2018 ANNUAL REPORT

GROWTH IS A *Journey*

"SUCCESS IS WHERE PREPARATION AND OPPORTUNITY MEET"

GEO ENERGY RESOURCES

GROWTH IS A Journey

A pessimist sees the difficulty in every opportunity. An optimist sees the opportunity in every difficulty. Growth is a journey and we have to seize the opportunity to transform Geo Energy. There can be no growth without challenge, and there can be no challenge without change.

CONTENTS

2018 is a year of significant achievement as we build on our growth through the ramping up of TBR's production.

OUR MISSION

Staying on strategy for sustainable growth

Committed in creating values for our shareholders

"SUCCESS DOESN'T JUST COME AND FIND YOU, YOU HAVE TO GO OUT AND GET IT"

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to share that Geo Energy has reached a new milestone in 2018.

The Group began coal production in its TBR coal mine in June 2018 and made its first shipment of coal on 10 August 2018. We believe the ramping up of production of the TBR coal mine, which we acquired in June 2017, will be a key growth driver for the Group in the coming years.

The Group also signed the life of mine coal offtake for TBR with Macquarie Bank Limited ("Macquarie", a wholly owned subsidiary of Macquarie Group, a global diversified financial group), along with a multi-year prepayment and trade finance facilities, bringing in a major strategic partner with deep experience in commodities trading, together with a 5% equity investment in the Company and financing for Geo Energy.

A lot of considerable interest was shown in TBR's low ash, low sulphur coal with numerous competing parties offering the TBR's life of mine coal offtake. Macquarie was selected based on their scale, international presence and their experience in commodity trading. We will be using Macquarie's expertise and experience to develop a market for TBR's coal, not only by securing a coal offtaker with a global presence for our TBR coal mine but also an important substantial investor via the shares and warrants subscription in the Company.

The signing of TBR life of mine coal offtake with Macquarie marked a significant step forward for the Group. We see this a strong testament to the value of Geo Energy, our capabilities to deliver high quality coal in the region and to grow our level of profitability going forward. It also marks a diversification of revenue and profits for the Group from a single coal producing asset in SDJ coal mine to two coal producing assets.

"Growth is a journey

Charles Antonny Melati

Executive Chairman

2018 ended with weakened coal prices in the fourth quarter despite strong coal prices in the first 9 months of 2018. This is due to policies in China restricting import of seaborne thermal coal[1] and this has impacted our results in 2018.

However, these import restrictions have since eased in 2019 as reported by increased trading activity across key Asian thermal markets.

According to DBS Group Research report, the view remains positive on coal prices in the long run, as China's proactive supply control will prevent the recurrence of any structural global coal oversupply[2]. Coal prices have increased US$7.51 from US$30.29 on 28 December 2018 to US$37.80 on 22 March 2019.

According to Argus media report, regulatory obstacles in Indonesia could hamper coal production in 2019 and uncertainty about China's import policy could also curb exports, even though a number of producers have announced tentative plans to raise output in the coming year[3].

S&P Global Ratings said in their report on 13 February 2019 that the earnings and cash flows of Indonesian mining companies could come under strain in 2019 if pricing remains subdued for coal with low calorific value. However, they believe the fundamentals in the Indonesian market remains strong and even a period of

1 Chinese authorities tighten port restrictions to control coal imports, S&P Global Platts, 16 November 2018

2 DBS Group Research. Equity – Indonesia Industry Focus Thermal Coal, 22 November 2018

3 https://www.argusmedia.com/en/news/1819597-viewpoint-indonesian-coal-sellers-plan-amid-volatility

"Coming together is a beginning, staying together is a process, working together to success

lasting lower realised prices should be manageable for Geo Energy due to a strong balance sheet and competitive low mining costs[4].

The Indonesian government had also given a Domestic Market Obligation ("DMO") guideline whereby 25% of planned production is to be set aside for domestic market consumption for all coal producers based in Indonesia to fulfil its growing energy needs. We have taken this into our consideration for our future coal marketing plan.

The Board has always been working together with the management to strengthen the financial position of the Group and to take on new challenges ahead as the Group is expanding its business and aiming to be one of the top ten coal producers in Indonesia.

As at 31 December 2018, the Group had US$203 million of cash and bank balances. The allocation of cash in future will determine how much shareholder value is created via capital investment, cash returns to shareholders and the strength of the Group's financial position.

The Board recognises the importance of cash returns to shareholders. In 2018, we have set up a dividend policy, declared and paid an interim dividend of S$0.01 per share, representing a dividend yield of 5.6% based on share price of S$0.18 as at 27 March 2019.

Our commitment to health and safety, well being of our people as well as responsible environmental stewardship are important parts of our value of Sustainability. We are committed to running our business with corporate social responsibility concepts firmly embedded within our daily operations to protect our people, the environment and the local communities in which we operate. We review and analyse all our business risks and opportunities, looking beyond economic, strategic and operational factors to include social and environmental considerations. Our aim is to generate value by focusing on assets that are sustainable, low cost and expandable.

In June 2018, Mr Karyono ceased acting as the Group's Independent Director and was appointed as the Group's Head of Operation. He is responsible for monitoring and planning of mine operations and design, as well as mine operations and rehabilitation together with our mining contractor, PT Bukit Makmur Mandiri Utama ("BUMA").

With the TBR coal mine ramping up coal production in addition to our existing SDJ operations, Mr. Karyono and BUMA will be working closely to achieve the Group's targets. I would like to express my utmost gratitude to Mr Karyono and BUMA for their continuous support and hard work.

I am confident that Geo Energy, led by our Board of Directors, our CEO and his management team, is well placed to continue delivering shareholder value and returns which are crucial to the success of our Group.

Lastly, thank you to our people, our shareholders, our business partners and our customers for their continued support to Geo Energy.

"Coming together is a beginning, staying together is a process, working together to success."

Thank you.

Yours Sincerely,

Dato Charles Antonny Melati
Executive Chairman
28 March 2019

4 S&P Global Ratings. Indonesian Coal Miners Could See Weaker Earnings in 2019, 13 February 2019

"SUCCESS IS WHERE PREPARATION AND OPPORTUNITY MEET"

Dear Shareholders and All,

In 2018, we continued to focus on our strategic objectives and target to be a leading top coal producer with strong capabilities to expand our business further.

2018 marked a significant milestone for Geo Energy. We made good progress in our TBR coal mine – from the ground breaking of TBR coal mine in March; to the commencement of TBR production in June; to the completion of the first shipment of TBR coal in August and last but not least to the signing of a Life of Mine Coal Offtake ("Offtake") with Macquarie. I commend all teams involved, especially BUMA for their ability to work on our planned schedule despite heavy rain that affected works on site in first half of 2018. The teams have overcome difficult weather conditions to meet this new milestone on TBR for the Group's second major producing coal mine, enabling the Group to build from its existing SDJ coal mine operations that began production in end 2015.

The Offtake for our TBR coal mine with Macquarie also brings in a strong strategic partner for the Group. In January 2019, we completed our first shipment of export sales to Macquarie of 38,400 metric tonnes. Together with the existing SDJ coal mine's offtake, we are confident in delivering stronger cash profits to enhance the shareholder returns going forward as the coal prices improve.

2018 also came with its challenges. Coal prices weakened in the last quarter mainly due to policies in China restricting imports of seaborne thermal coal. Although these import restrictions have since eased in 2019, as reported by increased trading activity across key Asian thermal markets, it has affected the Group's performance in 2018.

> "2018 marks a significant milestone for Geo Energy

Tung Kum Hon
CEO and Executive Director

Coal prices underwent a period of volatility in the last quarter of 2018 with the Indonesian Coal Index Price ("ICI") falling as low as US$28.85 per tonne on 30 November 2018. Due to the weakened coal prices, we adjusted our coal production in the last quarter of 2018 to a lower coal production volume, achieving a total of 7.9 million tonnes of coal production for the 12 months ended 31 December 2018, compared to our 2018 planned production and sales of 8-9 million tonnes (which was revised previously for the later start of the TBR coal mine production during the year). The coal that we do not mine will remain underground. We will be able to deliver a greater value for our stakeholders when the market conditions improve.

Despite the weakened coal prices, we managed to achieve an underlying net profit of US$36 million and cash profit of US$80 million. Our coal sales for 2018 was 7.1 million tonnes with 6.7 and 0.4 million tonnes of coal from our SDJ and TBR coal mines respectively. Our cash profit for coal mining segment was at US$11.28 per tonne in 2018, generating a cash profit margin of 27%, which is 5% lower than our 2017 cash profit of US$12.74 per tonne. This was mainly due to lower coal prices in last quarter of 2018 and increased cost of production (with the commencement of TBR coal production in June 2018) linked to higher coal prices for the first 9 months of 2018.

The view remains positive on coal prices in the long run, as China's proactive supply control will prevent the recurrence of any structural global coal oversupply. The fundamentals in the Indonesian market remains strong and even a period of lasting lower realised prices should be manageable for us due to a strong balance sheet and the competitive low mining costs that we have. We maintained existing cash balance of over US$200 million as at 31 December 2018 for investment in new coal assets and businesses and for working capital. Barring any unforeseen circumstances, we believe in continuing our growth momentum and staying on strategy for sustainable growth in the years ahead.

We also adopted a dividend policy of at least 30% of the Group's profit attributable to Owners of the Company, subject to debt covenants and capital requirements needed to support growth and investments. As part of returning value to shareholders and investors, we are committed to deliver dividends that increase over time in tandem with our growth in earnings. During the year, we declared and paid to shareholders an interim dividend of S$0.01 per share on 5 September 2018 and recommended a final dividend of S$0.004 per share to be approved at our upcoming Annual General Meeting ("AGM") by our shareholders.

We continue to remain focused on our strategic objectives in 2019:

- Continue monitoring market opportunities and optimising business value;
- Actively assessing and implementing cost reduction measures;
- Strengthening our capital position; and
- Returning value to shareholders.

Investing in Environment, Social, Governance ("ESG") is important and much emphasis is now given by asset managers and investors on their investments in companies. We incurred US$1.1 million in sustainability efforts in 2018 and has committed further resources for 2019, including building of schools, bridges and local infrastructure for communities, cattle and livestock breeding, scholarships and university bursaries. We believe in creating sustainable value through good ESG practices and corporate governance. We issued our first Sustainability Report in December 2018.

> "Winning the trust of stakeholders while building shareholder value to deliver returns not just for the business but also for our employees, shareholders and the wider community

We were ranked 35th in the Corporate Governance and Transparency Index 2018, placed amongst the top listed companies. Our Board and together with the management team, have worked closely in maintaining a high standard of corporate governance.

We are also pleased to be ranked 17th in the inaugural award for Singapore's Fastest Growing Companies 2019 presented by The Straits Times and Statista, out of a long list of over 2,000 shortlisted companies based on the strongest revenue growth in recent years. This award recognises the increased scale of our business following the commencement of our SDJ and TBR coal mines, despite the weakened coal prices in the last quarter of 2018.

Today's commodities market volatility, combined with uncertainty of coal prices, will undoubtedly have an effect on investors' confidence and perhaps even our customers' attitudes and behavior. We must be very sensitive to the pressures that these may bring to our business, and do everything we can to individually and collectively exceed our expectations. Our success is not an entitlement, but something we need to earn, every day. China aims to consolidate its domestic coal miners into several huge players in order to make it easier to control supply in accordance with demand, and simultaneously increase their operational qualities. Part of the supply controls, however, has affected the coal import quota which may weigh on the Seaborne coal price due to import volume congestion[1].

Indonesia has introduced the DMO requirement to secure its domestic coal needs and we are committed to comply with the requirement – 25% of the planned production for local sales. These circumstances may be quite challenging to work in. But no matter what the circumstances are, we must not lose sight of our priority, to be a strong and financially sustainable company that put our stakeholders at the heart of everything we do.

A stock is not just a ticker symbol or an electronic blip. It is an ownership interest in an actual business, with an underlying value that does not depend on its share price. Our price of Senior Notes has recovered by 10% from the lowest of US$84 as at 23 January 2019 to US$92 as at 27 March 2019. We have also announced our intention for a dual primary listing in the Main Board of the Stock Exchange of Hong Kong Limited ("HKEx"). The HKEx is one of the leading global stock markets with access to a more diverse investor base and additional source of financing and closer proximity to the Greater China market where we export to and trade.

Our growth plans for the future of our company will be impacted by the current changes of the commodities markets. During our 6 years as a public listed company, we have experienced and successfully navigated through several periods of extreme coal prices and stock market volatility. Similarly, I believe that we will positively manage through today's challenging environment just as we have positively navigated through challenging moments in the past. The experience we deliver in our business, the strength and equity of our coal brand, and the primary reason for our current and future success is because of all of you. You have been an integral part of the Company's success and growth and a strong part of our business and Geo Energy. Your hard work helps us grow. Your support helps us face the difficult times. My confidence in our Company and in all of you has never been greater.

I would like to express my gratitude towards our valued shareholders for their support and faith in the Company's management and their strategic directions. We will continue to strive hard to deliver our revenue and production targets in order to further enhance our shareholders' value going forward. We are also making a profound social impact in the communities we do business by our various ESG initiative and investments, and will continue to do so today and into the future.

"Winning the trust of stakeholders while building shareholder value to deliver returns not just for the business but also for our employees, shareholders and the wider community must be our utmost priority."

Thank you.

Yours sincerely,

Tung Kum Hon
CEO and Executive Director
28 March 2019

1 DBS Group Research, Equity – Indonesia Industry Focus Thermal Coal, 22 November 2018

Low Ash
Low Sulphur
4,200
Gross Calorific Value

Financial and Operations Review

Financial Review

The Group's results were impacted by the weaker coal prices in the last quarter of 2018 and higher production costs, resulting in a lower revenue of US$299.2 million in 2018 (2017: US$316.3 million). In 2018, the Group achieved coal sales of 7.1 million tonnes with the majority of the shipments delivered to China and ASEAN regions.

The average ICI price for 4,200 GAR coal was US$33.48 per tonne in 4Q2018, down from US$41.50 per tonne in 3Q2018 and US$45.68 in 4Q2017. The Group recorded an Average Selling Price ("ASP") of US$35.16 per tonne in 4Q2018, lower than US$42.40 per tonne in 4Q2017. The higher ASP compared to the ICI price was due to our pricing based on the average index prices of 3 and 4 weeks prior to laycan shipment date.

Despite the weakened coal price, the Group achieved a cash profit of US$80.3 million (2017: US$99.9 million) and an underlying net profit of US$36.5 million (2017: US$47.6 million) in 2018. Profit for the year was US$18.0 million (2017: US$36.7 million), a decrease of US$18.7 million, which was mainly due to the lower coal sales volume; higher general and administrative expenses from the increase in the number of staffs for starting the new TBR coal mine and higher professional fees; and higher finance costs attributable to higher interest expense on the US$300 million Senior Notes.

As a return to shareholders, the Group paid S$13.3 million in dividends in 2018, representing S$0.01 per share and a dividend yield of 5.6% at a share price of S$0.18 as at 27 March 2019. The Group adopts a dividend policy of at least 30% of the Group's profit attributable to Owners of the Company, subject to debt covenants and capital requirements needed to support growth and investments.

The Group ended 2018 with cash and bank balances of US$202.6 million, a decrease of US$63.2 million from 2017 mainly due to advance payment in relation to the agreement the Group entered with third parties for the provision of integrated coal mining support and

> **Maintained cash balance of over US$200 million** for investment in new coal assets and businesses and working capital.

> The recommended final dividend of S$0.004 and the interim dividend of S$0.01 paid implies a **dividend yield of 7.8%** based on closing price of S$0.18 as at 27 March 2019.

> Achieved **cash profit of US$11.28 per tonne** despite weakened coal prices in the last quarter of 2018.

Anthracite | Bituminous | Subbituminous | Lignite

7.1
MILLION TONNES
2018
COAL SALES

US$36.5
MILLION
2018
UNDERLYING
NET PROFIT

> “Despite the weakened coal prices, we managed to achieve an underlying net profit of US$36 million and cash profit of US$80 million.

infrastructure services for the SDJ and TBR coal mines, dividend payment, income tax payments and other payments for operating expenses, offset by receipts from coal sales.

