	-	-	-	-	135,311	135,311
Dilution of non-controlling interests	-	(244)	-	-	-	(244)	244	-
Total	3,652,168	(244)	-	-	-	3,651,924	135,555	3,787,479
Balance at 31 December 2015	86,170,842	14,105	776,632	(22,946,814)	29,718,918	93,733,683	237,342	93,971,025

See accompanying notes to financial statements.

GEO ENERGY RESOURCES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2014 and 2015

	2014	2015
	US$	US$
Operating activities		
Loss before income tax (Note 29A)	(15,931,281)	(18,232,065)
Adjustments for:		
Depreciation of property, plant and equipment	6,583,740	4,539,081
Loss on disposal of property, plant and equipment	1,987,855	1,870,526
Fair value (gain) loss on investment properties	(157,624)	244,644
Allowance for doubtful debts	30,994	2,408,576
Impairment loss on sale and leaseback of property, plant and equipment	-	930,354
Loss on financial asset carried at amortised cost	248,606	-
Impairment loss on deferred expenditure	894,013	-
Impairment loss on advance payment for coal	-	1,617,436
Interest expense	5,243,069	7,934,941
Interest income	(642,056)	(608,126)
Retirement benefit obligations	38,116	(69,860)
Net foreign exchange gains	(4,057,237)	(2,625,293)
Operating cash flows before movements in working capital	(5,761,805)	(1,989,786)
Trade and other receivables	(10,428,507)	572,806
Deposits and prepayments	(4,005,197)	(2,829,219)
Inventories (Note A)	10,201,717	(558,058)
Trade and other payables	(3,845,941)	25,775,250
Cash (used in) generated from operations	(13,839,733)	20,970,993
Income tax paid	(3,351,215)	(672,969)
Income tax refund	300,579	2,281,328
Retirement benefit obligation paid	(38,218)	(50,945)
Net cash (used in) from operating activities	(16,928,587)	22,528,407
Investing activities		
Interest received	240,518	972,144
Advance payments for purchase of property, plant and equipment	(600,542)	-
Purchase of property, plant and equipment (Note B)	(49,837,895)	(20,043,397)
Addition to deferred stripping costs	-	(1,446,472)
Proceeds from disposal of property, plant and equipment (Note C)	1,491,270	3,498,153
Net cash used in investing activities	(48,706,649)	(17,019,572)

GEO ENERGY RESOURCES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
Years ended 31 December 2014 and 2015

	2014 US$	2015 US$
Financing activities		
Increase in deposits pledged	(2,825,502)	(2,500,000)
Interest paid	(1,908,968)	(6,554,738)
Proceeds from issuance of shares	-	3,740,537
Transaction costs pursuant to issuance of shares	-	(88,369)
Proceeds from bank borrowing	8,804,000	-
Repayment of bank borrowings	(9,066,248)	(253,664)
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)	-
Repayment of obligations under finance leases	(10,550,240)	(6,079,137)
Proceeds from sale and leaseback of property, plant and equipment (Note D)	-	3,648,203
Net cash from (used in) financing activities	59,069,994	(8,087,168)
Net decrease in cash and cash equivalents	(6,565,242)	(2,578,333)
Cash and cash equivalents at beginning of the year	17,814,850	10,666,464
Effect of exchange rate changes on the balance of cash held in foreign currencies	(583,144)	(666,862)
Cash and cash equivalents at end of the year (Note 7)	10,666,464	7,421,269

Notes to consolidated statement of cash flows:

A) During the year, the Group capitalised US$90,015 (2014 : US$Nil) of depreciation of property, plant and equipment as inventories.

B) During the year, the Group acquired property, plant and equipment amounting to US$30,169,764 (2014 : US$57,274,582) of which US$8,089,041 (2014 : US$Nil) was satisfied by assignment of the certain advance payments for purchase of coal (Note 9A), US$79,786 (2014 : US$109,957) were acquired under finance lease arrangements and US$135,311 (2014 : US$Nil) due to acquisition of additional interests in subsidiary from non-controlling shareholder (Note 11D). As at 31 December 2015, US$7,982,388 (2014 : US$7,304,019) remained unpaid and was included as part of trade and other payables (Note 18).

In addition, the Group utilised its advance payment of US$1,470,497 (2014 : US$28,034) which was paid in prior year to purchase property, plant and equipment, of which US$326,637 (2014 : US$Nil) pertained to addition in investment property during the year. The Group made advance payments of US$Nil (2014 : US$600,542) and cash payments of US$20,043,397 (2014 : US$49,837,895) 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$3,498,153 (2014 : US$1,929,106). As at 31 December 2015, US$Nil (2014 : US$437,836) of the sale proceeds is outstanding and included as part of trade and other receivables (Note 8).

D) During the year, the Group entered into a sale and leaseback arrangement with third parties to dispose heavy equipment with carrying amount of US$3,562,241 for consideration of US$3,648,203 (Note 19). The gain on disposal US$85,962 is deferred and is presented as other non-current liabilities in the consolidated statement of financial position.

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 functional currency of the Company is Singapore dollars.

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.

On 29 June 2016, the Group entered into a sale and purchase agreement to divest its mining services and coal haulage services businesses to lower costs and streamline its operation to focus more on coal production. The effect of this divestment to the Group's profit or loss for the years ended 31 December 2014 and 2015, have been disclosed in Note 36.

The consolidated financial statements for the years ended 31 December 2014 and 2015 were authorised for issue by the Board of Directors on 3 July 2017.

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 Financial Reporting Standards in Singapore ("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 measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements 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 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's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following new/revised FRSs and amendments to FRS that are relevant to the Group were issued but not yet effective:

- FRS 109 *Financial Instruments* [1]
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)* [1]
- FRS 116 *Leases* [2]
- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative* [3]
- Amendments to FRS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses* [3]
- Amendments to FRS 102 *Classification and Measurement of Share-based Payment Transactions* [1]
- Amendments to FRS 40 *Transfers of Investment Property* [1]

[1] Applies to annual periods beginning on or after 1 January 2018, with early application permitted.

[2] Applies to annual periods beginning on or after 1 January 2019, with early application permitted if FRS 115 is adopted.

[3] Applies to annual periods beginning on or after 1 January 2017, with early application permitted.

Consequential amendments were also made to various standards as a result of these new/revised standards.

Management anticipates that the adoption of the above FRSs and amendments to FRSs in future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption, except for the following:

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) general hedge accounting and (iii) impairment requirements for financial assets.

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 instruments 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 instruments 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 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.

- 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.

Management anticipates that the initial application of the new FRS 109 may not result in any material changes to the accounting policies relating to financial instruments. Additional disclosures may be made with respect of trade and other receivables, including any significant judgements and estimates made. Management has commenced an assessment of the possible impact of implementing FRS 109. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 109.

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. Further clarifications to FRS 115 were also issued in June 2016.

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.

Management anticipates that the initial application of the new FRS 115 will not result in material changes to the accounting policies relating to revenue recognition. Additional disclosures will be made with respect to trade receivables and revenue, including any significant judgements and estimates made. Management has commenced an assessment of the possible impact of implementing FRS 115. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 115.

FRS 116 *Leases*

FRS 116 was issued in June 2016 and will supersede FRS 17 *Leases* and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

As at 31 December 2014 and 2015, the Group has non-cancellable operating lease commitments ranging from 1 to 5 years totalling US$767,237 and US$1,150,082 respectively. FRS 17 does not require the recognition of any right-of-use asset or lease liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in Note 33 to the financial statements. Management anticipates that the initial application of the new FRS 116 will result in changes to the accounting policies relating to operating leases, where the Group is a lessee. A right-of-use asset will be recognised on balance sheet, representing the Group's right to use the leased asset over the lease term and, recognise a corresponding lease liability representing its obligation to make lease payments. Additional disclosures may be made with respect of right-of-use assets and lease liabilities. Management has commenced an assessment of the possible impact of implementing FRS 116. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 116.

Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Management anticipates that the initial application of Amendments to FRS 7 will result in additional disclosures to be made with respect to statement of cash flows. Management has commenced an assessment of the possible impact of implementing Amendments to FRS 7. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the Amendments to FRS 7.

IFRS convergence in 2018

Singapore-incorporated companies listed on the Singapore Exchange ("SGX") will be required to apply a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") for annual periods beginning on or after 1 January 2018. The Group will be adopting the new framework for the first time for financial year ending 31 December 2018, with retrospective application to the comparative financial year ending 31 December 2017 and the opening statement of financial position as at 1 January 2017 (date of transition).

Based on a preliminary assessment of the potential impact arising from IFRS 1 *First-time adoption of IFRS*, management does not expect any material changes to the Group's current accounting policies or material adjustments on transition to the new framework, other than those that may arise from implementing new/revised IFRSs, and the election of certain transition options available under IFRS 1.

Management is currently performing a detailed analysis of the transition options and other requirements of IFRS 1. Particularly, management is evaluating the option to reset the translation reserve to zero as at date of transition, and if elected, may result in material adjustments on transition to the new framework.

The preliminary assessment above may be subject to change arising from the detailed analysis.

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.

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 at fair value, with the changes in fair value 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.

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 share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 Share-based Payment at the acquisition date; 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.

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

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.

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 to the profit or loss. 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. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

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 consolidated statement of financial position when 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.

Sale and leaseback

For sale and leaseback transaction that results in a finance lease, any excess of sales proceeds over the carrying amount of the asset is deferred and amortised over the lease term. If the sales proceeds is less than the carrying amount, the deficit will be deferred in the same manner as a profit and amortised over the lease term, unless there is an impairment in value, in which case the carrying amount is reduced to its recoverable amount.

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 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.

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 consolidated 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.

DEFERRED STRIPPING COSTS - Overburden and other mine waste materials are often removed during the initial development of a mine site in order to access the mineral deposit. This activity is referred to as development stripping. The directly attributable costs are capitalised under mining properties. Capitalisation of development stripping costs ceases at the time that saleable material begins to be extracted from the mine.

Production stripping commences from the point saleable materials are being extracted from the mine. Stripping costs incurred during the production phase might benefit current period production and improve access to ore bodies in future periods. Where benefits are realised in the form of inventory produced in the current period, these costs are accounted for as part of the cost of producing inventory. Where a benefit of improved access exists, the costs are recognised as part deferred stripping costs when the following criteria are met:

- It is probable that the future economic benefits (improved access to the coal body) associated with the stripping activity will flow to the entity;
- The entity can identify the component of the coal body for which access has been improved; and
- The costs relating to the stripping activity associated with that component can be measured reliably.

In identifying the components of the ore body, mining operations personnel will analyse the Group's mine plans. Generally a component will be subset of the total ore body and a mine may have several components, for example, certain quantities of coal within separate mining pits.

The deferred stripping costs is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improve access to the identified component of ore, plus an allocation of directly attributable overhead costs.

When the costs of stripping to improve access to an ore body are not clearly distinguishable from the costs of producing current inventories, i.e., there is a mixture of waste and ore being removed, the stripping costs are allocated based on a relevant measure of production. This production measure is calculated for the identified component of the ore body. The Group uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production.

The deferred stripping costs is subsequently amortised using the units of production method over the life of the identified component of the ore body for which access has been improved. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the ore body. The deferred stripping costs is then carried at cost less depreciation and impairment losses, if any.

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	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 properties are classified as an asset under property, plant and equipment. Mining properties 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.

INVESTMENT PROPERTIES - Investment properties, which are property held to earn rentals and/or for capital appreciation, are measured initially at cost. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair value of investment properties 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.

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 use or 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.

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 consolidated 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 objective 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 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.

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, 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.

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. Management determined that the useful lives of property, plant and equipment are based on the industry practice and the Group's operational environment.

Depreciation of mining properties

The amounts recorded for depreciation as well as the recovery of the carrying value of mining properties 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 prices and the costs of development and production of the reserves. The carrying amounts of the Group's mining properties are disclosed in Note 14 to the financial statements.

Allowances for doubtful debts

The policy for allowances for doubtful debts of 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.

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$2,408,576 (2014 : US$30,994) during the year.

In addition to the above, for certain debtors where the Group has signed conditional sales and purchase agreements subsequent to year end, as disclosed in Note 8(a), the review of the recoverability of these balances are based on the value in use of the underlying coal mines.

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

- Discount rate
- Forecasted coal prices

The future cash flows are discounted to the value in use based on the discount rate of 11% which reflects the current market assessment of the time value of money and the risks specific to the asset. No impairment has been recognised for these balances.

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

Deferred stripping costs

Certain mining costs, principally those that relate to the stripping of waste and which relate to future economically recoverable coal to be mined, are included in deferred stripping costs. These costs are deferred and subsequently taken to the cost of producing inventory by way of amortisation of deferred stripping costs. The waste to ore ratio and the remaining life of the mine are regularly assessed by the management to ensure the carrying value and rate of deferral is appropriate taking into consideration the available facts and circumstances from time to time.

The carrying amounts of the Group's deferred stripping costs are disclosed in Note 13 to the financial statements.

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

The Group assesses annually whether its advance payments for purchase of coal, deferred expenditure, deferred stripping costs 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, deferred stripping costs 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.

Management has carried out a review of the recoverable amount of the advance payments for purchase of coal, deferred expenditure, deferred stripping costs and property, plant and equipment based on the higher of fair value less costs to sell and value in use.

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

- Discount rate
- Forecasted coal prices

The future cash flows are discounted to the value in use based on the discount rate of 11% (2014 : 8.25%) which reflects the current market assessment of the time value of money and the risks specific to the asset.

As at the years ended 31 December 2014 and 2015, 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, deferred stripping costs and property, plant and equipment to be below the respective carrying amounts.

The assessment has led to allowance for impairment of advance payment for purchase of coal, deferred expenditure and property, plant and equipment of US$1,617,436 (2014 : US$Nil), US$Nil (2014 : US$894,013) and US$930,354 (2014 : US$Nil) respectively for the years ended 31 December 2014 and 2015. No impairment has been recognised for deferred stripping costs.

The carrying amounts of the Group's advance payments for purchase of coal, deferred expenditure, deferred stripping costs and property, plant and equipment are disclosed in Notes 9, 12, 13 and 14 to the financial statements respectively.

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.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management estimate is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying amounts of the Group's current tax and deferred tax provision are disclosed in the consolidated statement of financial position with notes where relevant.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

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

	2014	2015
	US$	US$
Financial assets		
Loans and receivables at amortised cost (including cash and bank balances)	47,273,893	42,151,515
Financial liabilities		
Amortised cost	97,854,051	104,866,367

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

The Group does 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's overall financial risk management policies and objectives seek to minimise potential adverse effects on the financial performance of the Group. Management regularly reviews the Group'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's exposure to these financial risks or the manner in which it manages and measures the risk.

The Group does 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 Group does 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.

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

	Liabilities		Assets	
	2014	2015	2014	2015
	US$	US$	US$	US$
United States dollars	47,430,056	38,148,055	90,603,841	77,399,781
Indonesia rupiah	354,605	3,220,837	5,147,203	8,207,192
Singapore dollars	6,789,565	7,188,148	66,478	48,459

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's profit.