Non-current assets increased to US$282.5 million, mainly due to increases in deferred stripping costs by US$50.0 million (pre-stripping cost upon commencement of production at the TBR coal mine), deposits and prepayments by US$19.2 million (due to advance payment for provision of integrated coal mining support and infrastructure services).

Net cash used in operating activities was US$8.1 million. More cash was used in working capital for the repayment of offtake prepayment from ECTP (US$40 million), settlement of trade payables (mainly to our mining contractor, BUMA) and repayment of refundable deposit made to jetty owners (US$3 million).

Revenue by Business Segment

Geo Energy's business segments comprise of (i) Coal Mining – where it sells coal produced from its own coal mines; (ii) Coal Trading – where it purchases from and sells coal to third parties; and (iii) Mining Services – where it does mine contracting and project management for mining activities conducted at third party mines. Coal mining remains the main business of the Group, contributing 99% of the Group's total revenue. Revenue and earnings from coal mining decreased by US$12.2 million to US$298.8 million and US$8.9 million to US$66.2 million, respectively, due to (1) lower volume of coal sold, (2) the steep fall in prices in November driven by policies in China restricting imports of seaborne thermal coal in November and December 2018 and (3) higher production costs tied to increase in coal prices in the first 9 months of the year. The Group sold 7.1 million tonnes of coal in 2018, compared to 7.7 million tonnes sold in 2017. The Group's coal mining management service and coal trading with PT Angsana Jaya Energi ("AJE"), a holder of coal mining concession for an area that is adjacent to SDJ and TBR coal mines, was completed in the first quarter of 2018 and the Group has yet to sign any new coal mining management services or coal trading agreements with other parties.

> "Completed first shipment of export sales of TBR coal to Macquarie in January 2019

Revenue by Geography

The Group exports most of its production through offtake agreements with ECTP and Macquarie to China, India and the ASEAN region. China remains the Group's major market.

Revenue from China of US$241.2 million was US$45.6 million lower than in 2017mainly due to policies in China restricting imports of seaborne thermal coal in November and December 2018, as reported by S&P Global Platts[1]. In 2018, the Group increased its local sales in Indonesia to US$26.6 million, an increase of US$13.8 million from 2017 following the increased DMO requirements announced by the Indonesian Government in 2018 to fulfil Indonesia's projected growing energy needs.

The Group had coal sales to Thailand (a new market) and India of US$4.7 million and US$26.7 million respectively, to extend its geographical reach and market presence. The Group intends to further develop these markets given the right opportunities.

Operations Review

The Group had reduced the coal production volume in the last quarter of 2018 with the weakening of coal prices, achieving a total of 7.9 million tonnes of coal production in 2018, which is approximately 88% of the Group's 2018 planned production. The Group's 2018 planned production and sales were 8-9 million tonnes (which was revised for the later start of the TBR coal mine production during the year). The total coal production of 7.9 million tonnes in 2018 was derived from the Group's existing mines – SDJ and TBR with the coal production of 7.0 million tonnes and 0.9 million tonnes respectively.


Results Review and Strategy Update

Fourth Quarter and Twelve Months Ended 31 December 2018

In 2018, Geo Energy achieved an underlying net profit of US$36 million and cash profit of US$80 million despite weakened coal prices

Following the commencement of TBR coal production in June 2018, the Group had delivered its first shipment of approximately 50,000 metric tonnes of TBR's coal to a Chinese state-owned Enterprise group, who has a strong domestic presence in Indonesia. Subsequently, with the Life of Mine Coal Offtake of its TBR coal mine with Macquarie in November 2018, the Group has completed its first shipment of export sales to Macquarie of 38,400 metric tonnes in January 2019. The Group targets production and sales of at least 8 million tonnes of coal for both SDJ and TBR in 2019 based on the production quota received and set out in the Rencana Kerja Anggaran Biaya ("RKAB") - Work Plan and Budget which specifies the given export volumes and what is to be set aside for the DMO. The Group will be reviewing the RKAB in 6 months to increase the production quota with the Indonesian mining authorities, if needed.

ABOUT
GEO ENERGY

GROWTH IS A JOURNEY AND TRUST THE PROCESS

WE RUN OUR BUSINESS IN WAYS THAT ARE SAFER, SMARTER AND MORE SUSTAINABLE TO DRIVE GROWTH TO MEET STRATEGIC OBJECTIVES AND CREATE VALUE FOR OUR STAKEHOLDERS.

Our Business

INVALUABLE EXPERIENCE IN THE INDUSTRY

WE RUN OUR BUSINESS IN WAYS THAT ARE SAFER, SMARTER AND MORE SUSTAINABLE TO DRIVE GROWTH TO MEET STRATEGIC OBJECTIVES AND CREATE VALUE FOR OUR STAKEHOLDERS.

Geo Energy (Bloomberg Ticker: GERL SP) is one of the major coal producers in Indonesia, listed on the Singapore Stock Exchange (stock code: RE4) and is part of the Singapore FTSE-ST index. The Group was ranked 17th in the inaugural award for Singapore's Fastest Growing Companies 2019 presented by The Straits Times and Statista based on the strongest revenue growth in recent years, and the Group was ranked 35th in the Corporate Governance and Transparency Index 2018, placed amongst the top listed companies.

The Group's operations are primarily located in Indonesia. It is a coal mining specialist with an established track record in the operation of coal mining sites for the purpose of coal production and coal sales since 2008. It owns major mining concessions and coal mines in East and South Kalimantan, Indonesia, namely SDJ, TBR, BEK and STT.

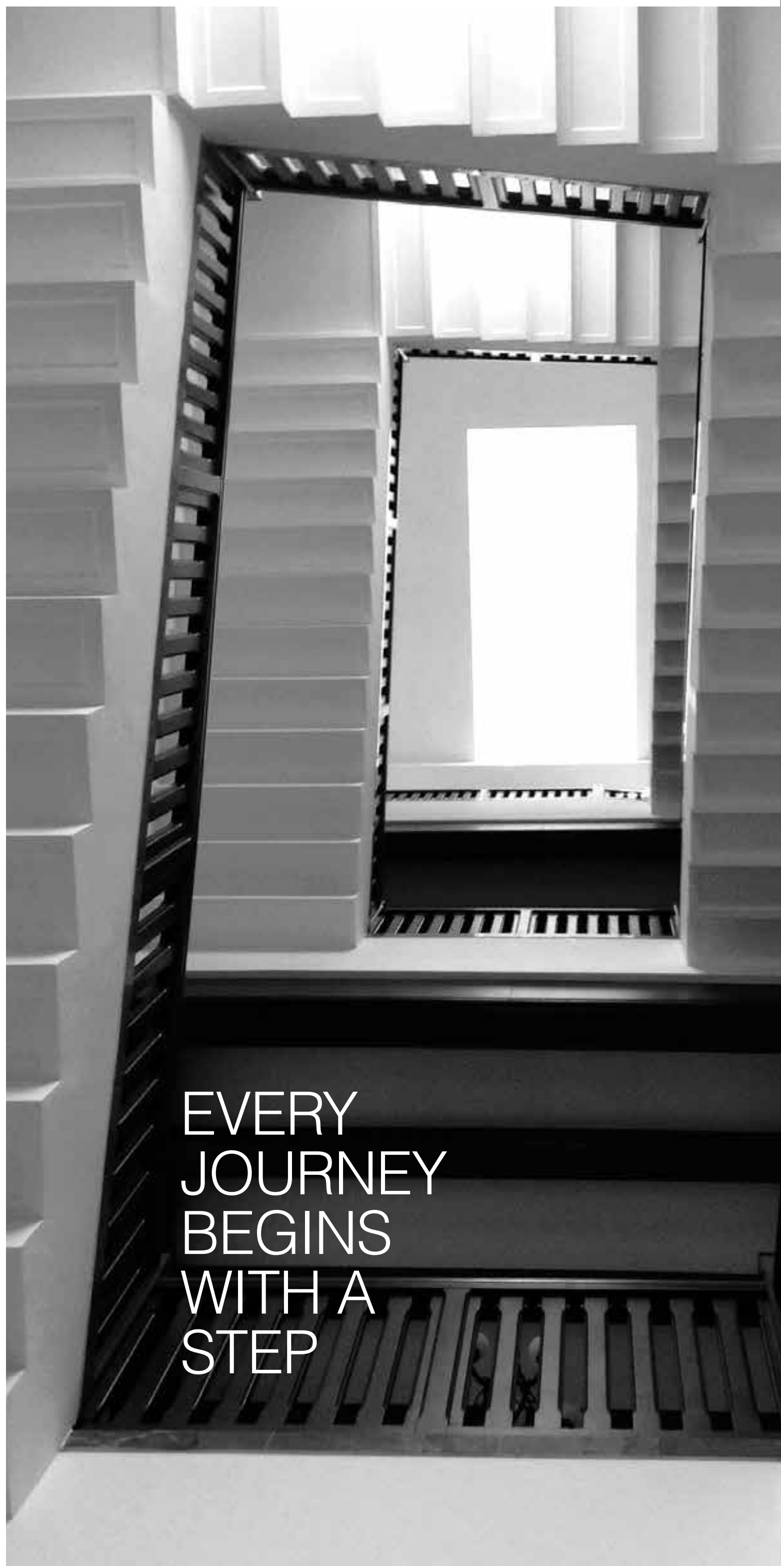
Business

The Group is working in collaboration with world-class business partners, who are:

(i) PT Bukit Makmur Mandiri Utama ("BUMA") - primary coal mining services provider for SDJ and TBR mines, whom perform the coal mining, overburden removal and coal hauling activities at the mines.

(ii) Engelhart Commodities Trading Partners (Singapore) Pte Ltd. ("ECTP") - primary offtaker of coal produced from SDJ mine since the inception of SDJ coal production business. ECTP generally on-sells SDJ coal to end-customers, a large proportion of whom are PRC utility companies for use in coal-fired power plants.

(iii) Macquarie Bank Limited ("Macquarie") - primary offtaker of coal produced from TBR mine. The Group signed the Life of Mine Coal Offtake, multi-year prepayment and trade finance facilities with Macquarie, together with a 5% equity investment in the Group.



The Group's BEK and STT coal mining concessions are located in Kutai Barat, East Kalimantan. The Group commenced coal mining operations at BEK mine in February 2012 and is currently placed under care and maintenance. The STT coal mining concession area is currently undeveloped, with the Group in discussions with various parties on potential cooperation with regards to the development of the STT mine.

Vision

- Top 10 coal producer in Indonesia
- More than 10% Market Share in the 4200 GAR coal internationally
- More than 150Mt coal reserves
- Return on Equity in excess of 20% with expansion of business

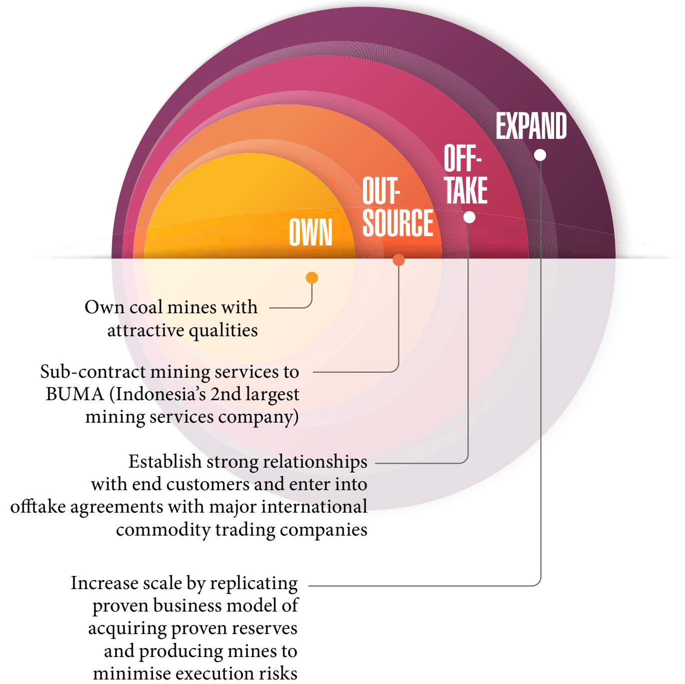
People

- Our leaders have invaluable experience in the coal mining and commodities industry, investment and corporate finance to drive growth that meets strategic objectives to create value for our stakeholders (refer to board of directors' profile)

Competitive Strengths

- High quality coal mining assets with low ash and low sulphur characteristics
- SDJ and TBR are situated adjacent to each other, 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
- Availability of prepayment from offtaker provides a valuable source of working capital
- Low maintenance CAPEX and low working capital requirement

BUSINESS



Challenges

- Small scale of operations whereby SDJ and TBR are adequate to continue operations until 2022 under the mining plans
- Geographical concentration whereby an unexpected heavy rainfall in a single region will impact the Group's overall production

Risks

(i) Coal price fluctuation – rapid changes on current and future coal prices substantially affect Geo's business, operations and financial performance. This is mitigated by a nimble and cost competitive business model.

> "Our business is well-positioned to grow

(ii) Operational risks – BUMA bears the execution and CAPEX risks and provides onsite resources, robust contractual arrangement implies cost is tied to coal price; life of mine offtake with high quality partner reduces volume risk and provides cash flow stability.

(iii) Regulatory risks – Subject to regulatory changes by Indonesian Government such as Domestic Market Obligations, DMO.

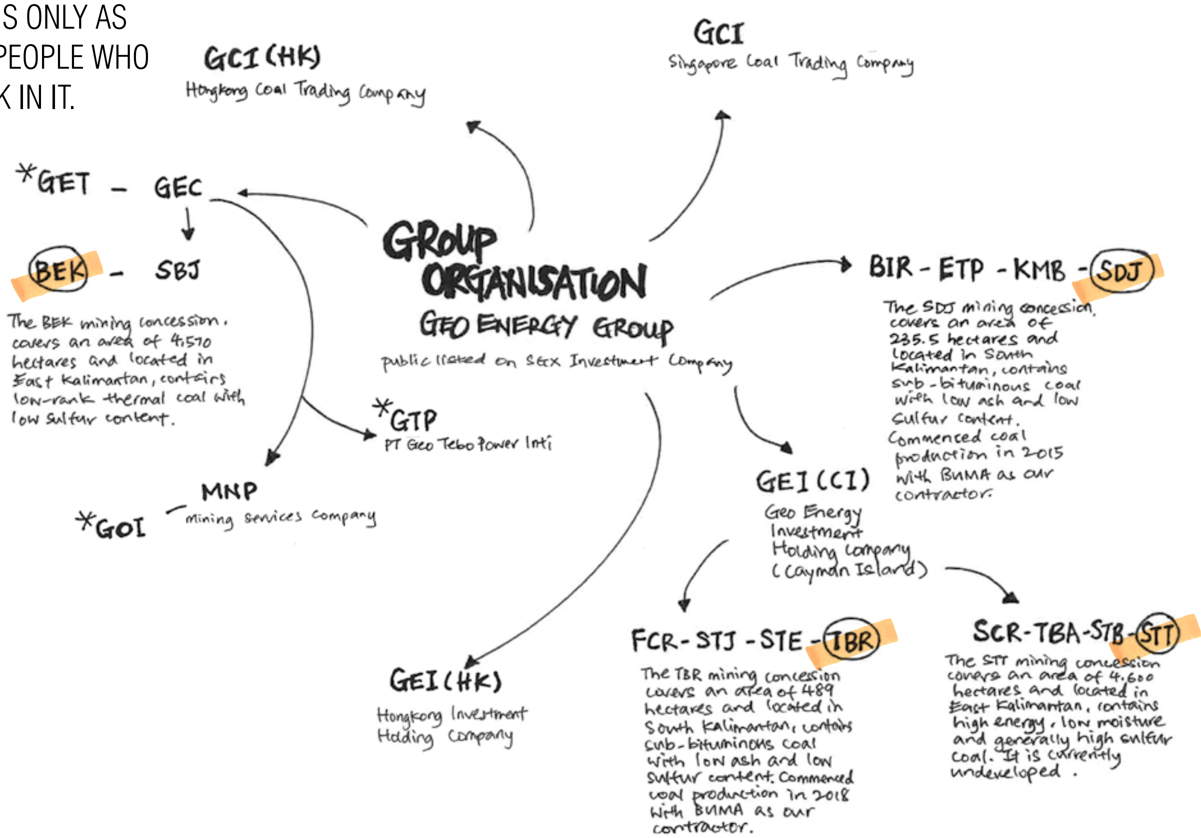
Geo Energy is constantly exploring opportunities to acquire additional coal mining concessions to complement its portfolio of coal mining assets and are also exploring opportunities to divest stakes in its coal mining concessions to collaborate with strategic partners and raise capital. To scale up business and transform into a top coal producer in Indonesia, the Group intends to replicate its asset-light business model. Geo Energy monitors the potential acquisition opportunities and may also invest in value-adding businesses that meet its acquisition criteria:

- Brownfield or producing coal asset that would begin production within six months, with minimum capital expenditure requirements. This minimises uncertainty and enables immediate realisation of cash flows.
- Attractive and unique asset characteristics with significant competitive advantage to provide more resilience against any adverse movement in coal price.
- Potential synergy with existing assets to create additional value for both new and existing businesses.
- Structured payments to minimise leverage and upfront cash outlay.
- Self-financing asset with no cash flow impact on existing business to minimise negative impact to existing business operations.

The Geo's Structure to Success

BUILDING A FOUNDATION FOR SUCCESS

A STRUCTURE IS ONLY AS GOOD AS THE PEOPLE WHO LIVE AND WORK IN IT.



Geo Energy employs a relatively flat organisational and corporate structure, which allows the Group to employ a nimble business model that can react to economic movements and needs. It is also aligned with the Group's belief in not just being a "coal producing" business, but a "building people" business, as employees are more empowered to be self-starters and be involved directly in all aspects of the business.

The Group's structure is set out in accordance to its business type, namely: Coal Mining, Coal Trading and Mining Services.

The Group does its coal trading activities through Geo Coal International Pte Ltd, which is under the Global Trader Programme ("GTP") by International Enterprise Singapore and also through Geo Coal International (HK) Limited, a trading company incorporated in Hong Kong. The Group's coal mining assets are held in separate holding companies for flexibility of corporate actions, such as offtake arrangements and joint venture opportunities. (Having the coal mining assets held by separate entities also has the purpose of managing risk inherent to business operations.)

Lastly, the Group also separately sets up new companies such as PT Geo Tebo Power Inti to explore new opportunities in other business segments, such as power.

GCI - Geo Coal International Pte. Ltd.
GCI(HK) - Geo Coal International (HK) Limited
GEI(HK) - Geo Energy International (HK) Limited
GEC - PT Geo Energy Coalindo
SBJ - PT Sumber Bara Jaya
BEK - PT Bumi Enggang Khatulistiwa

GTP - PT Geo Tebo Power Inti
GET - PT Geo Energy Trading
MNP - PT Mitra Nasional Pratama
BIR - Borneo International Resources Pte. Ltd.
ETP - PT Era Tiga Putra
KMB - PT Karunia Mitra Berkat

SDJ - PT Sungai Danau Jaya
GEI(CI) - Geo Energy Investments Ltd. (Cayman Island)
FCR - Fortune Coal Resources Pte. Ltd.
GOI - PT Geo Online Indonesia
STJ - PT Satui Jasabara
STE - PT Satui Energi

SCR - STT Coal Resources Pte. Ltd.
TBR - PT Tanah Bumbu Resources
TBA - PT Tunas Bara Abadi Tolindo
STB - PT STT Tunas Bara
STT - PT Surya Tambang Tolindo
* Dormant Companies

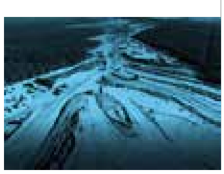
Our Journey of Growth

2008
Incorporation of PT Geo Energy Coalindo and commenced provision of coal mining services

2012
Raised S$94m in IPO proceeds and listed on the mainboard of SGX 19th October 2012 • Commencement of BEK's production

2015
Entered into life of mine mining services cooperation agreement with BUMA for SDJ • Completed acquisition of remaining 34% stake in SDJ and commenced SDJ production in December 2015 • Awarded runner-up of the 16th SIAS Investors' Choice Awards (Most Transparent Company) • Mr Tung Kum Hon appointed as Group Chief Executive Officer • First offtake agreement with ECTP for minimum of 1.5 million tonnes of coal

2013
Entered into mining services contracts and mining cooperation agreements for two concessions and signed additional working blocks • Awarded runner-up of the 14th SIAS Investors' Choice Awards (Most Transparent Company)



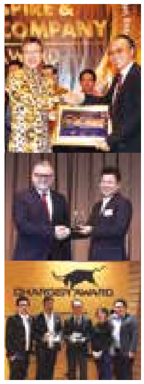
2014
Established S$300m MTN Programme and issued S$100m 7% Fixed Rate Notes due 18 January 2018 • Acquired 66% stake in SDJ mining concession • Awarded runner-up of the 15th SIAS Investors' Choice Awards (Most Transparent Company)

2016
Geo Energy completed transformation into a low cost coal producer • Clinched life of mine coal offtake agreement with ECTP worth over US$1.6b • Achieved record quarterly net profit in 4Q2016 – highest since IPO

US$14.7m

2017

Completed the acquisition of TBR mining concession • Achieved a revenue of US$316m and underlying EBITDA of US$88m in 2017 • Won SBR Listed Companies Award 2017, Metals & Mining Category and the Bull Charger Award • Awarded the best IR Campaign • Successfully priced US$ Notes Offering for US$300m at 8% coupon due 4 October 2022



2018

Entered into life of mine mining services cooperation agreement with BUMA for TBR • Completed the first shipment of TBR's coal of over US$2 million for Indonesian Domestic Market Obligation • Adopted a dividend policy of at least 30% of the Group's profit attributable to Owners of the Company, subject to debt covenants and capital requirements needed to support growth and investments • Ranked 35th in the Corporate Governance and Transparency Index 2018 • Announced its intention for a dual primary listing on the Main Board of the Stock Exchange of Hong Kong Limited • Entered into a coal offtake agreement for life of mine with Macquarie Bank Limited for the supply of coal from TBR coal mine, a prepayment facility agreement and trade finance facility agreement as well as share and warrant subscription agreement • Completed the issuance and listing of 70 million Subscription Shares to Macquarie • Presented an inaugural Sustainability Report 2017 in accordance with the Global Reporting Initiatives (GRI) Standards

MACQUARIE

Multi-year prepayment facility in 3 tranches of US$25m, US$25m and US$10m

US$15m – 5% Equity in Geo Energy
Trade Finance Facilty

10 years

> “Embrace the journey and trust the process

2019

Grant of share options pursuant to the Geo Energy Share Option Scheme • Ranked 17th in Singapore's Fastest Growing Companies 2019 by the Straits Times and Statista

THE STRAITS TIMES
Singapore's Fastest Growing Companies
2019
statista

Coal Industry

Coal is a widely distributed natural resource that is vital for developing countries as it remains the cheapest source of energy to support the growth requirements of these countries.

Indonesia's coal mining stocks are set to continue their positive performance in 2019. Current coal prices will support coal miners' pricing contract negotiation for next year. Furthermore, coal miners' efficiencies strategy via developing their in-house coal mining services expertise and capacity also support earnings performance. Coal stocks are still attractive for investors on the back of 1) still positive earnings growth outlook despite the modest volume expansion, and 2) strip ratio management, to keep profitability healthy. The issue of Domestic Market Obligation (DMO) coal pricing is already well baked into the price, especially in the wake of 2Q18 earnings announcements, with investors able to assess the impact on miners' earnings. Coal miners are able to manage their cost to cope with this issue. While China seems to be stuck with coal in view of its coal-fired power plant capacity expansion, coal demand beyond China is also set to grow, mainly among the ASEAN countries. Indonesia continues to rely on coal-fired power plant.[1]

Coal prices and demand

The average ICI price for 4,200 GAR coal underwent a period of volatility in 2018, with coal prices hitting a high of US$51.04 per tonne on 23 February 2018 and falling as low as US$28.85 per tonne on 30 November 2018. The steep fall in prices in November was largely driven by policies in China restricting imports of seaborne thermal coal in November and December 2018, as reported by S&P Global Platts.[2]

These import restrictions have since eased in 2019, as reported by increased trading activity across key Asian thermal markets. Buyers continued to seek bargains, although prices were firming amid reports of Indonesian supply restrictions and fresh Chinese enquiries. China will continue to rely on coal despite its plans to reduce pollution. China has 921k MW coal-fired power plants in operations, 280k MW plants still in active development, 145k MW plants under construction and 134.4k MW plants at pre-construction stages. Beyond China, there is still strong coal demand from ASEAN countries such as Thailand and Indonesia, where both countries need to rely on affordable and reliable energy to grow their economies. Thailand is phasing out its gas focus and moving towards coal, while Indonesia's 35,000 MW power plant projects will lead to higher demand for coal, as approximately 40%-50% of these projects involve coal-fired power plants. In 2019, the coal demand for India, Indonesia and China is forecasted at 505mt, 77mt and 1,945mt respectively.[3] According to DBS Group Research report, it remains positive on coal prices in the long run, as it believes that China's proactive supply control will prevent the recurrence of any structural global coal oversupply.[1]

> "Indonesia continued to account for majority of China's coal imports

1 DBS Group Research, Equity – Indonesia Industry Focus Thermal Coal, 22 November 2018
2 Chinese authorities tighten port restrictions to control coal imports, S&P Global Platts, 16 November 2018

US$51.04 per tonne

Hitting a high average ICI price for 4,200 GAR coal in 23 February 2018


argus

argusmedia.com

March 2019

Argus White Paper:

India, China and southeast Asia drive global thermal coal trade higher

Coal

Illuminating the markets

McCloskey Fax

Your leading source for coal pricing and data

1 March 2019 | Issue 929

Market round-up

Markets: Steam coal

Demand from India remained strong, amid healthy industrial requirements and power stations slowly building up stockpiles. Buying interest for imports remained strong, although rising prompt prices for Indonesian cargoes led to a more cautious tone being adopted. Its Indonesian coal imports are set to increase by 5.8% in 2019 which would largely be used in its coal-fired power plants. China's buying appetite for Indonesian material remained healthy, backed by a series of tenders issued by power plants for low-rank and sub-bituminous materials. Thermal coal imports including bituminous, lignite and other steam coal, increased 15% year on year in January 2019, second highest single month thermal imports figure on record in China.[4] According to S&P Global Ratings Report, coal could play an important role in ASEAN's Energy mix. Coal is to account for almost 40% of growth in primary energy demand by 2040.[5]

Domestic Market Obligation (DMO), Indonesia

The DMO policy requires coal mining firms to sell at least 25% of their production into the domestic market and cap the selling price for state-owned electricity firm, Perusahaan Listrik Negara, with different applicable caps depending on calorific content. Referring to S&P Global Ratings research note, it mentioned that Indonesia's domestic market obligation requirements could impact thermal coal prices throughout 2019 should the country's government take action against companies that are missing their targets. At the same time, a lowered production quota for 2019 would control coal supply from Indonesia and assist as support for coal prices.

DMO sales reached only 21.7% of domestic production in 2018, and numerous coal miners could not meet their DMO requirement. Even though the lower-than-expected DMO allocation fulfilled national needs, the Ministry of Energy and Mineral Resources is expected to reduce production quotas in 2019.[6]

Geo Energy is required to comply with DMO and that the Group will set the production and sales target based on the production quota received and set out in the RKAB which specifies the given export volumes and what is to be set aside for DMO. The Group will be reviewing the RKAB in 6 months to increase the production quota with the Indonesian mining authorities, if needed.

3 McCloskey Fax Issue 923, 18 January 2019
4 McCloskey Fax – Your leading source for coal pricing and data, 1 March 2019
5 S&P Global Ratings – Asia-Pacific Sector Insights: Update on Indonesia coal, 15 February 2019
6 https://www.spglobal.com/platts/en/market-insights/latest-news/coal/021319-indonesias-domestic-market-obligations-may-impact-coal-prices-in-2019-sampp-global-ratings

"LEADERSHIP IS AN ACTION, NOT A POSITION"

AN INSIGHT OF OUR LEADERS

INVALUABLE EXPERIENCE IN THE INDUSTRY

OUR LEADERS ARE INVALUABLE TO THE GROUP IN DRIVING GROWTH TO MEET STRATEGIC OBJECTIVES

Charles Antonny Melati

Founder & Executive Chairman

Mr. Melati oversees the overall strategic directions and expansion plans for the growth and development of the Group. He was an entrepreneur in the property development, hotel industry and engaged in the manufacture of cast polypropylene for flexible food packaging in Jakarta, Indonesia. He was also involved in the setting up and operations of tug and barge business in Singapore and Indonesia and the Group's coal mining services business.

Tung Kum Hon

Executive Director & Group CEO

Mr. Tung is responsible for the overall business and general management of the Group. He is an independent director of Tien Wah Press Holding (listed on Bursa Saham Malaysia and a subsidiary of a SGX company, New Toyo International Holdings Ltd). Prior to that, he was a special assistant to the executive chairman of New Toyo.

His previous experience includes executive director and CEO of Bellzone Mining Plc (AIM), Group chief operating officer of a Hong Kong multinational group, the executive director and chief financial officer of Shanghai Asia Holdings Ltd (listed on SGX) and chief operating officer of Bintang Melawar Group, an MNC in Malaysia. He has over 15 years of experience in public accountancy, business advisory and transaction services with PwC Hong Kong and Malaysia, and KPMG Singapore. He is a Certified Public Accountant, Chartered Accountant and a member of the Singapore Institute of Directors.

Dhamma Surya

Founder & Executive Director

Mr. Surya is responsible for the business development of the Group. He was an entrepreneur in the property development and construction industry in Indonesia, a contractor cum household maintenance services business and worked with various business associates in constructing and developing shop houses and houses in Indonesia and started the Group's coal mining services business.

"We take ownership of what we do and say

Huang She Thong
Founder & Executive Director

Mr. Huang oversees the overall business general management of the Jakarta office and the Kalimantan mining operations and sales targets of the Group as well as set overall trading strategy for the Group. He was a sole proprietor, operating a furniture store, mini market and hotelier in Indonesia and a graduate of the Australian School of Tourism and Hotel Management with an Advanced Diploma of Hospitality Management in 2001.

Soh Chun Bin
Lead Independent Director

Mr. Soh has more than 19 years of experience in the corporate finance and legal sectors, specialising in capital markets and mergers and acquisitions. He is currently a director at ZICO Insights Law. He began his career as a corporate lawyer and was one of the youngest equity partner of Stamford Law (now known as Morgan Lewis Stamford). In 2012, he left the legal profession to act as the chief executive of several companies (including listed companies), before returning to legal practice in early 2017. He has advised on many Singapore and international initial public offerings of corporations and real estate investment trusts, as well as on post-listing fund-raising. His expertise spans many diverse industries, including real estate, resources, infrastructure and technology. He has been recognised as a leading lawyer by legal publications such as Chambers and Partners, and Asialaw. He graduated from the National University of Singapore with a Bachelor of Law (Honours) in 1999.

James Beeland Roger Jr.
Independent Director

Mr. Jim Rogers is the author of seven books and is a globally renowned financial commentator as well as a successful international investor. He is currently the Chairman of Beeland Interests, Inc and hold several companies directorships.

In 1998, he started the Rogers International Commodity Index to track the value of commodities consumed in the global economy, ranging from agricultural to energy and metal products. He obtained a Bachelor's degree in History from Yale University in 1964 and a second Bachelor's degree in Philosophy, Politics and Economics from Balliol College, Oxford University in 1966.

Lu King Seng
Independent Director

Mr Lu is currently the managing director of Orion Advisory Pte Ltd and serving as an independent director for other companies listed on the SGX and HKSE. Prior to this, he was the chief financial officer in SinCo Technologies Pte Ltd and SinCo Group Holdings Pte Ltd., where he oversaw the accounting, treasury, legal and finance matters including group restructurings and mergers and acquisitions.

He has more than 23 years of commercial and audit experience in London, Singapore and Malaysia with Deloitte & Touche, Ernst & Young, Arthur Andersen, Price Waterhouse and KPMG where he led audit engagements in various companies, assisting companies with, inter alia, initial public offerings and due diligence reviews in connection with proposed mergers and acquisitions. He is a Fellow Member of the Association of Certified Chartered Accountants, a non-practising member of the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors. He graduated from Emile Woolf London and obtained a professional qualification from the Association of Certified Chartered Accountants in 1995.