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

	2014	2015
	US$	US$
United States dollars	2,158,689	1,962,586
Indonesia rupiah	239,630	249,318
Singapore dollars	(336,154)	(356,984)

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

(ii) Interest rate risk management

The Group'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, 17, 19 and 20 to the financial statements respectively.

No interest rate sensitivity was performed since the Group'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. The Group has 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 2015, 47% (2014 : 65%) 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 85% (2014 : 89%) of the Group's trade receivables at the end of the financial year relate to three customers (2014 : three 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 Group places their bank balances with creditworthy financial institutions.

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

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

The Group closely monitors 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 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.

	Weighted average interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustment	Total
	%	US$	US$	US$	US$
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
2015					
Non-interest bearing	-	23,958,536	-	-	23,958,536
Finance leases (fixed rate)	4.33 to 16.82	7,528,549	3,115,777	(1,236,628)	9,407,698
Notes payable (fixed rate)	8.65	4,961,602	78,128,767	(11,590,236)	71,500,133
Total		36,448,687	81,244,544	(12,826,864)	104,866,367

Non-derivative financial assets

All the financial assets of the Group in 2014 and 2015 are repayable on demand or due within one year from the end of the reporting period, except for non-current deposits as disclosed in Note 9 to the financial statements respectively.

(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 management policies and objectives*

The Group manages their capital to ensure that the Group 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 17), 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.

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 are 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:

	2014	2015
	US$	US$
Total debt	87,700,055	80,907,831
Cash and bank balances	(13,339,167)	(12,415,628)
Net debt	74,360,888	68,492,203
Equity attributable to the owners of the Company	107,652,352	93,733,683
Net debt to equity ratio	69%	73%

The Group'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:

	2014	2015
	US$	US$
Entities controlled by the common shareholders of the Company:		
Rental services - vehicle leasing	(5,145)	-
Other income - technical services	(80,000)	-

Compensation of directors and key management personnel

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

	2014	2015
	US$	US$
Short-term benefits	2,077,976	1,568,621
Post-employment benefits	22,384	19,488
Total	2,100,360	1,588,109

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

7 CASH AND BANK BALANCES

	2014	2015
	US$	US$
Cash on hand	13,403	2,164
Cash at banks [(a)]	1,185,516	7,415,207
Deposits [(b)]	12,140,248	4,998,257
Total cash and bank balances	13,339,167	12,415,628
Less: Deposit pledged [(c), (d)]	(2,672,703)	(4,994,359)
Cash and cash equivalents in the consolidated statement of cash flows	10,666,464	7,421,269

(a) The cash at banks bore an average effective interest rate of 1.25% (2014 : 1.10%) per annum.

(b) The deposits bore effective interest rate ranging from 0.20% to 1.15% (2014 : 1.15% to 4.00%) per annum.

(c) As at 31 December 2015, the Group pledged a deposit of US$2,494,359 (2014 : US$2,672,703), for purpose of securing the Group's coupon payment obligations for the notes payable (Note 20).

(d) As at 31 December 2015, the Group pledged a deposit of US$2,500,000 (2014 : US$Nil) for purpose of securing the Group's land use right from a third party.

8 TRADE AND OTHER RECEIVABLES

	2014 US$	2015 US$
Current assets:		
Trade receivables from:		
- Third parties [(a)]	18,025,421	24,081,499
Less: Allowance for doubtful debt [(d)]	(29,610)	(1,681,379)
	17,995,811	22,400,120
Other receivables comprise of:		
- Third parties	1,723,984	2,187,667
Less: Allowance for doubtful debt [(d)]	-	(735,783)
	1,723,984	1,451,884
- Entities controlled by the common shareholders of the Company (Note 6)	80,000	-
- Goods and Services Tax ("GST") receivables	328,875	490,288
- Prepaid income tax	5,680,780	3,187,699
- Refundable deposits in relation to the conditional acquisition of mining concessions	2,000,000	2,000,000
- Refundable payment to secure the rights to use and purchase jetty facilities	3,156,752	3,141,356
- Interest receivables	630,399	38,404
Total	31,596,601	32,709,751
Non-current assets:		
Trade receivables from:		
- Third parties [(a)]	7,565,204	-

The credit period granted to customers is generally up to 60 days (2014 : 60 days). No interest is charged on the outstanding balances.

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

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

	2014 US$	2015 US$
Not past due and not impaired	20,133,232	519,133
Past due but not impaired [(b)]	5,398,173	21,145,204
	25,531,405	21,664,337
Impaired receivables - individually assessed [(c)]	59,220	2,417,162
Less: Allowance for doubtful debt [(d)]	(29,610)	(1,681,379)
	29,610	735,783
Total trade receivables, net	25,561,015	22,400,120

(a) Included in this balance is an amount of US$Nil (2014 : US$16,648,990) which is under instalment plans. Movement in trade receivables under instalment plans are as follows:

	2014	2015
	US$	US$
Amount placed under instalment plans	16,886,495	16,648,990
Less: Loss recognised on financial asset carried at amortised cost charged to profit or loss (Note 27)	(248,606)	-
Add: Interest income on financial asset carried at amortised cost credited to profit or loss (Note 26)	-	201,278
Less: Payment received	-	(951,333)
Exchange differences	11,101	238,356
Less: Rescission of instalment plans (*)	-	(16,137,291)
	16,648,990	-
Less: Non-current portion	(7,565,204)	-
Current portion	9,083,786	-

(*) The instalment plans with certain debtors were rescinded during the year. Subsequent to year end, the Group has signed conditional sale and purchase agreements with these debtors where the Group may, upon fulfilment of certain conditions by the debtors, acquire coal mining concessions from the debtors' related corporations in exchange for the settlement of debts (Notes 37B).

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

	2014	2015
	US$	US$
< 3 months	3,133,848	1,291,487
3 months to 6 months	1,571,265	2,805,242
> 6 months to 12 months	-	806,780
> 12 months	693,060	16,241,695
	5,398,173	21,145,204

Included in the Group's trade receivables are debtors with a carrying amount of US$21,145,204 (2014 : US$5,398,173) 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.

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

	2014	2015
	US$	US$
At beginning of year	-	29,610
Allowance for doubtful debt charged to profit or loss (Note 27)	30,994	2,408,576
Exchange differences	(1,384)	(21,024)
At end of year	29,610	2,417,162

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

	2014	2015
	US$	US$
Current assets:		
Prepayments	2,714,277	2,481,099
Advance payments for purchase of coal [a] [d]	27,462,406	17,603,255
Less: Impairment loss on advance payment for purchase of coal charged to profit or loss (Note 27)	-	(1,617,436)
Exchange differences	-	39,561
	27,462,406	16,025,380
Total	30,176,683	18,506,479
Non-current assets:		
Deposits [b]	782,576	704,123
Prepayment [c]	-	5,000,000
Advance payments for purchase of property, plant and equipment	1,590,783	-
Total	2,373,359	5,704,123

(a) During the year ended 31 December 2015, the Group assigned its rights to certain advance payments for purchase of coal amounting to US$8,089,041 (2014 : US$Nil) to satisfy the purchase consideration for the acquisition of property, plant and equipment.

(b) Included in this balance is deposits of US$574,893 (2014 : US$627,414) for the Group, made to the relevant government authorities to ensure fulfilment of compliance in respect of reclamation and rehabilitation obligations (Note 21B).

(c) This represents payment made by the Group during the year ended 31 December 2015 to a third party for prepayment of land use right.