"Sustainability is an important part of every decision

Ong Beng Chye
Independent Director

Mr. Ong has more than 25 years of experience in areas such as accounting, auditing, public listings, due diligence, mergers and acquisitions, and business advisory. He is currently a director of Appleton Global Pte Ltd, a business management and consultancy services firm, the board's non-executive chairman for Hafary Holdings Limited, which is listed on SGX. He is also serving as an independent director of other listed companies in Singapore, a shareholder and a director of a few private limited companies.

He is a Fellow of The Institute of Chartered Accountants in England and Wales, a Chartered Financial Analyst and a Fellow Chartered Accountants of Singapore. He obtained a Bachelor of Science (Honours) from City, University of London in 1990.

KEY MANAGEMENT

Cynthia Lim, Investment Manager • Agustini, Accounting Manager • Philip Hendry, Chief Financial Officer

> "We learn from each other to improve performance and achieve success

NG SEE YONG

Group's Head, Corporate and Human Resource

Mr Ng has been with the Group since 2012 and is responsible for overseeing and managing the corporate affairs of the Group as well as the Corporate Human Resource matters particularly pertaining to recruiting, benefits and employment relation. He is concurrently an entrepreneur in the hospitality industry in Batam and Tanjung Pinang, Kepri, Indonesia and Dumai, Riau Province, Indonesia and also as the proprietor of PT. Tri Ayu Lestari, and acts as the director of the Miracle Aesthetic Clinic in Batam, Indonesia.

He has several directorships in Indonesia, which include The Emdee Skin Clinic (PT Citra Melati Selaras), PT Alexindo Grahapratama, which operates Mercure Hotel Batam (formerly known as Royal Batam Hotel), and PT Bintan Royal International Hotel, which operates the Comforta hotel. He graduated from the Australian School of Tourism and Hotel Management with a Diploma in Hospitality Management.

Ng See Yong, Group's Head, Corporate and Human Resource

> "You can do better with your team than you can alone

Suasa Effendi Ginting, Corporate Human Resource Manager • Junanto, Head of Marketing, Deputy CEO, Jakarta • Eka Mohammad Ali Iqbal, Operation Manager • Ruddy Tan, Mine Manager • Fransiskus Hartadi Alamsyah, IT Manager

> "We are responsible for the stewardship and long-term success of the Group

JUNANTO

Group's Head, Marketing

Mr Junanto has been with the Group since 2011 and is responsible for devising plans and implementing marketing strategies to increase the Group's customer base and maximise sales. Prior to his appointment, he was a managing director of PT Royal Energy Resources and Unipro CV & BV, a director of PT Royal Prime Resources, PT Royal Prince Travel, and PT Niaga Hijau Lestari, the general manager of PT Teluk Intan, the export manager of PT Sungai Budi and an account manager of Haga Bank. He graduated from the University of Toledo with a Masters in Business Administration (Finance) and from the Trisakti University with a Bachelor's degree in Science in Electrical Engineering.

ADAM TAN

Investment Director

Mr. Tan has been with the Group since 2016. He is responsible for overseeing the Group's investment activities such as mergers and acquisitions, fund raising activities and investor relations.

He has more than 8 years of experience in investments, private equity and corporate finance, having led and completed various debt and capital market transactions. During the course of his career, he has also completed numerous acquisition deals in the petrochemical, commodities, infrastructure and real estate sectors. He graduated with Honours from the National University of Singapore with a bachelor's degree in Business Administration.

PHILIP HENDRY

Chief Financial Officer

Mr Philip joined the Group in March 2018. He brings extensive international financial, accounting and operational leadership experience to the Group. He was formerly Bumi Armada Berhad's country manager & business controller responsible for managing its Singapore financial performance along with US$3 billion offshore projects. Previously, he was the Senior Director – Finance and Accounting of Chicago Bridge & Iron managing multiple energy projects in international locations.

He has more than 19 years of experience in regional finance leadership roles working in the United States, Indonesia and Singapore encompassing oil & energy as well as shipping, transportation and logistics industries. During his career, he has spearheaded numerous financial transformation and successfully overseen statutory and financial management of multiple businesses and projects. He has worked in major multinational companies including United Parcel Service, Chicago Bridge & Iron, and AMEC Foster Wheeler.

He obtained his bachelor's degree in Finance & Accounting from University of Washington and Masters in Business Administration in Finance & Accounting from Seattle University in Washington, USA.

Zack Tee, Investment Analyst • Yuliana, Finance Controller • Eko Sutriyono, Senior Tax Manager • Aylie Tjhai, Marketing Manager

> "Alone we can do so little, together we can do so much

KARYONO

Head of Operation

Mr. Karyono was appointed as the Group's Head of Operations since 1 June 2018 following his cessation as Independent Director of the Company on 1 June 2018.

He has more than 21 years of experience in the coal mining industry including mining engineering academia. He managed the mine geology, mine plan and survey department. He was previously a Head of the Engineering, a senior mine engineer, a mine project coordinator, a mine engineering superintendent, a geotechnic, a mine planner and a technical and ventilation engineer with major mining companies in Indonesia, including PT Bukit Makmur Mandiri Utama (BUMA), where he was extensively involved in the monitoring and planning of mine operations and design, as well as mine rehabilitation. He was also a lecturer in the Mining Engineering study programme, Chief of the chemistry laboratory, Division Head of Administration and Student Affairs and Assistant Dean of the Engineering Faculty of Universitas Islam Bandung.

He obtained a Masters in Geomechanics from the mining engineering department of the Bandung Institute of Technology, as well as a Bachelor's degree in Mining Engineering from Universitas Islam Bandung.

Karyono, Head of Operation

> "Teamwork is the ability to work together towards a common vision

Eric Lim, Marketing Manager • Kenneth Wee, Finance Manager • Adam Tan, Investment Director • Vilia Susilo, Senior Accountant • Cynthia Lim, Investment Manager

"COOPERATE AND SUPPORT EACH OTHER TO ACHIEVE OUR VISION"

Year end gathering with our business partners, bankers and corporate advisors at Botanico, Singapore Botanic Garden

Corporate Information

BOARD OF DIRECTORS Charles Antonny Melati (Executive Chairman), Tung Kum Hon (Executive Director & Chief Executive Officer), Dhamma Surya (Executive Director), Huang She Thong (Executive Director), Soh Chun Bin (Lead Independent Director), Ong Beng Chye (Independent Director), Lu King Seng (Independent Director), James Beeland Rogers Jr (Independent Director) • **AUDIT COMMITTEE** Ong Beng Chye (Chairman), Soh Chun Bin, Lu King Seng • **REMUNERATION COMMITTEE** Lu King Seng (Chairman), Soh Chun Bin, Ong Beng Chye • **NOMINATING COMMITTEE** Soh Chun Bin (Chairman), Ong Beng Chye, Lu King Seng, Charles Antonny Melati, Dhamma Surya • **REGISTERED OFFICE** 12 Marina Boulevard #16-01, Marina Bay Financial Centre Tower 3, Singapore 018982, Tel: +65 6702 0888 ,Fax +65 6702 0880 • **COMPANY SECRETARY** Lee Wei Hsiung, Wang Shin Lin, Adeline • **INDEPENDENT AUDITORS** Deloitte & Touche LLP, 6 Shenton Way, OUE Downtown 2 #33-00 , Singapore 068809, Partner-in-charge: Ronny Chandra (since 2016) (Public Accountants and Chartered Accountants) • **INTERNAL AUDITORS** PricewaterhouseCoopers Risk Services Pte Ltd, 7 Straits View One Marina East Tower, Singapore 018936 • **SHARE REGISTRAR AND SHARE TRANSFER OFFICE** Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 • **LAWYERS** Sidley Austin LLP, Allen & Gledhill LLP, Ali Budiardjo, Nugroho, Reksodiputro, Aptus Law Corporation, Morgan Lewis Stamford • **INVESTOR RELATIONS** Financial PR 4 Robinson Road, #04-01 The House of Eden, Singapore 048543

PRINCIPAL BANKERS United Overseas Bank Limited, Bank of China Limited, Oversea-Chinese Banking Corporation Limited, Maybank Singapore Limited, Standard Chartered Bank, PT Bank Mandiri (Persero) Tbk, CIMB Bank Berhad, MUFG Bank Ltd, Citibank N.A Singapore, Phillips Futures Pte Ltd, DBS Bank Ltd, Macquarie Bank Limited, Bank Julius Baer & Co. Ltd, PT Bank Mandiri (Persero) Tbk Permata Bank Bank of Tokyo-Mitsubishi UFJ, Ltd, PT Bank Negara Indonesia (Persero) Tbk., OCBC NISP, ICBC, Bank Central Asia

CORPORATE GOVERNANCE

WE CREATE SUSTAINABLE VALUE THROUGH STRONG TRANSPARENCY MEASURES AND GOOD CORPORATE GOVERNANCE

"MAINTAINING HIGH STANDARD OF CORPORATE GOVERNANCE"

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

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

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

Statement of Compliance

The Board of Directors of the Company (the "Board") confirms that for the financial year ended 31 December 2018 ("2018"), the Company has adhered to the principles and guidelines as set out in the Code, save as otherwise explained below in relation to certain guidelines of the Code.

1 THE BOARD'S CONDUCT OF ITS AFFAIRS

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

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

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

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

- overseeing the formulation of and approving the Group's overall long-term strategic objectives and directions, taking into consideration sustainability issues (eg. environmental and social factors);
- overseeing and reviewing the management of the Group's business affairs, financial controls, performance and resource allocation;
- establishing a framework of prudent and effective controls to assess and manage risks and safeguard shareholders' interests and the Group's assets;
- identifying the key stakeholder groups and recognising that their perceptions affect the Company's reputation; and
- setting the Company's values and standards (including ethical standards) and ensuring that obligations to shareholders and other stakeholders are understood and met.

The Board has adopted internal guidelines setting forth the matters reserved for the Board's decision and clear directions to the Group's Management ("Management") on matters that must be approved by the Board. The approval of the Board is required for matters such as corporate restructuring, mergers and acquisitions, appointment of directors, major investments and divestments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, approval of periodical financial results announcement and annual audited financial statements, declaration of interim dividends, proposal of final dividends and other return to shareholders and interested person transactions of a material nature.

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

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

The details of seminars and training programmes attended and updates received by the directors in 2018, amongst others, are as follows:

- seminar provided by the external auditors, Deloitte & Touche LLP, to the Audit Committee on Financial Reporting Standards;
- updates by the Chief Executive Officer to the Board at each meeting on business and strategic developments pertaining to the Group's business, if any; and
- audit committee seminar organised by the Singapore Institute of Directors on "Rebooting Corporate Governance" which highlighted the latest developments on the Code, new accounting standards and convergence to the International Financial Reporting Standards and ways to raise the transparency of corporate disclosure.

There was no new director appointed in 2018. Newly appointed directors will receive a formal letter explaining their duties and responsibilities and will undergo orientation and be briefed on the business and governance practices of the Group as well as industry-specific knowledge. The Company funded the training of its directors.

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

The Board meets on a regular basis and ad-hoc Board meetings are convened when they are deemed necessary. The number of Board and Board Committee meetings held in 2018 is set out below:

		Board Committees		
	Board	AC	NC	RC
Number of meetings held	4	4	1	3
		Number of meetings attended		
Charles Antonny Melati	4	N/A	1	N/A
Tung Kum Hon	3	N/A	N/A	N/A
Dhamma Surya	4	N/A	1	N/A
Huang She Thong	4	N/A	N/A	N/A
Soh Chun Bin	4	4	1	3
Ong Beng Chye	4	4	1	3
Lu King Seng	4	4	1	3
Jim Rogers	4	N/A	N/A	N/A

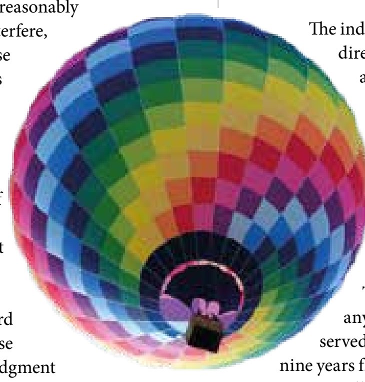
N/A - Not Applicable

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

2 BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision-making.

The Board comprises eight directors, of whom four are independent, namely, Mr. Soh Chun Bin, Mr. Ong Beng Chye, Mr. Lu King Seng and Mr. Jim Rogers. The criterion of independence is based on the definition set out in the Code. The Board considers an "independent" director to be one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Company. As independent directors make up half of the Board, the Board is able to exercise independent judgment on corporate affairs and provide the Management with a diverse and objective perspective on issues. The Board noted a recommendation under the new Code of Corporate Governance 2018 (effective 1 January 2019) that independent directors form the majority of a board of directors if the board chairman is not independent. In view that the executive chairman of the Company is not independent, the Board is reviewing its composition to ensure it is in line with such recommendation.



The independence of each director is reviewed annually by the NC. Each independent director is required to complete a checklist annually to confirm his independence based on the guidelines as set out in the Code. The independence of any director who has served on the Board beyond nine years from the date of his first appointment will be subject to more rigorous review, taking into account the need for progressive refreshing of the Board. As of the date of this Report, there is no independent director who has been appointed for more than nine years from the date of his first appointment.

The Board has examined its size and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Company, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board committees. There is no individual or small group of individuals who dominates the Board's decision-making. In addition, the Board's policy

Deal with the right things with the right people and insights.

is to take into account diversity when identifying persons for appointment to the Board. The Board noted that gender diversity on the boards of directors is also one of the recommendations under the Code to provide an appropriate balance and diversity. Although there is currently no female director appointed to the Board, the Board does not rule out the possibility of appointing a female director if a suitable candidate is nominated for the Board's consideration.

The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise, experience, balance, diversity and knowledge of the Company and collectively possesses the necessary core competencies for effective functioning and informed decision-making. The Board as a group comprises members with core competencies in accounting and finance, business and management experience, industry knowledge, strategic planning and customer-based experience and knowledge. Of the four non-executive directors on the Board, two have experience in accounting and finance, one has knowledge of the resources/mining industry and one with legal, business and management experience.

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

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

3 CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

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

Mr. Tung Kum Hon is the chief executive officer of the Company, who executes the Company's long term strategy and implements the Company's long and short term plans with a view of creating shareholder value. He oversees the overall business and general management of the Group including spearheading its operations, optimising capital assets and human resources, identifying business opportunities, developing new markets, driving growth, managing business risks, establishing robust business disciplines and processes and managing relationships with customers, suppliers, bankers, business associates, advisors, government agencies, shareholders and the public at large. He also ensures that the Company maintains high standards of corporate governance and social responsibility wherever it does business and integrity of all public disclosures by the Company.

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

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

The lead independent director provides feedback to the executive chairman after meetings of independent directors.

4 BOARD MEMBERSHIP

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

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

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

- make recommendations to the Board on relevant matters relating to:
  a) the review of board succession plans for directors, in particular, the executive chairman and for the chief executive officer;

b) the development of a process for evaluation of the performance of the Board, its Board committees and directors;

c) the review of training and professional development programs for the Board; and

d) the appointment and re-appointment of directors (including alternate directors, if applicable);

- important issues to be considered as part of the process for the selection, appointment and re-appointment of directors including the composition and progressive renewal of the Board and each director's competencies, commitment, contribution and performance (eg. attendance, preparedness, participation and candour) including, if applicable, as an independent director. All directors will be required to submit themselves for re-nomination and re-appointment at regular intervals and at least once every three years;

- determine annually, and as and when circumstances require, whether a director (including an alternate director) is independent, bearing in mind the circumstances set forth under the Code and any other salient factors;

- when a director has multiple board representations, he must ensure that sufficient time and attention is given to the affairs of the Company. The NC will decide if a director is able to perform and has been adequately carrying out his duties as a director of the Company, taking into consideration the director's number of listed company board representations and other principal commitments. Guidelines will be adopted that address the competing time commitments that are faced when directors serve on multiple boards. When necessary, the NC will recommend and the Board will determine the maximum number of listed company board representations which any director may hold;

- assess and determine the independence status of the independent directors;

- vigorously review the independence status of any independent director serving the Board beyond nine years from the date of his first appointment;

- assess the effectiveness of the Board as a whole and its Board committees and the contribution by each director to the effectiveness of the Board; and

- decide how the Board's performance may be evaluated and propose objective performance criteria. Such performance criteria, which allow for comparison with industry peers, will be approved by the Board and address how the Board has enhanced long-term shareholder value. These performance criteria will not be changed from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the onus will be on the Board to justify this decision.