(d) Subsequent to year ended 31 December 2015, the Group has signed conditional sale and purchase agreements with certain debtors where the Group may, upon fulfilment of certain conditions by the debtors, acquire coal mining concessions from the debtors' related corporations in exchange for the settlement of debts, amounting to US$14,014,639 (Note 37B).

10 INVENTORIES

	2014	2015
	US$	US$
Coal, at cost	3,591,499	4,590,362
Consumables, at cost	1,177,476	826,686
Total	4,768,975	5,417,048

11 INVESTMENT IN SUBSIDIARIES

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	2015
		%	%
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] [f]	Investment holding/Singapore	66.00	100
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 services/Indonesia	98.01	98.01
PT Sumber Bara Jaya [b] [c]	Mining services/Indonesia	98.90	98.90
PT Geo Mineral Trading [b] [c]	Coal trading/Indonesia	98.90	98.90

Name of subsidiaries	Principal activities/ Country of incorporation and operation	Effective equity interest of the Company	
		2014	2015
Held by PT Sumber Bara Jaya			
PT Bumi Enggang Khatulistiwa [b] [c]	Coal 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	99.00
Held by PT Era Tiga Putra			
PT Karunia Mitra Berkat [c] [d] [e]	Investment holding/Indonesia	65.08	98.97
Held by PT Karunia Mitra Berkat			
PT Sungai Danau Jaya [b] [c] [e] [f]	Coal mining/Indonesia	65.07	98.96

Notes

[a] Audited by Deloitte & Touche LLP, Singapore.

[b] Audited by Satrio Bing Eny & Rekan, Jakarta, Indonesia (a member firm of Deloitte & Touche Tohmatsu Limited).

[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] During the year ended 31 December 2015, the Group acquired additional interests in the subsidiary from its non-controlling shareholder (Note 35).

[e] Not audited as deemed not material to the Group.

[f] The Group has pledged the shares of the subsidiaries to secure the advances received from a customer (Note 18).

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

	2014	2015
	US$	US$
Cost:		
At beginning of year	1,417,884	1,389,276
Exchange differences	(28,608)	(136,461)
At end of year	1,389,276	1,252,815
Accumulated amortisation:		
At beginning of year	546,206	535,185
Exchange differences	(11,021)	(52,569)
At end of year	535,185	482,616
Allowance for impairment:		
At beginning of year	-	854,091
Impairment loss charged to profit or loss (Note 27)	894,013	-
Exchange differences	(39,922)	(83,892)
At end of year	854,091	770,199
Carrying amount:		
At end of year	-	-
At beginning of year	871,678	-

In 2014, the Group made an impairment loss of US$894,013 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 was recognised in profit or loss and included in the line item other expenses (Note 27).

13 DEFERRED STRIPPING COSTS

	2014	2015
	US$	US$
Cost:		
At beginning of year	-	-
Addition	-	1,446,472
At end of year	-	1,446,472

14 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$
Cost:											
At 1 January 2014	-	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
Additions [b] [c]	1,299,115	-	-	-	-	159,429	184,533	40,202	28,486,485	-	30,169,764
Disposals	-	-	-	(7,047,163)	(330,067)	(1,072,123)	(30,396)	(18,157)	-	-	(8,497,906)
Exchange differences	(30,229)	(9,269)	-	(3,898,997)	(76,476)	(257,774)	(50,685)	(40,241)	-	-	(4,363,671)
At 31 December 2015	1,268,886	333,852	832,635	30,503,656	1,852,563	1,826,036	760,129	615,581	115,694,636	-	153,687,974
Accumulated depreciation:											
At 1 January 2014	-	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
Depreciation	21,337	82,507	208,159	3,582,445	274,370	102,285	149,198	118,780	90,015	-	4,629,096
Disposals	-	-	-	(2,386,300)	(292,204)	(841,746)	(29,813)	(17,000)	-	-	(3,567,063)
Exchange differences	(445)	(3,787)	-	(1,121,641)	(56,943)	(190,149)	(31,219)	(19,854)	-	-	(1,424,038)
At 31 December 2015	20,892	204,848	503,051	10,942,786	1,554,333	1,305,952	472,056	415,041	5,468,717	-	20,887,676

	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$
Impairment loss recognised in the year ended 31 December 2015 and balance at 31 December 2015	-	-	-	930,354	-	-	-	-	-	-	930,354
Carrying amount:											
At 31 December 2015	1,247,994	129,004	329,584	18,630,516	298,230	520,084	288,073	200,540	110,225,919	-	131,869,944
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

(a) In 2014, the additions to mining property of US$56,861,164 pertained to acquisition of a new mining concession through the acquisition of Borneo International Resources Pte. Ltd. (Note 35).

(b) Included in this balance is the addition to mining property of US$25,000,000 pertaining to acquisition of additional interests in Borneo International Resources Pte. Ltd. from non-controlling shareholder (Note 35).

(c) The Group's leasehold property is located at The Suites Tower, 17th Floor Jl. Boulevard Pantai Indah Kapuk No. 1 Kav OFS, Jakarta, Indonesia, for the use as office space for the Indonesian subsidiaries and the unexpired lease term of the leasehold property is 17 years.

Management has carried out a review of the recoverable amount of the property, plant and equipment based on the higher of fair value less costs to sell and value in use. The assessment has led to an allowance of impairment of certain heavy equipment of US$930,354 (2014 : US$Nil) based on their fair value less costs to sell. The fair value less costs to sell is based on recent market prices of assets with similar age and obsolescence. The impairment loss has been recognised in profit or loss and included in the line item other expenses (Note 27).

The carrying amount of the Group's heavy equipment and motor vehicles includes assets acquired under finance leases amounting to US$16,758,270 (2014 : US$21,863,630) (Note 19).

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

	2014	2015
	US$	US$
Charged to profit or loss (Note 30)	6,583,740	4,539,081
Capitalised as inventory	-	90,015
	6,583,740	4,629,096

15 INVESTMENT PROPERTIES

	2014	2015
	US$	US$
At fair value		
At beginning of year	3,475,513	3,484,058
Additions	-	326,637
Change in fair value (Notes 26 and 27)	157,624	(244,644)
Exchange differences	(149,079)	(229,716)
At end of year	3,484,058	3,336,335

These include the following related to investment properties classified under Level 3 of the fair value hierarchy:

	2014	2015
	US$	US$
Gain (Loss) from fair value adjustments included in profit or loss	157,624	(244,644)

The Group's investment properties are held under leasehold interests.

Fair value measurement of the Group's investment properties

As at the end of the reporting period, the fair value of the Group's investment properties have been determined on the basis of valuation carried out by independent valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The valuation was arrived using direct market comparison method (2014 : direct market comparison method).

During the year, in evaluating the fair value of investment properties, the highest and best use of the property is their current use. There has been no change to the valuation technique during the year. Management has also considered the fair value of investment properties based on latest available information on the arms-length transactional price for the relevant properties.

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 2015	-	-	2,827,455	2,827,455
Investment property located at The Suites Tower, 17th Floor Jl. Boulevard Pantai Indah Kapuk No. 1 Kav OFS, Jakarta 14470				
31 December 2014	-	-	-	-
31 December 2015	-	-	508,880	508,880

	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity
International Plaza Gross floor: 219 sq.m	Direct market comparison method. The key input is the adjusted market price.	Adjusted market price: Approximate US$12,911 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 Suites Gross floor: 270 sq.m	Direct market comparison method. The key input is the adjusted market price.	Adjusted market price: Approximate US$1,885 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 located at International Plaza, which is leased out under operating lease, amounted to US$124,650 (2014 : US$135,427). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment property amounted to US$28,500 (2014 : US$30,593). As at 31 December 2014, the investment property at International Plaza was pledged to secure banking facilities as disclosed in Note 17 to the financial statements.

16 OTHER NON-CURRENT ASSET

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

17 BANK BORROWING

	2014	2015
	US$	US$
Bank loan	264,854	-
Less: Amount due for settlement within 12 months (shown under current liabilities)	(264,854)	-
Amount due for settlement after 12 months	-	-

In 2014, the bank loan bore an interest rate of 4.98% per annum.

The bank loan was repayable in 60 monthly instalments commencing December 2010 and has been fully repaid in December 2015.

In 2014, the Group's bank facilities were secured by:

(i) legal mortgage over the Company's investment property (Note 15);

(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.

As at 31 December 2015, the Group had available US$Nil (2014 : US$15,000,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

18 TRADE AND OTHER PAYABLES

	2014	2015
	US$	US$
Trade payables due to:		
- Third parties	1,646,721	2,654,120
Other payables comprise of:		
- Third parties	23,946	145,277
- Value-Added Tax ("VAT") payables	290,496	1,027,048
- Withholding tax payables	80,765	14,459
- Advances from customers [a]	495,832	8,888,705
- Deposits received [b]	32,537	15,030,366
- Accrued purchase consideration for acquisition of asset (Note 35)	7,300,000	7,982,388
- Accrued interest on notes payable (Note 20)	2,411,241	2,250,344
- Accrued expenses	1,150,792	1,646,385
Total	13,432,330	39,639,092

The credit period on purchases is up to 30 days (2014 : 30 days). No interest is charged on the outstanding balances.

(a) Included in this balance is advance payment of US$7,650,000 (2014 : US$Nil) received by the Group pursuant to coal sales contract with a third party. As at the end of the reporting period, the balance was secured by:

(i) a pledge over share capital of subsidiaries (Note 11);

(ii) a corporate guarantee by the Company; and

(iii) a personal guarantee by a director of the Company.

(b) Included in this balance is refundable deposit received of US$15,000,000 (2014 : US$Nil) by the Group, as a performance guarantee provided by a third party for the provision of overburden removal and coal hauling services.

19 FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2014	2015	2014	2015
	US$	US$	US$	US$
Amounts payable under finance leases:				
Within one year	10,449,143	7,528,549	9,704,519	6,559,195
In the second to fifth year inclusive	2,579,384	3,115,777	2,511,662	2,848,503
Total	13,028,527	10,644,326	12,216,181	9,407,698
Less: Future finance charges	(812,346)	(1,236,628)	NA	NA
Present value of lease obligations	12,216,181	9,407,698	12,216,181	9,407,698
Less: Amount due for settlement within 12 months (shown under current liabilities)			(9,704,519)	(6,559,195)
Amount due for settlement after 12 months			2,511,662	2,848,503

NA: Not applicable.

The Group leased certain of its heavy equipment and motor vehicles under finance leases. The finance lease term is up to 60 months (2014 : 36 months) with an effective interest rates ranging from 4.33% to 16.82% (2014 : 5.55% to 15.00%) per annum. Interest rates for 75% (2014 : 62%) 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.

During the year, the Group entered into a sale and leaseback arrangement with third parties to dispose heavy equipment with carrying amount of US$3,562,241 for consideration of US$3,648,203. The gain on disposal US$85,962 is deferred and is presented as other non-current liabilities in the consolidated statement of financial position.

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 14).

20 NOTES PAYABLE

The notes payable was 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 Group has pledged a deposit of US$2,494,359 (2014 : US$2,672,703) for the purpose of securing the Group's coupon payment obligations during the term of the notes payable (Note 7).

The notes payable was recorded at amortised cost net of transaction costs of US$3,915,749 in 2014. 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.

	2014	2015
	US$	US$
Nominal value of notes payable issued	80,593,166	80,593,166
Transaction costs [(a)]	(3,915,749)	(3,915,749)
At date of issue	76,677,417	76,677,417
Cumulative interest accrued	3,286,725	9,698,984
Cumulative interest paid	-	(5,077,830)
Exchange differences	(4,745,122)	(9,798,438)
Total	75,219,020	71,500,133
Interest payable within one year included in other payables (Note 18)	(2,411,241)	(2,250,344)
Liability (non-current) at end of year	72,807,779	69,249,789

(a) Included in transaction costs is a non-audit fee of US$69,355 for the Group, paid to auditors of the Company in 2014.

Management has estimated the fair value of the notes payable at 31 December 2015 to be approximately US$56,549,092 (2014 : US$71,953,344) based on price obtained from bank's publication as at 31 December 2015. 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 respective financial years.

21 PROVISIONS

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

	2014	2015
	US$	US$
Retirement benefit obligations (Note A)	943,344	538,894
Provision for rehabilitation (Note B)	321,893	363,356
Provision for reinstatement costs (Note C)	90,032	88,225
	1,355,269	990,475

(A) RETIREMENT BENEFIT OBLIGATIONS

	2014	2015
	US$	US$
Present value of unfunded obligations	943,344	538,894

Changes in the present value of the defined obligations:

	2014	2015
Opening defined benefit obligations	902,340	943,344
Employee benefits expense (Note 30)	38,116	(69,860)
Remeasurement, charged (credited) to other comprehensive income:		
- Actuarial losses (gains) from changes in financial assumptions	59,404	(52,785)
- Actuarial losses (gains) from experience adjustment	2,328	(151,824)
Benefits paid	(38,218)	(50,945)
Exchange differences	(20,626)	(79,036)
Closing defined benefit obligations	943,344	538,894

Employee benefits expense comprised of:

	2014	2015
Current service cost	683,808	439,896
Past service cost	(720,803)	(578,983)
Interest cost	75,111	69,227
Total	38,116	(69,860)

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.

The actuarial valuation of present value of the defined benefit obligation was carried out as at 31 December 2014 and 2015 respectively 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	2015
	US$	US$
Discount rate per annum	8.25%	9.00%
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

	2014	2015
	US$	US$
At beginning of the year	282,619	321,893
Interest accretion charged to profit or loss (Note 28)	42,915	41,463
Exchange differences	(3,641)	-
At the end of the year	321,893	363,356

This represents net present value of the costs expected to be incurred for rehabilitation of mining property. Management uses a discount rate of 15% (2014 : 15%).

As at 31 December 2015, deposits of US$574,893 (2014 : US$627,414) are made to the relevant government authorities to ensure fulfilment of compliance in respect of reclamation and rehabilitation obligations (Note 9).

(C) PROVISION FOR REINSTATEMENT COSTS

	2014	2015
	US$	US$
At beginning of the year	89,422	90,032
Interest accretion charged to profit or loss (Note 28)	4,461	4,311
Exchange differences	(3,851)	(6,118)
At the end of the year	90,032	88,225

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% (2014 : 5%).