Maintaining the right balance by monitoring the past and planning for the future.

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

With respect to the selection and appointment of new directors to the Board, the Company procures search services, contacts and recommendations for the purposes of identifying suitably qualified and experienced candidates. The NC reviews the resume of the candidates, interviews the short-listed candidates and recommends the most suitable candidate(s) to the Board for approval.

Board appointments are made by way of a board resolution after the NC has, upon reviewing the resume of the proposed director and conducting appropriate interviews, recommended the appointment to the Board. Pursuant to the Constitution of the Company, each director is required to retire at least once every three years by rotation, and all newly appointed directors who are appointed by the Board are required to retire at the next annual general meeting following their appointment. The retiring directors are eligible to offer themselves for re-election.

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

Director	Position	Date of Initial Appointment	Date of Last Re-election	Current directorships in listed companies	Past directorships in listed companies (in last three years)
Charles Antonny Melati	Executive Chairman	24 May 2010	23 April 2018	–	–
Tung Kum Hon	Chief Executive Officer	1 November 2015	28 April 2016	Tien Wah Press Holdings Berhad	Bellzone Mining Plc
Dhamma Surya	Executive Director	24 May 2010	23 April 2018	–	–
Huang She Thong	Executive Director	15 June 2010	28 April 2017	–	–
Soh Chun Bin	Lead Independent Director	25 September 2012	28 April 2017	Triyards Holdings Limited ISOTeam Ltd. Lorenzo International Limited	Chosen Holdings Limited
Ong Beng Chye	Independent Director	25 September 2012	28 April 2016	Hafary Holdings Limited ES Group (Holdings) Ltd IPS Securex Holdings Ltd. CWX Global Limited	Heatec Jietong Holdings Ltd. Kitchen Culture Holdings Ltd.
Lu King Seng	Independent Director	25 September 2012	23 April 2018	TLV Holdings Limited JLogo Holdings Limited	Green Build Technology Limited
Jim Rogers	Independent Director	3 December 2012	28 April 2016	Spanish Mountain Gold Ltd Virtus Total Return Fund Inc. (fka The Zweig Fund, Inc.) Virtus Global Dividend & Income Fund Inc. (fka The Zweig Total Return Fund, Inc.) Sinofortune Financial Holdings Limited (fka First China Financial Network Holdings Limited) Duff & Phelps Select Energy MLP Fund Inc. Virtus Global Multi-Sector Income Fund PJSC PhosAgro Sirius International Insurance Group, Ltd. Ananti Inc.	Crusader Resources Limited (Australia)

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

When a director has multiple board representations, the NC also considers whether or not the director is able to and has adequately carried out his duties as a director of the Company, taking into consideration the director's number of listed company board representations and other principal commitments. In support of their candidature for directorship or re-election, directors are to provide the NC with details of their other commitments and an indication of the time involved. In addition, directors should consult the NC before accepting any new appointments as directors. The NC is satisfied that sufficient time and attention are being given by the directors to the affairs of the Company, notwithstanding that some of the directors have multiple board representations. The Board is therefore of the view that there is no necessity at this point in time to determine the maximum number of listed company board representations which a director may hold.

The NC has nominated Mr Ong Beng Chye, Mr James Beeland Rogers Jr and Mr Tung Kum Hon, who will retire by rotation, at the forthcoming annual general meeting, for re-election by the Company's shareholders.

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

The Company has no alternate directors on its Board.

5 BOARD PERFORMANCE

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

A formal assessment process is in place to assess the effectiveness of the Board and Board Committees annually.

The NC is responsible for assessing the effectiveness of the Board as a whole and the Board committees. To-date, the NC does not require the assistance of an external facilitator in relation to the assessment process. The NC has established a review process and proposed objective performance criteria set out in assessment checklists which are approved by the Board. The NC assesses the Board's effectiveness as a whole by completing a Board Assessment Checklist, which takes into consideration factors such as the Board's structure, conduct of meetings, corporate strategy and planning, risk management and internal control, recruitment and evaluation, compensation, financial reporting and communication with

Competent in making well-informed, effective and timely decisions.

shareholders. The Board adopts performance objectives and criteria which align with shareholder interest and allow for comparison with industry peers such as return on assets, return on equity, return on investment and total shareholder return as well as the Company's share price performance over a period of time. The performance criteria are not subject to changes from year to year. Nonetheless, where circumstances deem it necessary for any of the criteria to be changed, the Board will justify such changes.

In carrying out the assessment of the Board Committees, the assessment checklists are disseminated to each member of the Board Committees. The assessment results are discussed and the key areas for improvement and follow-up actions requested are highlighted at the NC meeting.

The NC has decided that as each member of the Board, depending on his background and expertise, contributes in different areas to the success of the Company, it would be more appropriate to assess the Board as a whole than on an individual basis.

The Board and the NC have endeavoured to ensure that directors appointed to the Board possess the background, experience, business knowledge, financial expertise and management skills relevant to the Group's business.

They have also ensured that each director, with his special contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made. The Chairman may, in consultation with the NC and the Board, act on the results of the performance evaluation and, where appropriate, propose new members for appointment to the Board and/or seek the resignation of relevant directors.

6 ACCESS TO INFORMATION

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

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

Prior to each Board meeting, members of the Board are each provided with the relevant documents and information necessary for them to comprehensively understand the issues to be deliberated upon and make informed decisions thereon. Such information includes budgets, forecasts, quarterly unaudited financial statements, related materials, facts, risk analysis, financial impact, expected outcomes, conclusions and recommendations.

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

The Board (whether individually or as a whole) has separate and independent access to the Management and the company secretary at all times, and may seek independent professional advice, if necessary, at the expense of the Company. The appointment and the removal of company secretaries are subject to the approval of the Board. The company secretary attends all Board meetings and ensures that all Board procedures are followed. Where the company secretary is unable to attend any Board meeting, he ensures that a suitable replacement is in attendance and that proper minutes of the same are taken and kept.

7 PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

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

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

- review and recommend to the Board a general framework of remuneration for the Board and key management personnel;

- review and recommend to the Board the specific remuneration packages for each director as well as for the key management personnel. The RC's recommendations will be submitted for endorsement by the entire Board. The RC will cover all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind;

- review and recommend to the Board the terms of renewal of the service contracts of directors;

- review whether executive directors and key management personnel should be eligible for benefits under long-term incentive schemes, and evaluate the costs and benefits of long-term incentive schemes;

- review the Company's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance; and

- review the compensation packages of the non-executive directors.

The members of the RC are familiar with executive compensation matters as they manage their own businesses and/or are holding other directorships, and therefore do not currently need the assistance of an external expert. Nonetheless, the RC has access to appropriate external expert advice in the field of executive compensation, if required.

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

8 LEVEL AND MIX OF REMUNERATION

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

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

Non-executive directors receive directors' fees for their effort and time spent, responsibilities and contribution to the Board, subject to shareholders' approval at annual general meetings. Given the size and operations of the Group, the RC considers that the current fees adequately compensate the non-executive directors, without over-compensating them as to compromise their independence.

Remuneration for the executive directors includes a basic salary component, allowances together with other benefits in kind and a variable component based on the performance of the Group as a whole. The Company has entered into service agreements with its executive chairman, Mr. Charles Antonny Melati, its chief executive officer and executive director, Mr. Tung Kum Hon and its executive director, Mr. Dhamma Surya. Either party may terminate the service agreements at any time by giving the other party not less than six months' notice in writing, or payment in lieu of notice.

The Company has adopted the Geo Energy Share Option Scheme (the "Share Option Scheme") and the Geo Energy Performance Share Plan (the "Share Plan") (collectively, the "Schemes") on 23 April 2018. The Schemes shall remain in force for a maximum of 10 years unless extended.

The RC is responsible for overseeing and administering the Schemes in accordance with their terms. For additional details on the Schemes, please refer to the section of the Directors' Statement entitled "Share Incentive Schemes" on page 52 set out in this Annual Report.

The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the executive directors and key management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company, as the realisation of potential legal action by the Company would deter them from committing such wrongdoing. During the year, the

Group paid variable bonus/incentive to the executive directors, chief executive officer and key management personnel, as well as the mandatory THR allowance to its staff in Indonesia, which is a labour allowance that must be paid by an employer before a religious holiday.

9 DISCLOSURE ON REMUNERATION

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

The Company has established a performance-based remuneration system for executive directors and key management personnel that is flexible and responsive to the market, comprising a base salary, other fixed allowances, together with benefits in kind, as well as a performance bonus which is based on the Group's performance and the individual's performance. Mr. Charles Antonny Melati, the executive chairman, and Mr. Tung Kum Hon, the chief executive officer and executive director, are entitled to receive a performance bonus based on the audited consolidated profit before tax of the Group in each financial year. The foregoing performance condition was chosen having regard to the nature of the business, structure and requirement of the Group. There was annual performance bonus paid for 2018 as the performance condition was met during the financial year.

The level and mix of remuneration paid or payable to the directors and key management personnel for 2018 are set out below:

Remuneration bands	Salary & CPF %	Bonus & CPF %	Director's Fee %	Other Benefits %	Total %
Directors					
S$1,500,000 to S$1,750,000					
Tung Kum Hon	40	23	–	37	100
S$1,000,001 to S$1,250,000					
Charles Antonny Melati[1]	57	39	–	4	100
S$750,001 to S$1,000,000					
Dhamma Surya	72	24	–	4	100
S$500,000 to S$750,000					
Huang She Thong[1]	70	26	–	4	100
S$0 to S$250,000					
Soh Chun Bin	–	–	100	–	100
Ong Beng Chye	–	–	100	–	100
Lu King Seng	–	–	100	–	100
Karyono[2]	–	–	100	–	100
Jim Rogers	–	–	100	–	100
Key management personnel					
S$250,001 to S$500,000					
Philip Hendry[3]	74	26	–	–	100
S$ 0 to S$ 250,000					
Ng See Yong[1]	75	25	–	–	100
Junanto	74	25	–	1	100
Tan Sheng Hua, Adam	75	25	–	–	100
Chan Cheng Fei[3]	100	–	–	–	100
Karyono[2]	69	29	–	2	100

Note:
1 Mr. Charles Antonny Melati, Mr. Huang She Thong and Mr. Ng See Yong are brothers.
2 Mr. Karyono ceased to be an Independent Director with effect from 1 June 2018 and was appointed as the Group's Head of Operations on the same date.
3 Mr. Philip Hendry was appointed as Chief Financial Officer in place of Mr. Chan Cheng Fei with effect from 15 March 2018.
S$ – Singapore dollars

The aggregate remuneration (including CPF contributions thereon and bonus) paid to the top five key management personnel of the Group (who are not directors of the Company or the chief executive officer) in 2018 amounted to approximately S$ 981,825.

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

Save for the above key management personnel and the following employees, there was no employee of the Group who was an immediate family member of a director or the chief executive officer, and whose remuneration exceeded S$50,000 during 2018:

Remuneration bands	
S$ 150,001 to S$ 200,000	Yanti Ng[1]
S$ 100,001 to S$ 150,000	Lim Kok Wah, Eric[1]
S$ 50,000 to S$ 100,000	Ruddy Tan[2]

Note:
1 Ms Yanti Ng is the sister and Mr. Lim Kok Wah, Eric is the brother-in-law of Mr. Charles Antonny Melati and Mr. Huang She Thong, the directors of the Company.
2 Mr. Ruddy Tan is the nephew of Mr. Dhamma Surya, the director of the Company.

Established a framework of prudent and effective controls that enables the risks to be assessed and managed.

The Company did not grant or pay any termination, retirement or post-employment benefits to its directors, chief executive officer or other key management personnel in 2018.

10

ACCOUNTABILITY

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

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

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

11

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

The Management has formed an Enterprise Risk Management ("ERM") Working Group to devise and implement an ERM framework, in consultation with the Company's internal auditors, PricewaterhouseCoopers Risk Services Pte. Ltd. The ERM Working Group, together with the business and corporate executive heads, identifies the operational, financial and compliance risks faced by the Group and sets out the appropriate mitigating actions and monitoring mechanisms to respond to these risks and changes within the Group and the external business environment. The ERM framework is designed to manage the Group's risks and is approved by the Board, taking into consideration the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives. On an on-going basis, the ERM Working Group reviews all significant control policies and procedures, and highlights all significant matters to the Board and the AC. In December 2018, the ERM Working Group conducted an annual risk workshop to assist the Management in identifying and prioritising the top risks affecting the Group as well as to provide counter-measures for the risks identified.

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

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

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

Based on the ERM framework and internal controls established and maintained by the Group, the work performed by the internal and external auditors, and reviews performed by the Management and the AC, the Board, with the concurrence of the AC, is of the opinion that the risk management and internal control systems in place as at 31 December 2018 are adequate and effective to address in all material respects the financial, operational, compliance and information technology risks within the current scope of the Group's business operations.

The Board notes that no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities. The Board will continue its risk assessment process, which is an on-going process, with a view to improve the Group's internal controls system.

12

AUDIT COMMITTEE

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

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

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

- reviewing the annual consolidated financial statements and the external auditors' report on those financial statements, and discussing any significant adjustments, major risk areas, changes in accounting policies, compliance with 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 the Management, where necessary, before submission to the Board for approval;

- reviewing the periodic consolidated financial statements comprising the statements of comprehensive income and statements of financial position and such other information required by the SGX-ST Listing Manual, before submission to the Board for approval;

- reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

- reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties);

- reviewing the adequacy and effectiveness of the Company's internal audit function at least annually;

- reviewing the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors;

- making recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;

- meeting with the external auditors, and with the internal auditors, in each case without the presence of the Company's Management, at least annually;

- reviewing the policy and arrangements by which employees of the Group and any other persons may, in confidence, raise concern to the chairman of the AC about possible improprieties in matters of financial reporting or other matters. AC will ensure that there are arrangements in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken. The existence of a whistle-blowing policy will be disclosed in the Annual Report, and procedures and channels for raising such concerns will be disclosed as appropriate;

- ensuring robust internal controls to mitigate the Group internal controls weaknesses and to oversee the annual internal audit procedures and follow up on the audit findings;

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

- approving the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced;

- reviewing any interested person transactions falling within the scope of Chapter 9 of the SGX-ST Listing Manual;

- reviewing any potential conflicts of interest;

- approving internal control procedures and arrangements for all interested person transactions;

- reviewing and recommending hedging policies and instruments, if any, to be implemented by the Company to the Board;

- enquiring the status of the existing Qualifying Assets (as defined in the Company's prospectus dated 10 October 2012 (the "Prospectus")) and determining if any of the Qualifying Assets should be removed from the QA List (as defined in the Prospectus);

- reviewing and approving the Promoter Interest Register (as defined in the Prospectus);

- undertaking such other reviews and projects as may be requested by the Board, and reporting to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

- undertaking generally such other functions and duties as may be required by law or the SGX-ST Listing Manual, and by such amendments made thereto from time to time.

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

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

During the year, the AC reviewed the financial statements of the Group before the announcement of the Group's quarterly and full-year results, In the process, the AC reviewed the key areas of management's estimates and judgement applied for key financial issues including revenue recognition, impairment testing, provisioning policies, critical accounting policies and any other significant matters that might affect the integrity of the financial statements. The AC also considered the report from the external auditors, including their findings on the significant risks and audit focus areas. Significant matters that were discussed with management and the external auditors have been included as Key Audit Matters ("KAMs") in the audit report for the financial year ended 31 December 2018. Please refer to pages 54 to 56 of the Annual Report.

In assessing each KAM, the AC took into consideration the approach and methodology applied in the valuation of assets, as well as the reasonableness of the estimates and key assumptions used. In addition to the views from the external auditors, subject matter experts, such as independent valuers, were consulted where necessary. The AC concluded that management's accounting treatment and estimates in each of the KAMs were appropriate.

During the year, the AC considered and approved the 2018 Audit Plan and the 2018 Internal Audit ("IA") Plan. In addition, the AC reviewed the adequacy of internal control procedures, interested person transactions and the issues raised in IA reports. It also considered the reappointment of the external auditors as well as their remuneration.

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

The fees paid by the Company to the external auditors in 2018 for audit and non-audit services amounted to S$ 516,700 and S$ 184,000, respectively. The AC, having undertaken a review of all non-audit services provided by the external auditors, is of the opinion that such services would not affect the independence of the external auditors.

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

The Group has implemented a whistle-blowing policy. The policy aims to provide an avenue for employees and other persons to raise concerns about improprieties in matters of financial reporting or other matters and at the same time assure them that they will be protected from reprisals or victimisation for whistle-blowing in good faith. Anonymous disclosures will be accepted, and anonymity honoured. Cases that are significant are reviewed by the AC for adequacy of investigative action and resolution. The outcome of each investigation is reported to the AC. Contact details of the AC chairman have been made available to all employees. No whistle blowing reports were received in 2018.

No former partner or director of the Company's existing auditing firm is or can be a member of the AC.

13

INTERNAL AUDIT

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

The Company outsources the internal audit function to an external professional firm, PricewaterhouseCoopers Risk Services Pte. Ltd., who is a member of the Institute of Internal Auditors Singapore and staffed with persons with the relevant qualifications and experience, to perform the review and testing of controls of the Group's processes consistent with the

International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors. The internal auditors have unfettered access to all the Group's documents, records, properties and personnel, including access to the AC. AC meets internal auditors without the presence of Management, at least annually.

The internal auditors report directly to the chairman of the AC. The AC reviews and approves the annual internal audit plans and reviews the scope and results of the internal audit performed by the internal auditors. The AC reviews the adequacy and effectiveness of the internal audit function annually. The AC is satisfied that the internal auditors are independent and have the appropriate standing to perform their functions effectively. Based on its latest review, the AC is satisfied that the internal audit function then in place is adequate and effective bearing in mind that improvement to such function is an on-going process taking into account the prevailing scope of the Group's operations and business environment.

14

SHAREHOLDER RIGHTS

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

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

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

15

COMMUNICATION WITH SHAREHOLDERS

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

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

In addition, the Company seeks to maintain regular dialogue with its shareholders through briefings and by allowing them to share with directors or senior management from time to time their views and concerns. The Company works with a professional firm in respect of its investor-relation activities.

Actively engage shareholders to ensure that their views and concerns are taken into account.

The Company has adopted a dividend policy to declare dividends of at least 30% of the Group's net profit attributable to Owners of the Company, subject to debt covenants and capital requirements needed to support growth and investments. The Company has paid a tax-exempt (one-tier) interim cash dividend of S$ 0.01 per share on 5 September 2018.

16

CONDUCT OF SHAREHOLDER MEETINGS

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

All shareholders of the Company receive the Annual Reports and the notices of general meetings. The notice will also be advertised in a local newspaper and made available on SGXNET. The Company encourages shareholders' participation at general meetings, and all shareholders are given the opportunity to voice their views and to direct queries regarding the Group to directors, including the chairperson of each of the Board committees. All directors including the Chairman of the Board are required to attend the general meetings of the Company. The Company's external auditors are also present to assist the Board in addressing any relevant queries from shareholders.

The Company also ensures that there are separate resolutions at general meetings on each distinct issue. Minutes of general meetings, including relevant substantial comments or queries from shareholders relating to the agenda of the meetings and responses from the Board or the Management, are available to shareholders upon their request.

The Board supports the Code's principle of encouraging shareholder participation. The Constitution of the Company currently allows a member of the Company to appoint up to two proxies to attend and vote at general meetings. A shareholder who is a relevant intermediary (as defined in the Companies Act) may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. The Company does not currently employ electronic polling as it is not presently cost effective to do so. The Company shall put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages after the conclusion of the AGM.

17

DEALINGS IN SECURITIES

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

18

INTERESTED PERSON TRANSACTIONS

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

In 2018, there was no interested person transaction which value exceeded S$100,000.

19

MATERIAL CONTRACTS

Save as disclosed in section 18 above, there were no material contracts of the Group involving the interests of its chief executive officer, each director or controlling shareholder, either still subsisting at the end of 2018 or if not then subsisting, entered into since the end of the previous financial year.

COAL RESERVES

A PORTFOLIO OF 4 COAL ASSETS WITH TOTAL RESERVES OVER 80 MILLION TONNES

Land Clearing Topsoil Removal

We invest in studies with the goal of creating the maximum value from resources

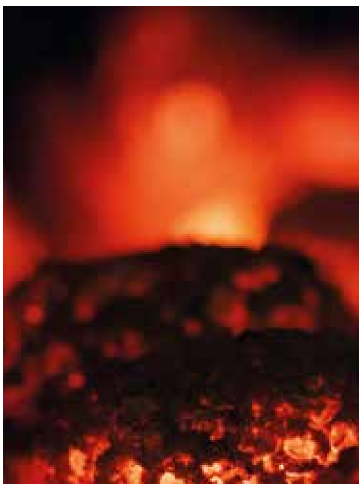
Overburden Removal

We extract our coal safely and sustainably

Overburden Dumping

Topsoil Placement

Rehabilitation



SMG Consultants (SMGC) was commissioned to prepare an Independent Qualified Person's Report (IQPR) for SDJ, TBR, BEK and STT mines. The IQPR has been prepared in accordance with SMGC's interpretation of the Australian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (VALMIN Code 2015 edition). Resources, Reserves and Exploration Targets have been estimated for the concessions as at 31 December 2018 and were reported in accordance with SMGC's interpretation of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code).

The Practitioner and Specialist with overall responsibility for this IQPR is Mr. Keith Whitchurch (Principal Consultant), who is a Member of the Australasian Institute of Mining and Metallurgy, a CP (Min) and a RPEQ, a member of PERHAPI and a member of IAGI.

Mr. Whitchurch is employed by and is a director of SMGC. Mr. Whitchurch has more than 30 years of experience in the mining industry with significant experience in technical reviews, audits and due diligence assessment of mining assets.

He has sufficient experience relevant to this style of mineralisation, deposit type, project stage, Valuation and Code requirements, to qualify him as a Specialist (as defined in the VALMIN Code). Mr. David Wyllie (Principal Engineer) has more than 30 years of experience across Australia, Indonesia and the Americas, includes mine planning, operations, blasting services, site management, mine consulting, Reserve reporting, and mine planning software implementation. Mr. Joyanta Chakraborty (Senior Mining Engineer) has over 16 years of experience in open cut mining in the areas of operation, reserve evaluation, pit optimisation, mine design, equipment selection, mine scheduling, project costing and economics.

Mr. Abdullah Dahlan (Principal Geologist) has over 19 years of experience in the coal and gold mining industries including exploration mapping, resource definition drilling, grade control, exploration program planning and supervision, project development, production monitoring, pit reconciliation and Resource estimation. Each is a member the Australasian Institute of Mining and Metallurgy and has had sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which each is undertaking to qualify as a Competent Person as defined in the 2012 JORC Code.

The full IQPR reports are available on our website.

Coal Hauling

We transport coal with maximum efficiency

Jetty

Our coal is crushed and loaded at the jetty

Concessions Details

Coal Mines	Location	License, Expiry Date	Area	Type of Mine	History
SDJ	Tanah Bumbu, South Kalimantan	IUP Operasi Produksi, 29 May 2022	235.5 ha	Open pit	The Group sold 6.7 million tonnes of coal from SDJ in 2018.
TBR	Tanah Bumbu, South Kalimantan	IUP Operasi Produksi, 11 January 2022	489.1 ha	Open pit	Production commenced in June 2018 and completed the first shipment to Indonesia – fulfilment of Domestic Market Obligation set by Indonesian authority. Total 0.4 million tonnes of coal were sold in 2018.
BEK	Kutai Barat, East Kalimantan	IUP Operasi Produksi, 4 April 2031	4,570 ha	Open pit	The coal mine was put in care and maintenance.
STT	Kutai Barat, East Kalimantan	IUP Operasi Produksi, 26 October 2032	4,600 ha	Exploration	The concession is greenfield and no production has commenced.

Reserves and Resources

The Coal Resources estimates were reported in compliance with SMGC's interpretation of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition) as prepared by the Joint Ores Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC).

A Life of Mine (LOM) plan, which included a production schedule, waste balance and preliminary equipment calculations, was completed by the engineering team for the deposit. SMGC reviewed the mine plan and performed cross-checks to ensure that the operation is practical, achievable and has sufficient dumping room to contain all the waste mined in the final pit design. Waste haul distances were also estimated to adjust the waste mining costs for the operation.

These estimates have been reported in accordance with SMGC's interpretation of the 2012 JORC Code and are stated as at 31 December 2018.

Name of Asset/Country: PT Sungai Danau Jaya (SDJ) / Indonesia

Category	Mineral Type	Gross Attributable to License [1]		Net Attributable to Issuer [4]			Remarks
		Tonnes (millions)	Grade	Tonnes (millions)	Grade	Change from previous update [2] (%)	
Reserves [5]							
Proved	Coal	18.6	Sub-Bituminous Rank C	18.4	Sub-Bituminous Rank C	- 23%	Changes due to production adjustment
Probable	Coal	7.4	Sub-Bituminous Rank C	7.3	Sub-Bituminous Rank C	- 16%	
Total	Coal	26.0	Sub-Bituminous Rank C	25.7	Sub-Bituminous Rank C	- 21%	
Resources [3&5]							
Measured	Coal	21.4	Sub-Bituminous Rank C	21.2	Sub-Bituminous Rank C	- 16%	Changes due to production adjustment
Indicated	Coal	7.5	Sub-Bituminous Rank C	7.4	Sub-Bituminous Rank C	-26%	
Inferred	Coal	0.1	Sub-Bituminous Rank C	0.1	Sub-Bituminous Rank C	-67%	
Total	Coal	29.0	Sub-Bituminous Rank C	28.7	Sub-Bituminous Rank C	-19%	

Notes:

1 License refers to PT Sungai Danau Jaya Production Operation IUP.
2 Previous Coal Reserves and Coal Resources estimates were reported as at 31 December 2017.
3 Resources are inclusive of Reserves.
4 The results presented are rounded to reflect the accuracy of the estimates. Minor discrepancies are due to rounding and are not considered material by SMGC.
5 Resources and Reserves are reported in accordance with SMGC's interpretation of the JORC Code 2012 Edition.

"SMGC WAS COMMISSIONED TO PREPARE AN IQPR ON COAL RESERVE

Name of Qualified Person: Keith Whitchurch
Date: As of 31 December 2018
Professional Society Affiliation/Membership: BE(Hons) MEngSci MAusIMM CP(min) RPEQ. PERHAPI

Barging

Our coal is barged to anchorage point

Coal Shipment

Our coal is shipped to end customers

Name of Asset/Country: PT Tanah Bumbu Resources (TBR) / Indonesia

Category	Mineral Type	Gross Attributable to License[1] Tonnes (millions)	Gross Attributable to License[1] Grade	Net Attributable to Issuer[4] Tonnes (millions)	Net Attributable to Issuer[4] Grade	Change from previous update[2] (%)	Remarks
Reserves[5]							
Proved	Coal	42.0	Sub-Bituminous Rank C	41.1	Sub-bituminous Rank C	5%	Changes due to additional drilling and sampling
Probable	Coal	4.1	Sub-Bituminous Rank C	4.0	Sub-bituminous Rank C	28%	
Total	Coal	46.1	Sub-Bituminous Rank C	45.1	Sub-bituminous Rank C	7%	
Resources[3&5]							
Measured	Coal	50.0	Sub-Bituminous Rank C	49.0	Sub-bituminous Rank C	3%	Changes due to additional drilling and sampling
Indicated	Coal	9.9	Sub-Bituminous Rank C	9.7	Sub-bituminous Rank C	48%	
Inferred	Coal	1.7	Sub-Bituminous Rank C	1.7	Sub-bituminous Rank C	31%	
Total	Coal	61.6	Sub-Bituminous Rank C	60.3	Sub-bituminous Rank C	9%	

Name of Qualified Person: Keith Whitchurch
Date: As of 31 December 2018
Professional Society Affiliation/Membership: BE(Hons) MEngSci MAusIMM CP(min) RPEQ. PERHAPI

Notes:

1 License refers to PT Tanah Bumbu Resources Operation IUP.
2 Previous Coal Reserves and Coal Resources estimates were reported as at 31 December 2017.
3 Resources are inclusive of Reserves.
4 The results presented are rounded to reflect the accuracy of the estimates. Minor discrepancies are due to rounding and are not considered material by SMGC.
5 Resources and Reserves are reported in accordance with SMGC's interpretation of the JORC Code 2012 Edition.

"COMBINED JORC OF OVER 80 MILLION TONNES OF COAL

Name of Asset/Country: PT Bumi Enggang Khatulistiwa (BEK) / Indonesia

Category	Mineral Type	Gross Attributable to License[1] Tonnes (millions)	Gross Attributable to License[1] Grade	Net Attributable to Issuer[4] Tonnes (millions)	Net Attributable to Issuer[4] Grade	Change from previous update[2] (%)	Remarks
Reserves[5]							
Proved	Coal	8.1	Lignite Rank A	8.0	Lignite Rank A	0%	No Change
Probable	Coal	2.0	Lignite Rank A	2.0	Lignite Rank A	0%	
Total	Coal	10.1	Lignite Rank A	10.0	Lignite Rank A	0%	
Resources[3&5]							
Measured	Coal	11.3	Lignite Rank A	11.2	Lignite Rank A	0%	No Change
Indicated	Coal	7.2	Lignite Rank A	7.1	Lignite Rank A	0%	
Inferred	Coal	6.0	Lignite Rank A	5.9	Lignite Rank A	0%	
Total	Coal	24.5	Lignite Rank A	24.2	Lignite Rank A	0%	

Name of Qualified Person: Keith Whitchurch
Date: As of 31 December 2018
Professional Society Affiliation/Membership: BE(Hons) MEngSci MAusIMM CP(min) RPEQ. PERHAPI

Notes:

1 License refers to PT Bumi Enggang Khatulistiwa Production Operation IUP.
2 Previous Coal Reserves and Coal Resources estimates were reported as at 31 December 2017.
3 Resources are inclusive of Reserves.
4 The results presented are rounded to reflect the accuracy of the estimates. Minor discrepancies are due to rounding and are not considered material by SMGC.
5 Resources and Reserves are reported in accordance with SMGC's interpretation of the JORC Code 2012 Edition.

	Coal Quality						
	Relative Density	Total Sulphur	Volatile Matter	Inherent Moisture	Total Moisture	Ash	GAR
	arb (t/m3)	adb (%)	adb (%)	adb (%)	adb (%)	adb (%)	arb (kcal/kg)
SDJ	1.25	0.2	41.0	16.0	35.6	4.8	4,124
TBR	1.27	0.3	39.7	19.1	34.6	4.1	4,259
BEK	1.24	0.2	34.2	31.1	42.9	6.8	3,448

Note:
adb: Air dried basis
GAR: Gross as received
arb: Air received basis

Economic Analysis

SMGC has developed an economic model for SDJ and TBR (SDP project) and BEK to confirm that it is economically feasible after the application of all modifying factors. Using the capital costs, operating costs and sales price assumptions combined with the life of mine plan, the economic model shows to be economically feasible.

SDP and BEK are operating mines with a detailed short-term mine plan that extends to a Life of Mine (LOM) at varying levels of engineering from operational down to pre-feasibility commensurate with geological certainty. Modifying factors are based on actual operating expenses. Capital and operating costs were then estimated in real terms for SDP. Operating cost estimates were based on actual costs where available, existing contracts for the site and typical costs for coal mines in Kalimantan. All major infrastructure for the SDP is already in place and only minor capital items are expected during the remaining mine life. An allowance per hectare has been allowed for mine closure at the end of the life of mine.