22 DEFERRED TAX

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

	Retirement benefit	Tax losses	Accelerated tax depreciation	Total
	US$	US$	US$	US$
At 1 January 2014	(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 differences	5,264	115,530	(110,601)	10,193
At 31 December 2014	(237,358)	(3,591,128)	4,223,222	394,736
Charged (Credited) to profit or loss (Note 29A)	19,758	(1,773,157)	(308,911)	(2,062,310)
Credited to other comprehensive income (Note 29B)	50,277	-	-	50,277
Exchange differences	21,639	157,777	(403,794)	(224,378)
At 31 December 2015	(145,684)	(5,206,508)	3,510,517	(1,841,675)

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 the consolidated statement of financial position purposes:

	2014	2015
	US$	US$
Deferred tax liabilities	3,393,411	1,780,023
Deferred tax assets	(2,998,675)	(3,621,698)
	394,736	(1,841,675)

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$18,294,000 (2014 : US$33,382,000). 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

	2014	2015	2014	2015
	Number of ordinary shares		US$	US$
At beginning of year	1,157,050,891	1,157,050,891	82,518,674	82,518,674
Issuance of shares for cash [(a)]	-	28,000,000	-	3,652,168
At end of year	1,157,050,891	1,185,050,891	82,518,674	86,170,842

[(a)] On 18 June 2015, the Company issued 28,000,000 new ordinary shares pursuant to the placement agreement dated 21 April 2015 for a net cash consideration of US$3,652,168.

The new shares ranked pari passu in all aspects with the existing ordinary shares.

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

	2014	2015
	US$	US$
Continuing operations:		
Sale of coal:		
- Coal mining	3,342,710	-
- Coal trading	26,326,166	12,406,732
Mining services	22,977,047	5,802,444
Total	52,645,923	18,209,176
Discontinued operation:		
Rental services	461,078	4,127,252

26 OTHER INCOME

	2014	2015
	US$	US$
Continuing operations:		
Foreign exchange gain - net	3,052,050	5,189,129
Interest income [(a)]	639,133	605,748
Rental income - investment property	135,427	124,650
Gain on disposal of property, plant and equipment	-	79,849
Fair value gain on investment property (Note 15)	157,624	-
Others	84,444	173,130
Total	4,068,678	6,172,506
Discontinued operation:		
Interest income	2,923	2,378
Others	6	35,641
Total	2,929	38,019

(a) This includes interest income on financial assets carried at amortised cost of US$201,278 (2014 : US$Nil) [Note 8].

27 OTHER EXPENSES

	2014	2015
	US$	US$
Continuing operations:		
Loss on financial assets carried at amortised cost (Note 8)	248,606	-
Allowance for doubtful debt (Note 8)	30,994	2,215,985
Impairment loss on advance payment for purchase of coal (Note 9)	-	1,617,436
Fair value loss on investment properties (Note 15)	-	244,644
Other expenses arising from finalisation of tax assessments		25,256
Loss on disposal of property, plant and equipment	22,202	-
Impairment loss on deferred expenditure (Note 12)	894,013	-
Others	14,972	30,043
Total	1,210,787	4,133,364
Discontinued operation:		
Foreign exchange loss - net	690,700	2,613,583
Loss on disposal of property, plant and equipment	1,965,653	1,950,375
Impairment loss on sale and leaseback of property, plant and equipment	-	930,354
Allowance for doubtful debt (Note 8)	-	192,591
Others	64,340	124,912
Total	2,720,693	5,811,815

28 FINANCE COSTS

	2014	2015
	US$	US$
Continuing operations:		
Interest expense on:		
- Notes payable	3,286,725	6,412,259
- Bank borrowings	125,523	7,738
- Finance leases	158	-
Imputed interest on:		
- Provisions (Notes 21B and 21C)	47,376	45,774
Total	3,459,782	6,465,771
Discontinued operation:		
Interest expense on:		
- Finance leases	1,783,287	1,469,170

29 INCOME TAX CREDIT

A) Income tax recognised in profit or loss

	Continuing operations		Discontinued operation		Total	
	2014	2015	2014	2015	2014	2015
	US$	US$	US$	US$	US$	US$
Income tax:						
- Current tax	24,732	60,039	-	-	24,732	60,039
- (Over) Under provision in prior years	(1,379,875)	357,388	61,138	-	(1,318,737)	357,388
Deferred tax (Note 22):						
- Current	(2,646,710)	(2,134,720)	109,984	(1,436,731)	(2,536,726)	(3,571,451)
- Underprovision in prior years	679,772	1,296,447	-	212,694	679,772	1,509,141
Income tax (credit) expense	(3,322,081)	(420,846)	171,122	(1,224,037)	(3,150,959)	(1,644,883)

Domestic income tax for Singapore incorporated companies is calculated at 17% (2014 : 17%) of the estimated assessable income (2015 : loss) 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% (2014 : 25%).

The total charge for the year can be reconciled to the accounting loss as follows:

	2014	2015
	US$	US$
Loss before income tax:		
Continuing operations	(653,295)	(7,776,216)
Discontinued operation	(15,277,986)	(10,455,849)
	(15,931,281)	(18,232,065)

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

	2014	2015
	US$	US$
Loss before income tax	(15,931,281)	(18,232,065)
Tax at statutory rate of 25% (2014 : 25%) *	(3,982,820)	(4,558,016)
Tax effect of expenses that are not deductible in determining taxable profit	214,150	718,488
Tax effect of income that are not taxable in determining taxable profit	(284,107)	(136,995)
Tax exemption	(13,798)	-
Tax effect of unrecognised tax losses	1,590,771	284,143
Effect of different tax rates of companies operating in other jurisdictions	(36,190)	180,968
Adjustments recognised in the current year in relation to current and deferred tax of prior years	(638,965)	1,866,529
Income tax credit	(3,150,959)	(1,644,883)

* 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 by the Group in respect of US$7,215,572 (2014 : US$6,079,000) of unutilised tax losses due to unpredictability of future profit streams, of which the amount will expire within five years of initial recognition.

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

	2014	2015
	US$	US$
Deferred tax:		
- Remeasurement of defined benefit obligations (Note 21)	(15,433)	50,277
Total deferred tax on components of other comprehensive income	(15,433)	50,277

30 PROFIT (LOSS) FOR THE YEAR

Profit (Loss) for the year has been arrived at after charging (crediting):

	Continuing operations		Discontinued operation		Total	
	2014	2015	2014	2015	2014	2015
	US$	US$	US$	US$	US$	US$
Directors' remuneration	1,142,055	1,021,320	-	-	1,142,055	1,021,320
Employee benefits expense (including directors remuneration)	7,305,660	3,975,746	2,064,631	1,173,196	9,370,291	5,148,942
Costs of defined contribution plans (included in employee benefits expense)	226,981	142,688	58,670	34,038	285,651	176,726
Costs of defined benefit plans (included in employee benefits expense) (Note 21A)	(25,863)	(69,860)	63,979	-	38,116	(69,860)
Cost of inventories recognised as expense	29,733,646	11,662,037	-	-	29,733,646	11,662,037
Depreciation of property, plant and equipment (Note 14)	1,385,143	762,236	5,198,597	3,776,845	6,583,740	4,539,081
Audit fees paid/payable to:						
- Auditors of the Company	149,350	139,278	-	-	149,350	139,278
- Member firm of the Auditors of the Company	107,713	84,824	19,569	29,064	127,282	113,888
Non-audit fees paid/payable to: Auditors of the Company	70,222	27,496	-	-	70,222	27,496

31 EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share for the financial year ended 31 December 2015 is calculated based on the loss for the year attributable to owners of the Company of US$16,306,250 (2014 : US$12,578,189) divided by the weighted average number of shares issued of 1,172,163,220 (2014 : 1,157,050,881).

From continuing operations

The calculation of the basic and diluted earnings (loss) per share from continuing operations attributable to the ordinary owners of the Company is based on the following data.

Earnings figures are calculated as follows:

	2014	2015
	US$	US$
Loss for the year attributable to owners	(12,578,189)	(16,306,250)
Less:		
Loss for the year from discontinued operation	(15,449,108)	(9,231,812)
Earnings (Loss) for the purposes of earnings (loss) per share from continuing operations	2,870,919	(7,074,438)

The denominators used are the same for those detailed above for both basic and diluted earnings (loss) per share.

From discontinued operation

Basic and diluted loss per share for the discontinued operation is loss of 0.79 cents per share (2014 : 1.34 cents per share), based on the loss for the year from the discontinued operation of US$9,231,812 (2014 : US$15,449,108) and the denominators detailed above for both the basic and diluted earnings (loss) per share.

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	-	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.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments:

	Revenue		Gross Profit		Net Loss	
	2014	2015	2014	2015	2014	2015
	US$	US$	US$	US$	US$	US$
Continuing operations						
Coal mining	3,342,710	-	(4,643,801)	-	(4,674,795)	(26,702)
Coal trading	26,326,166	12,406,732	(227,275)	744,521	(227,275)	(1,778,416)
Mining services	22,977,047	5,802,444	12,140,776	2,399,856	10,998,157	1,317,352
	52,645,923	18,209,176	7,269,700	3,144,377	6,096,087	(487,766)
Depreciation of property, plant and equipment					(367,644)	(762,236)
Other gains and losses					4,031,504	5,671,285
Group administration costs and directors' remuneration					(6,953,460)	(5,731,728)
Finance costs					(3,459,782)	(6,465,771)
					(653,295)	(7,776,216)

	Revenue		Gross Loss		Net Loss	
	2014	2015	2014	2015	2014	2015
	US$	US$	US$	US$	US$	US$
Discontinued operation						
Rental services	461,078	4,127,252	(9,693,133)	(2,746,709)	(9,693,133)	(5,820,029)
Depreciation of property, plant and equipment					(84,662)	(75,974)
Other gains and losses					(2,717,764)	(2,700,476)
Group administration costs and directors' remuneration					(999,140)	(390,200)
Finance costs					(1,783,287)	(1,469,170)
					(15,277,986)	(10,455,849)
Loss before income tax					(15,931,281)	(18,232,065)
Income tax credit					3,150,959	1,644,883
Loss for the year					(12,780,322)	(16,587,182)

Revenue reported represents revenue generated from external customers.

Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' remuneration, finance costs and income tax expense.

Other segmental information

The following is an analysis of the Group's other segmental information by reportable segments:

	Coal mining		Coal trading		Mining services and others		Unallocated		Total	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$
Continuing operations										
Depreciation of property, plant and equipment	963,817	-	-	-	53,681	-	367,644	762,236	1,385,142	762,236
Interest income on financial assets carried at amortised cost	-	-	-	-	-	(201,278)	-	-	-	(201,278)
Gain on disposal of property, plant and equipment	-	-	-	-	-	-	22,202	(79,849)	22,202	(79,849)
Loss on financial assets carried at amortised cost	-	-	-	-	248,606	-	-	-	248,606	-
Allowance for doubtful debt	30,994	26,702	-	905,501	-	1,283,782	-	-	30,994	2,215,985
Impairment loss on advance payment for purchase of coal	-	-	-	1,617,436	-	-	-	-	-	1,617,436

Geographical segments

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

	Revenue	
	2014	2015
	US$	US$
Republic of Indonesia	34,397,077	10,564,787
People's Republic of China	15,012,713	-
Republic of Singapore	3,112,087	11,771,641
Republic of Korea	468,648	-
Switzerland	116,476	-
Total	53,107,001	22,336,428

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

	Non-current assets	
	2014	2015
	US$	US$
Republic of Indonesia	124,067,952	138,588,297
Republic of Singapore	3,834,896	3,188,297
Total	127,902,848	141,776,594

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 mining		Coal trading		Mining services and others	
	2014	2015	2014	2015	2014	2015
	US$	US$	US$	US$	US$	US$
Customer						
Top 1st	-	-	-	9,539,047	15,208,494	-
Top 2nd	1,514,476	-	7,449,239	635,090	-	6,704,885
Top 3rd	-	-	8,456,745	2,232,594	-	-
Top 4th	-	-	232,531	-	7,359,162	2,175,124
Top 5th	-	-	6,555,967	-	-	-

33 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	2014	2015
	US$	US$
Minimum lease payments under operating leases recognised as an expense in the financial year	701,636	607,521

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

	2014	2015
	US$	US$
Within one year	583,838	366,478
In the second to fifth year inclusive	183,399	783,604
Total	767,237	1,150,082

Operating lease payments represents rentals payable by the Group for lands, office premises and staff accommodations. 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.

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.

The Group as lessor

The Group leased out its Singapore investment property. At the end of the reporting period, the Group has contracted with tenant for the following future minimum lease payments:

	2014	2015
	US$	US$
Within one year	130,149	91,098
In the second to fifth year inclusive	97,612	-
Total	227,761	91,098

34 COMMITMENT

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

	2014	2015
	US$	US$
Commitment for purchase of property, plant and equipment	155,008	-

35 ACQUISITION OF ASSET

During the year ended 31 December 2014, 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 14) 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 FRS 103 *Business Combinations*. The outstanding balance payable of US$7,300,000, which was included in trade and other payables (Note 18) as at 31 December 2014, has been fully repaid during the year ended 31 December 2015.

During the year ended 31 December 2015, the Company further acquired the remaining 34% equity interest in Borneo International Resources Pte. Ltd. from the non-controlling shareholder, for a consideration of US$25,000,000 (Note 14). The transaction was determined by management to be an acquisition of asset rather than business combination as defined in FRS 103 *Business Combinations*. As at 31 December 2015, the balance of US$7,982,388 remained outstanding and included in trade and other payables (Note 18).

36 DISCONTINUED OPERATION

On 29 June 2016, the Group entered into a sale and purchase agreement to divest its mining services and coal haulage services businesses under PT Mitra Riau Pratama ("MRP"). The divestment was effected in order for the Group to lower costs and streamline its operation to focus more on coal production.

The loss for the year from discontinued operation is as follows:

	2014	2015
	US$	US$
Loss for the year	(15,449,108)	(9,231,812)

The results of the discontinued operation for the period from 1 January 2016 to 29 June 2016 are as follows:

	2014	2015
	US$	US$
Revenue	461,078	4,127,252
Cost of sales	(10,154,211)	(6,873,961)
General and administrative expenses	(1,083,802)	(466,174)
Finance costs	(1,783,287)	(1,469,170)
Other income	2,929	38,019
Other expenses	(2,720,693)	(5,811,815)
Loss before tax	(15,277,986)	(10,455,849)
Income tax (expense) credit	(171,122)	1,224,037
Loss for the year	(15,449,108)	(9,231,812)

During the year, MRP contributed approximately US$1,100,000 (2014 : US$10,450,000) to the Group's net operating cash flows, contributed approximately US$6,600,000 (2014 : US$1,660,000) in respect of investing activities and paid approximately US$7,800,000 (2014 : US$12,330,000) in respect of financing activities.

The carrying amounts of the assets and liabilities of MRP at the date of disposal are disclosed in Note 37F to the financial statements.

37 EVENTS AFTER REPORTING PERIOD

A) On 16 February 2016, the Company granted an Option to Purchase ("OTP") the investment property located at 10 Anson Road, #20-16, International Plaza, Singapore 079903 to a third party (the "Purchaser") for a total consideration of US$2,827,455.

The Purchaser has exercised the OTP and completed the purchase on 16 June 2016.

B) On 29 February 2016, the Company entered into conditional sale and purchase agreement (the "Proposed Acquisition") to acquire shares of PT Parisma Jaya Abadi ("PJA"), which holds a coal mining concession, from Sunrise Wealth Success Limited ("SWS"). Upon completion of the Proposed Acquisition, the Company will hold an effective interest of 79.97% in PJA.