SDP produces high quality low rank coal, which is increasingly in demand as higher environmental concern promotes the need for high quality, low sulphur and low ash coals. The forward coal price curve used for financial modelling of SDP was based on the Indonesian coal industry forecast report. SMGC believes the coal from BEK concession is readily marketable. SMGC has assumed a flat forward price curve based on the Indonesia benchmark coal price adjusted for the annual scheduled Calorific Values. SMGC has relied on sensitivity analysis to test the boundaries of reasonable variations in forward coal price for SDP and BEK.

The operating cost type are (i) variable contractor; (ii) variable owner; (iii) fixed; and (iv) royalties and government costs.

A summary of key parameters including financial parameters is shown in below.

Parameter	Value		Unit	Description
	SDP	BEK		
Waste mined	233.8	83.8	Mbcm	Total waste mine over life of mine including rehandle
Coal produced	70.9	12.2	Mt	Total coal produced over life of mine
Stripping ratio	3.3	6.9	bcm:t	Average stripping ratio of deposits (excludes rehandle)
Maximum production	13.0	0.9	Mtpa	Maximum production rate achieved over LOM
Years of production	6	16	Years	Number of years of coal production
Average CV (gar)	4,176	3,448	kcal/kg	Average gross as received CV of coal produced
Average coal price	41.98	25.01	USD/t	Average coal price received (real term)
Average operating cost	32.35	23.04	USD/t	Average operating cost over LOM FOB vessel
Total LOM capital expenditure	3.9	8.0	USD million	All capital expenditure except ongoing replacement
Average Annual Replacement Capital	-	0.27	USD million	Average annual expenditure over life of mine
Discount rate (nominal after tax)	6.2%	6.2%	% (nominal)	Considered equivalent to a real discount rate of 4.1% at an assumed inflation rate of 2.0%
Discount rate (real after tax)	4.1%	4.1%	% (real)	Calculated from nominal discount rate using fisher equation
Royalty rate	5.0%	3.0%	% of revenue	IUP – barging and transhipment costs have been subtracted from revenue
Corporate tax rate	25%	25%	% of earnings	Indonesian corporate tax rate
Rate of inflation	2.0%	2.0%	% per annum	Used to convert between real and nominal cash flows and applied to operating costs over the life of mine
Discount applied to inferred coal	0%	0%	%	Discount applied to cash flows attributable to inferred coal in the mining schedule

Exploration Target – PT Surya Tambang Tolindo (STT)

These exploration target estimates have been reported in accordance with SMGC's interpretation of the 2012 JORC Code and are stated as at 31 December 2018.

Description	Units	Moisture Basis	Exploration Target Range Estimate[1]
Coal Quantity			
Tonnage	Mt	adb	1 – 25
Coal Quality			
Total Moisture	%	ar	3 – 13
Inherent Moisture	%	adb	2 – 5
Ash	%	adb	2 – 20
Volatile Matter	%	adb	36 – 44
Fixed Carbon	%	adb	42 – 55
Total Sulphur	%	adb	0.8 – 6
Calorific Value	kcal/kg	adb	6,445 – 8,065
		gar	6,197 – 7,934
CSN		adb	0 – 7

Note:

1 The estimated Exploration Target coal quantity and quality is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

STT has no mine plan and no economic analysis as it is reported as an Exploration Target only. Current exploration drilling is adequate to determine the initial seam structure in the Middle area. There are still some outcrops not intersect by the current boreholes in the east area which needs to be targeting by future drilling. No outcrop drilling has been completed in the west area, this should be preceded by surface mapping. This area is very prospective and appears to be covered by the coal bearing formation.

SUSTAINABILITY STATEMENT

CREATING SUSTAINABLE STAKEHOLDER VALUE BY OPTIMISING OUR OPERATIONS FOR LONG-TERM ECONOMIC, SOCIAL AND ENVIRONMENTAL BENEFITS

SUSTAINABILITY AT GEO ENERGY

CREATING SUSTAINABLE STAKEHOLDER VALUE BY OPTIMISING OUR OPERATION FOR LONG-TERM ECONOMIC, SOCIAL AND ENVIRONMENTAL BENEFITS

Message from the Board

On 8 November 2018 we announced our offtake deal with Australia's Macquarie Bank for our TBR coal. Apart from the growth opportunities that this transaction unlocks for Geo Energy by tapping into Macquarie's vast financial resources and expertise in developing commodities markets, we are pleased that it also provides us with a welcome opportunity to take our engagement with sustainability to the next level. Sustainability and corporate social responsibility are already an integral part of our overall business strategy – but as part of the negotiations with Macquarie, we undertook a thorough review of our operations that included some of the most important aspects of sustainability, including workers' health and safety, our impact on the communities living in the vicinity of our mines and our environmental performance. The review was undertaken by a leading global provider of environmental, health, safety, risk, and social consulting services and it led to several specific recommendations on how to further improve our sustainability practices.

Once the review was completed at the end of 2018, our Head of Operations, Pak Karyono has assumed responsibility for working closely with all stakeholders to ensure these recommendations are implemented. For details on the recommendations resulting from the review, please refer to our full Sustainability Report 2018. We will be reporting on our progress on this implementation in subsequent sustainability reports.

> "We believe in creating sustainable value through good ESG practices and corporate governance

US$ 1.1 MILLION

Incurred for sustainability efforts in 2018 and committed further resources for 2019

The Macquarie deal marks an important milestone on our ongoing journey towards greater sustainability and corporate social responsibility. We remain committed to create long-term value for our shareholders, customers and employees by executing our integrated business strategy that aims to take into consideration every dimension of how a business operates in the social, environmental, and economic context.

Our annual sustainability report for 2018 will be published in the second quarter of 2019. Same as last year, our sustainability reporting is based on the Global Initiative's Standards (GRI), and according to SGX reporting requirements.

Management Structure

Our governance structure continues to ensure that the Group's material sustainability risks and issues are managed effectively. The Enterprise Risk Management (ERM) Working Group devises, implements and maintains our ERM framework while the Board of Directors and CEO maintain oversight over the Group's various material sustainability issues. The ERM Working Group comprises the CFO, Investment Director, as well as various business heads across the Group and is supported by all our staff. A group-wide sustainability workshop and self-assessment exercise were again carried out in December 2018 to identify, assess and discuss the various material risks that the Group currently or potentially faces.

Material Issues

In preparation for last year's inaugural Sustainability Report, a thorough materiality assessment was undertaken to identify Geo Energy's material environmental, social and governance (ESG) issues. This assessment was based on the Global Reporting Initiatives' (GRI) Standards and followed AA1000's recommended guidelines. The assessment was supported by an independent sustainability consultant and involved a stakeholder engagement survey, internal workshops, a peer review, and the evaluation of the environmental impact of Geo Energy's mining operations. The final determination of material issues was based on the potential risk to Geo Energy's business and our impact on external stakeholders.

For this year's report, we reviewed the final list of issues as part of our work on 2018 Sustainability Report and found them to still be an accurate representation of our most material sustainability topics.

Protecting Our People

In all our operations, we emphasise the health and safety of our people – our employees, contractors and the local communities. We are committed to continuous improvements in the health and safety standards of our operations, including minimising the risk of accidents, injuries and illnesses. We adopt a comprehensive safety management system for our mining operations, which includes safety management plans, rules, codes of practice, manuals and procedures with which our people are required to comply. We conduct training on basic safety skills and procedures for our workforce including colleagues employed from the local communities, and we have stationed safety officers on-site at each of our mining concessions to monitor the work procedures of our employees. We aim to identify any shortfalls in our health and safety procedures before they lead to accidents. All our employees have a mandate to achieve zero injuries and fatalities amongst our workforce.

Protecting the Environment

We focus on avoiding and preventing negative impacts where possible, and otherwise do everything in our powers to mitigate and remediate any detrimental effects of our operations on the environment as much as we can. Apart from general ethical considerations, environmental stewardship and management is also very important to our relationships with local communities, regulators and other stakeholders. We consider environmental management to be an important part of overall good governance. Our environmental management strategies and goals include effective air and water pollution control measures, proper handling and disposal of hazardous and poisonous waste, and continuous improvements of our resource efficiency.

Together with BUMA (our mining services provider), we have formulated a comprehensive post-mining reclamation and rehabilitation plan to manage the environment in which we carry out our mining operations. This plan takes the geological characteristics of our mining sites into consideration in order to minimise our impact on the environment. We plan to rehabilitate land as soon as it is no longer mined rather than wait until the end of a mine's life. Our land reclamation activities involve the deposit of overburden onto mined-out areas and is complemented by our land rehabilitation measures that consist of spreading topsoil over the surface of the deposited overburden and planting of palm trees to restore the original plantation setting.

Removal of oil and other pollutants, regular testing of acidity levels and treatment are carried out before the disposal of waste water. Other types of waste such as used oil, scrap metal and worn tyres are brought to designated location within the mine sites to be periodically collected and removed by carefully selected third party contractors. Water trucks are regularly deployed to spray sections of coal haulage roads (which are largely dirt or earth roads), especially where these are located near the homes of local communities in order to reduce dust pollution. Face masks are distributed to local residents to help further reduce their exposure to dust. We also carry out regular fogging activities in the areas surrounding our mines to prevent the breeding of mosquitoes which may otherwise cause diseases.

Our mining operations are subjected to periodic internal and external environmental audits, including by the government agency BLHD (Environmental Control Agency) responsible for implementing the government's environmental regulations and policies. BLHD,

Incurred for sustainability efforts in 2018 and committed further resources for 2019

together with other local government agencies such as the Ministry of Energy and Mineral Resources, supervises our mining operations. We are pleased to report that we did not receive any major complaints regarding pollution or other environmental degradation in the reporting period.

Community Engagement

Community engagement is the bedrock of our CSR activities. We believe in creating positive and lasting social impact in the communities where we operate. Through our ongoing support for and work with local communities, we have been able to develop successful partnerships based on mutual understanding, trust and respect. Together with the villages and local authorities, we are working to identify and evaluate the communities' needs as well as the actual and potential social consequences of our operations at every stage of our mines' life cycle. This allows us to focus our CSR efforts on creating lasting improvements to the livelihood of these communities, while also protecting the environment around the mining sites, as outlined above.

Community involvement is also a cornerstone of our employment policy at the mines. Wherever possible, we employ local workers and provide these workers with relevant training and opportunities to develop their skills. We also seek to support and promote local businesses and economic activities by continuously engaging them as suppliers. Among other things, we continue to procure food supplies from local suppliers around our mine sites. In addition to economic empowerment, we are committed to improving the general living standards of the local communities. Our Community Development personnel invest time and effort into building relationships with local residents to identify the needs of the local communities and partner with them to address those needs where practical. We also hold regular meetings with representatives of each village to discuss the progress and implementation of our community assistance plans as well as to address any issues, concerns or complaints that may have arisen.

Our community assistance programs – in close coordination and cooperation with our partner BUMA as well as local authorities - include:

- Building of class rooms and sporting facilities, such as basketball courts, for local schools, as well as providing them with internet access
- Improving local infrastructure, by replacing dangerous dilapidated wooden bridges with modern versions made from concrete
- Drilling wells providing relief for local communities who otherwise have to spend long hours and significant energy hauling water from remote locations
- Financing the ongoing education of teachers
- Building of mosques
- Donation of farm animals, especially cows

As part of our ongoing CSR efforts, our Singapore team alongside our Jakarta colleagues also participated in the Run for Hope (RFH) 2018 and 2019. This charity run was organised by the National Cancer Centre and various organisations to raise awareness and support for cancer research. To foster a sense of community, we encouraged our employees' family members to join the run.

Stakeholder Engagement

Close collaboration with stakeholders is crucial to our success as a coal producer and we deeply appreciate the support of our stakeholders in addressing our sustainability challenges. We maintain an open and honest dialogue with different stakeholders to identify and prioritise all important sustainability issues. Stakeholder relations, including engagement with employees, business partners, investors, media and our local communities, are managed by various departments at the corporate level as well as our investor relations team. Engagement includes periodic roadshow presentations and analyst briefings with investors, regular meetings and feedback from contractors, offtakers and service providers, regular monthly management meetings and the Employee Feedback Scheme (EFS) as well as regular meetings with representatives of local communities to discuss our CSR activities.

Best Practice Reporting

We are committed to being a sustainable and responsible low cost Indonesian coal producer, with a sustainability strategy that is aligned with our belief of being a business that not only produces coal, but also helps our stakeholders to achieve the best in life.

As we grow, improve and remain accountable to our communities, stakeholders, and shareholders we uphold high standards of transparency and corporate governance. We seek to take a proactive stance towards sustainability and we focus our efforts on the things that matter most.

2018

3

Signing a LOM coal mining services agreement with BUMA worth more than US$500 million on the TBR coal mine for the development and production of coal.

Participated in the UBS Credit Research Meeting Jakarta, meeting with some of the major fixed income investors such as Blackrock, Fidelity, Goldman Sachs Asset Management, Morgan Stanley Asset Management and HSBC Asset Management.

UBS Credit Research Meeting, Mandarin Oriental Jakarta

4

Company management outing and team building in Hong Kong. The board together with all staff of the Singapore and Jakarta offices participated in an Amazing Race team building event in Hong Kong, as well as various other activities, a morning run at the Victoria Park and a gala dinner.

Attended the 4th Indonesia Mining Outlook 2018 organised by Tambang, a leading mining online magazine together with other Indonesia mining companies, international commodities offtakers, media and others to discuss on the demand and supply trends for the future of coal, forecasting the price of thermal coal, some regulatory update and opportunity to develop relationships.

1Q2018 Results Briefing in Singapore to major equity investors, analysts and fund managers.

5

6

Attended a meeting with international USD bondholders and investors roadshow roadshow arranged by Nomura in Jakarta.

2018

8

Kalimantan Staff retreat, team building and water sports activities together with our CEO.

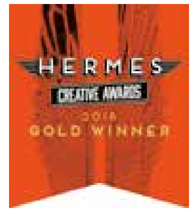
Completed the first shipment of coal from TBR coal mine in Indonesia to a local smelter, marking the commencement of sales of TBR mine following the start of its development in June 2018.

Announces a Group dividend policy (at least 30% of the Group's profit) and paid a final tax-exempt (one-tier) dividends of S$0.01 per share in September 2018 to shareholders.

CGIO CENTRE FOR GOVERNANCE, INSTITUTIONS AND ORGANISATIONS

Ranked 35th in the Corporate Governance and Transparency Index 2018, placed among the top listed companies in Singapore.

9

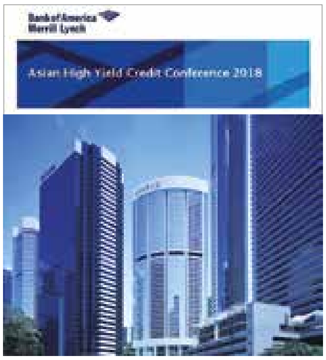


Hermes Creative Award for our 2017 Annual Report – The year that transformed Geo Energy.

Announces a proposed Dual Primary Listing on the Main Board of the Stock Exchange of Hong Kong Limited, which would enable the Group to further raise its corporate profile to an international standing and a step forward to translate into more business opportunities in China and access to the Hong Kong capital market.

Attended the J.P.Morgan Credit and Equities Emerging Markets Conference in London and met major international bond and high yield investors.

10



Participated in the **Bank of America Merrill Lynch Inaugural 2018 Asian High Yield Credit Conference in Hong Kong**, attended by international institutional investors. The goal of the conference brings together investors and issuers to discuss the goals and objective of the Company moving forward as well as provide an excellent exposure to a broad range of investors from different geographic regions. Held a series of small group meetings, prioritising to top-tier institutional investors.

2018 year end party at the Botanico, Botanical Garden Singapore by gathering our Directors and senior management, business partners, bankers and corporate advisors as part of the Company's appreciation towards their great support given to Geo Energy. It was a night of fun with good food and attractive lucky draw prizes.

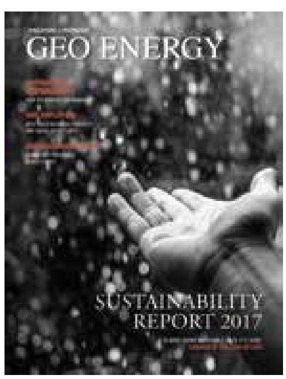
Entered into a **coal offtake agreement for the life of mine with Macquarie Bank Limited** (a wholly-owned subsidiary of Macquarie Group, a global diversified financial group) for the coal offtake and prepayment facility agreement and trade financing agreement for TBR's coal mine, together with a 5% equity investment in Geo Energy.