The total consideration payable for the Proposed Acquisition is US$18,000,000. Under the terms of the Proposed Acquisition, the Company shall have the right to:

(i) set-off any outstanding amounts against any amount due from SWS to the Company;

(ii) assign any debt; or

(iii) make payment in such other form as both parties may agree.

On 30 March 2017, it was announced that the Company has negotiated with SWS to modify, amend and vary certain terms and conditions of the agreement.

C) On 8 March 2016, the Group incorporated a subsidiary, PT Geo Tebo Power Inti, in Indonesia, with issued and paid-up capital of IDR 12,000,000,000. The Company's subsidiary, PT Geo Energy Coalindo, holds 99.92% of the capital of the subsidiary.

D) On 10 June 2016, the Company incorporated a wholly-owned subsidiary, All Win Holdings Pte. Ltd., in Singapore with issued and paid-up share capital of S$2 comprising two ordinary shares held by the Company. The incorporation is for investment holding and for the purpose of restructuring of the Group's business.

E) On 24 June 2016, the Company incorporated a wholly-owned subsidiary, Geo Group Holdings Ltd, in the Cayman islands with issued and paid-up share capital of US$1 comprising one ordinary share held by the Company. The incorporation is for investment holding and for the purpose of restructuring of the Group's business.

On 6 September 2016, the subsidiary changed its name to Geo Energy Investments Ltd.

F) On 29 June 2016, the Group disposed of its subsidiaries, PT Geo Mineral Trading ("GMT") and All Win Holdings Pte. Ltd. In addition, as referred to in Note 36 to the financial statements, the Group also divested its mining services and coal haulage services businesses at the time of the disposal of its subsidiary, MRP.

Details of the disposal are as follows:

Carrying amounts of net assets over which control was lost:

	2016
	US$
Non-current assets	
Property, plant and equipment	19,037,373
Deposits and prepayments	4,200
Total non-current assets	19,041,573
Current assets	
Cash and bank balances	95,198
Trade and other receivables	4,786,116
Deposits and prepayments	16,152,593
Inventories	747,674
Total current assets	21,781,581
Non-current liabilities	
Retirement benefit obligations	(226,249)
Deferred tax liabilities	(1,418,200)
Finance leases	(2,107,511)
Other non-current liabilities	(69,979)
Total non-current liabilities	(3,821,939)
Current Liabilities	
Trade and other payables	(29,584,098)
Current portion of finance leases	(5,551,793)
Income tax payable	(16,868)
Total current liabilities	(35,152,759)
Net assets derecognised	1,848,456
Consideration received:	
Cash	-
Deferred consideration [(a)]	10,000,000
Total consideration received	10,000,000

(a) During the year, the right to the deferred consideration has been assigned to fulfil the purchase consideration for the acquisition of a mining concession as a refundable deposit (Note 8).

	2016
	US$
Consideration received	10,000,000
Net assets derecognised	(1,848,456)
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control of subsidiary	(4,500,560)
Exchange differences	43,957
Gain on disposal, net of loss on disposal of discontinued operation	3,694,941

Net cash outflow arising on disposal of subsidiaries:	
Cash consideration received	-
Cash and bank balances disposed of	(95,198)
	(95,198)

G) On 5 July 2016, the Group entered into a long term Life of Mine ("LOM") coal purchase agreement ("Coal Offtake Agreement") with Engelhart Commodities Trading Partners (Singapore) Pte Ltd ("ECTP"; formerly known as BTG Pactual Commodities (Singapore) Pte Ltd) to supply 4,200 GAR thermal coal for exports (excluding domestic sales) over the entire lifespan of SDJ coal mine. The Coal Offtake Agreement with ECTP is to supply 4 million tonnes of coal for a period of 7 months due on 31 January 2017 and an additional 6 million tonnes of coal for a period from 1 February 2017 to 31 December 2017 and a minimum 4 million tonnes of coal per year for the remainder period of the LOM.

On 19 December 2016, the Group amended its LOM Coal Offtake Agreement with ECTP to supply more 4,200 GAR thermal coal for the entire lifespan of SDJ coal mine subject to terms of agreement. Under the terms of the LOM agreement, the Group will supply 4 million tonnes of coal till 31 January 2017 and 7 million tonnes of coal from 1 February to 31 December 2017.

H) On 31 October 2016, the Group's wholly-owned subsidiaries, Geo Coal International Pte Ltd ("GCI") and PT Mitra Nasional Pratama ("MNP"), entered into a Sale and Purchase of Coal Agreement ("AJE Coal Off-take Agreement") and Coal Mining Management Service Agreement ("AJE Management Service Agreement") respectively with PT Angsana Jaya Energi ("AJE") for approximately 5 million tonnes of coal in 2017.

I) On 3 November 2016, the Group incorporated a new subsidiary, PT STT Tunas Bara, in Indonesia with an authorised capital of IDR500,000,000 and an issued and paid-up capital of IDR125,000,000. The Company's subsidiary, MNP, holds 99.2% of the capital of the subsidiary while the remaining 0.8% is held by Huang She Thong (the Executive Director of the Group and a brother of the Company's Executive Chairman, Charles Antonny Melati).

J) On 18 November 2016, the Group, through its subsidiary, PT STT Tunas Bara, completed the acquisition of 100% effective equity interest in PT Surya Tambang Tolindo, with an authorised capital of IDR 5 billion and issued and paid up capital of IDR 3 billion divided into 2,400 shares each with nominal value of IDR1,250,000 for a consideration of US$2,000,000.

K) On 6 February 2017, the Company incorporated the following wholly-owned subsidiaries in Hong Kong:

i. Geo Energy International (HK) Limited; and

ii. Geo Coal International (HK) Limited.

Each of the abovementioned subsidiaries has an issued and paid-up capital of US$1.00 comprising of one ordinary share held by the Company.

L) On 6 February 2017, the Group incorporated a wholly-owned subsidiary, STT Coal Resources Pte. Ltd., in Singapore, with issued and paid-up capital of US$1.00 comprising of one ordinary share held by Geo Energy Investments Ltd.

M) On 9 February 2017, the Group incorporated a subsidiary, PT Tunas Bara Abadi Tolindo, in Indonesia, with issued and paid-up capital of IDR12,000,000,000. The Company's subsidiary, MNP, holds 99.9% of the capital of the subsidiary.

N) On 14 June 2017, the Group received approval from the Noteholders of the Series 001 Notes (the "Notes") to, among other things, include a call option allowing the Group to redeem the Notes at any time prior to the maturity date of the Notes in January 2018.

O) On 23 June 2017, the Group acquired 100% equity interest in Fortune Coal Resources Pte Ltd which owns a mining concession through its subsidiary, PT Tanah Bumbu Resources ("TBR") in South Kalimantan, Indonesia for US$90 million (the "Consideration"). The Consideration was settled via an issued and paid up capital of US$13 million by way of 117,000,000 ordinary shares, US$37 million in cash, and the remaining US$40 million through the assignment of trade and other receivables.

GEO ENERGY RESOURCES LIMITED AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

In the opinion of the directors, the consolidated financial statements of Geo Energy Resources Limited and its subsidiaries (the "Group") as set out on pages 3 to 74 are drawn up so as to give a true and fair view of the consolidated financial position of the Group as at 31 December 2014 and 2015, and the consolidated financial performance, changes in equity and cash flows of the Group for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Group will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

....
Charles Antonny Melati

....
Tung Kum Hon

3 July 2017