Completed the Proposed Subscription through issuance of 70 million Subscription Shares (listed and quoted on the SGX-ST on 21 November 2018) and together 74 million warrants with a conversion price at S$0.33 per share. This represent a major milestone for Geo Energy in working with Macquarie as a major shareholder of the Company.

11

12

Published the first Sustainability Report 2017 on 27 December 2018, prepared in accordance with the Global Reporting Initiatives (GRI) Standards.

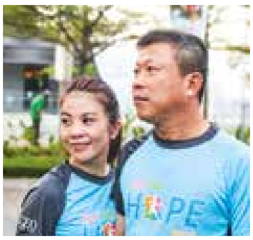


Attended the **Nomura Hong Kong High Yield Conference Corporate Day Event in Conrad Hotel Hong Kong** to meet Bond funds and investors from US, Europe and Asia. The event connects Markets East & West to share the business outlook and a luxurious networking opportunity amongst issuers and the Global investment community.

2019

1

We play an active role in the communities, societies and environments. We sponsored and participated in the **Run For Hope 2019** to build awareness and raise funds for cancer research in Singapore. This is our second year in running together for a good cause. We will continue to support and commit further resources and we believe in creating sustainable value through good Environment, Social, Governance practices and corporate governance.



Granted employee share options pursuant to the **Geo Energy Share Option Scheme**. Total share options granted was 24,850,000 shares at an exercise price of S$0.19 per share. The validity period if the share options is one year. It is a recognition to the contributions made and be made by key executives and Directors to the Group and instill loyalty to and reinforce a stronger identification with the long-terms prosperity of the Group.

2

Ranked 17th in the inaugural award for Singapore's Fastest Growing Companies 2019, presented by The Straits Times and Statista, out of a long list of over 2000 shortlisted companies based on the strongest revenue growth in recent years. This award recognises the increased scale of our business.

THE STRAITS TIMES
Singapore's **Fastest Growing Companies**
2019 statista

3

Attended **UBS Hong Kong Credit Investors' briefing in Jakarta** with investors such as BEA Union, Credit Suisse, FIL, Double Haven, Muzinich, Pinebridge and T Rowe Price, to present our 2018 results and Geo Energy's plan for the future.

Meeting **Citibank Hong Kong credit investors in Jakarta** to present our 2018 results and Geo Energy's plan for the future to about 20 investors such as Galloway Capital, NY, Spinnaker Asia, China Everbright, GAM, London, AIA Indonesia and others.

FINANCIAL STATEMENTS

GEO ENERGY'S AUDITED CONSOLIDATED FINANCIAL STATEMENTS

THE DIRECTORS PRESENT THEIR STATEMENT TOGETHER WITH THE AUDITED STATEMENTS OF FINANCIAL POSITION, STATEMENT OF PROFIT OR LOSS, AND STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018.

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 2018.

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 59 to 121 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 2018, 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
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 object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the 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 Singapore Companies Act except as follows:

	Shareholdings registered in name of director		Shareholdings in which directors are deemed to have an interest	
Name of directors and companies in which interests are held	**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)]	193,345,406	293,345,406	-	-
Tung Kum Hon [(b)]	10,000,000	10,000,000	-	-
Dhamma Surya [(a)]	57,159,453	57,159,453	-	-
Huang She Thong [(c)]	29,825,620	29,825,620	318,326,287	218,326,287
Ong Beng Chye	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

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

Name of directors and companies in which interests are held	Shareholdings registered in name of director		Shareholdings in which directors are deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
Ordinary shares of subsidiaries				
PT Mitra Nasional Pratama				
Huang She Thong	1	1	-	-
PT Sumber Bara Jaya				
Huang She Thong	1	1	-	-
PT Bumi Enggang Khatulistiwa				
Huang She Thong	1	1	-	-
PT Sungai Danau Jaya				
Huang She Thong	1	1	-	-
PT Karunia Mitra Berkat				
Huang She Thong	1	1	-	-
PT Era Tiga Putra				
Huang She Thong	120	120	-	-
PT Geo Tebo Power Inti				
Huang She Thong	10	10	-	-
PT Tunas Bara Abadi Tolindo				
Huang She Thong	12	12	-	-
PT STT Tunas Bara				
Huang She Thong	1	1	-	-
PT Surya Tambang Tolindo				
Huang She Thong	1	1	-	-
PT Geo Energy Trading				
Huang She Thong	10	10	-	-

(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.

(b) On 13 January 2017, Master Resources International Limited ("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.

(c) The Company's Executive Director, Huang She Thong, holds 26.4% of the shares in Master Resources. As such, Huang She Thong is deemed to have interest in the 218,326,287 shares held by Master Resources and have interest in all the related corporations of the Company by virtue of section 7 of the Singapore Companies Act.

DIRECTORS' STATEMENT

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

The directors' interests in the shares of the Company as at 21 January 2019 were the same as those as at 31 December 2018, except as follows:

	Options to subscribe for ordinary shares held in the name of director		
Name of directors	**At beginning of year**	**At end of year**	**As at 21 January 2019**
Tung Kum Hon	-	-	2,000,000
Dhamma Surya	-	-	1,500,000
Soh Chun Bin	-	-	1,500,000
Ong Beng Chye	-	-	1,500,000
Lu King Seng	-	-	1,500,000
James Beeland Rogers Jr	-	-	1,500,000

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

4 SHARE OPTIONS

Warrants

During the financial year, the Company issued to Macquarie Bank Limited 74,000,000 non-listed, transferable, free warrants exercisable within two years from the date of issue with each warrant carrying the right to subscribe for one ordinary share in the Company at an exercise price of S$0.33 per ordinary share.

Share Incentive Schemes

Pursuant to the approval by the shareholders of the Company at the extraordinary general meeting held on 23 April 2018, the Company adopted the Geo Energy Share Option Scheme (the "Share Option Scheme") and the Geo Energy Performance Share Plan (collectively, the "Schemes").

The Schemes are administered by the Remuneration Committee in accordance with their terms.

The Schemes shall remain in force for a maximum period of 10 years unless extended with the approval of the shareholders of the Company.

The aggregate number of shares issued or issuable under the two Schemes shall not exceed 15% of the total number of issued shares in the Company (excluding treasury shares, if any) from time to time.

Controlling shareholders of the Company and their associates are not eligible to participate in the Schemes.

Subject to the rules of the Share Option Scheme (the "Rules"), options granted under the Share Option Scheme shall be exercisable as follows:

(a) in the case of options exercisable at a price equal to the average of the last dealt prices for the shares of the Company on The Singapore Exchange Securities Trading Limited over the five consecutive market days immediately preceding the date of offer of the options (the "Market Price"), a period commencing after the first anniversary of the date of offer and expiring on the tenth anniversary of the date of offer; and

(b) in the case of options exercisable at a discount to the Market Price (subject to a maximum discount of 20% of the Market Price), a period commencing after the second anniversary of the date of offer and expiring on the tenth anniversary of the date of offer,

provided that options shall be exercised, in the case where the options are granted to employees of the Company and its subsidiaries, before the end of ten years from the date of offer or in the case where the options are granted to non-executive directors of the Company and employees of any associated company, before the end of five years from the date of offer.

No share options or share awards were granted pursuant to the Schemes during the financial year.

Subsequent to the financial year end, the Company, on 11 January 2019, granted an aggregate 24,850,000 share options to eligible directors and selected employees of the Company and its subsidiaries pursuant to the Share Option Scheme at an exercise price of S$0.19 per share. The grant of such options and the exercise thereof are subject to the Rules.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

Save as disclosed in this Directors' Statement, there were no unissued shares of the Company or of its subsidiaries under options as at the end of the financial year.

DIRECTORS' STATEMENT

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)

The Audit Committee carries out the functions specified in section 201B (5) of the Singapore Companies Act. The main functions of the Audit Committee includes the following:

(i) 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;

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

(iii) make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors;

(iv) review any interested person transactions falling within the scope of Chapter 9 of the SGX-ST Listing Manual;

(v) review any potential conflicts of interest;

(vi) review the policy and arrangements by which employees of the Group and any other persons may, in confidence, raise concern to the Chairman of the Audit Committee about possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken. To disclose the existence of a whistle-blowing policy in the Annual Report and disseminate the procedures and channel for raising such concerns;

(vii) 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;

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

(ix) enquire 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);

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

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

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

6 AUDITORS

The 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 2019

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 2018, 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 59 to 121.

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"), Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs") 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 2018 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 *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.

Key audit matters	How the matter was addressed in the audit
Appropriateness of carrying amounts of mining properties and deferred stripping costs	
As at 31 December 2018, mining properties (Note 14) and deferred stripping costs (Note 13) amounting to US$168,737,038 and US$57,899,708 respectively, represent 80.2% of total non-current assets and 41.3% of total assets in the Group's statement of financial position. Due to the sustained volatility in coal prices, 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. Management has obtained the Resource and Reserve reports and Exploration Target report (the "Reports") for all mines held by the Group which give an indication of the reserve volumes used in the value in use calculations. 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. Using the above Reports, management's assessment of the recoverable amounts of the mining properties and deferred stripping costs, determined based on the value in use calculations of the underlying mines, is a judgmental process which requires the estimation of the 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.	Our audit procedures on the assessment of recoverable amounts of the mining properties and deferred stripping costs was led by the Group audit team, supplemented by specific procedures by the component auditor, which included, among others: • We evaluated the design and implementation 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 assessed the competency, reputation and objectivity of the independent qualified person appointed by the Group in providing the Reports and considered the appropriateness of the valuation methodology used. • We obtained the Reports issued by an independent qualified person appointed by the Group and based on the Reports, assessed if there is any unexpected reduction in reserve volumes used in the value in use calculations. • We obtained and challenged the assumptions used in the value in use calculations of the underlying coal mines (forecasted coal prices, projected production volumes and discount rates) and evaluated the reasonableness of these assumptions by comparing them to available industry, economic and financial data.

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 (cont'd) The Group has made disclosures on the above critical judgement and key sources of estimation uncertainty in Notes 3(i) and 3(e) to the consolidated financial statements respectively.	• We engaged our internal valuation specialist to review the appropriateness of the discount rates used by management in the value in use calculations. • We evaluated the robustness of management's budget process by comparing the actual financial performance against previously forecasted results. • We performed independent sensitivity analysis in regards to the discount rates and forecasted coal prices as these are the significant key assumptions in the value in use calculations. We have also assessed and validated the adequacy and appropriateness of the disclosures made in the consolidated financial statements.

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 under Cooperation Agreement	
In January 2018, the Group signed a Cooperation Agreement with certain debtors to conduct joint mining activities to recover the outstanding debts. As at 31 December 2018, the trade and other receivables balances from these debtors, which are past due but not impaired, amounting to US$20,216,791 [Note 8(a)]. The joint mining activities was expected to commence after the completion of due diligence on the economical and technical feasibility of the underlying coal mines. Accordingly, the recoverability of the above balances with these debtors is dependent on the value in use of the underlying coal mines under the Cooperation Agreement. Subsequent to year end, the Group signed an amendment to the Cooperation Agreement to extend the period for the completion of due diligence to September 2019. Given that the due diligence work is still on-going and that the computation of the coal mines' value in use involve significant judgment and management estimates on forecasted coal prices, projected production volumes and discount rates, there is a significant risk that the Group's trade and other receivables (under the Cooperation Agreement) may not be recoverable resulting in potential impairment loss. Management has also performed an internal due diligence on the ownership, economical and technical feasibility of the underlying coal mines to obtain an indication of the reserve volumes used in the value in use calculations. The Group has made disclosures on the key sources of estimation uncertainty in Note 3(c) to the consolidated financial statements.	Our audit procedures on the recoverability of trade and other receivables under the Cooperation Agreement was led by the Group audit team, supplemented by specific procedures performed by the component auditor, which included, among others: • We evaluated the design and implementation of management's controls over the recoverability assessment process, including the valuation of recoverable amounts. • We performed the following procedures to assess the reasonableness of management's estimation of the recoverable amounts of the underlying coal mines under the Cooperation Agreement: - Obtained and reviewed the Cooperation Agreement. - Obtained and reviewed management's internal due diligence on the ownership, economical and technical feasibility of the underlying coal mines. - Obtained and challenged the assumptions used in the value in use calculations of the underlying coal mines (forecasted coal prices, projected production volumes and discount rates) and evaluated the reasonableness of these assumptions by comparing them to available industry, economic and financial data. - Engaged our internal valuation specialist to review the appropriateness of the discount rates used by management. - Performed independent sensitivity analysis in regards to the discount rates and forecasted coal prices as these are the significant key assumptions in the value in use calculations. We have also assessed the classification and validated the adequacy and appropriateness of the disclosures made in the consolidated financial statements.

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, SFRS(I)s and IFRSs, 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.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GEO ENERGY RESOURCES LIMITED

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 2019

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	Group 31 December 2018 US$	Group 31 December 2017 US$ (Restated)	Group 1 January 2017 US$ (Restated)	Company 31 December 2018 US$	Company 31 December 2017 US$ (Restated)	Company 1 January 2017 US$ (Restated)
ASSETS							
Current assets							
Cash and bank balances	7	202,590,402	265,770,740	67,703,681	28,933,622	40,574,203	53,417,879
Trade and other receivables	8	25,043,611	50,855,857	103,493,933	57,493,923	45,141,410	74,659,464
Deposits and prepayments	9	23,631,249	22,066,330	7,415,552	962,907	190,185	194,271
Inventory	10	14,823,301	7,677,179	8,890,420	-	-	-
Total current assets		266,088,563	346,370,106	187,503,586	87,390,452	85,905,798	128,271,614
Non-current assets							
Trade and other receivables	8	20,216,791	-	-	3,144,300	-	-
Restricted cash deposits	7(e)	3,435,846	4,146,072	590,254	-	-	-
Deposits and prepayments	9	25,238,521	5,993,338	4,477,510	105,420	91,978	82,285
Investment in subsidiaries	11	-	-	-	185,877,305	185,877,305	98,024,126
Deferred expenditure	12	-	-	-	-	-	-
Deferred stripping costs	13	57,899,708	7,936,884	9,940,321	-	-	-
Property, plant and equipment	14	172,128,800	181,599,647	102,529,077	105,642	114,448	134,882
Investment property	15	-	-	542,572	-	-	-
Deferred tax assets	22	3,420,792	3,747,651	3,347,593	11,954	11,272	263,418
Other non-current asset	16	153,698	153,698	143,263	153,698	153,698	143,263
Total non-current assets		282,494,156	203,577,290	121,570,590	189,398,319	186,248,701	98,647,974
Total assets		548,582,719	549,947,396	309,074,176	276,788,771	272,154,499	226,919,588
LIABILITIES AND EQUITY							
Current liabilities							
Trade and other payables	17	74,390,700	92,180,890	106,899,123	151,264,683	166,423,237	65,929,218
Current portion of finance leases	18	152,325	110,273	14,718	18,598	17,825	14,718
Financial guarantee liability	19(B)	-	-	-	1,576,536	1,576,536	-
Income tax payable		2,137,945	11,842,792	7,447,250	1,162,081	573,950	-
Total current liabilities		76,680,970	104,133,955	114,361,091	154,021,898	168,591,548	65,943,936

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	Group 31 December 2018 US$	Group 31 December 2017 US$ (Restated)	Group 1 January 2017 US$ (Restated)	Company 31 December 2018 US$	Company 31 December 2017 US$ (Restated)	Company 1 January 2017 US$ (Restated)
Non-current liabilities							
Trade and other payables	17	2,185,207	-	-	-	-	-
Finance leases	18	89,451	156,880	43,887	13,396	30,601	43,887
Notes payable	19	290,497,081	288,028,289	68,675,591	-	-	68,675,591
Provisions	21	1,753,433	1,707,800	1,335,862	105,540	101,131	90,350
Financial guarantee liability	19(B)	-	-	-	4,353,831	5,930,367	-
Deferred tax liabilities	22	3,273,809	1,474,264	-	-	-	-
Total non-current liabilities		297,798,981	291,367,233	70,055,340	4,472,767	6,062,099	68,809,828
Capital, reserves and non-controlling interests							
Share capital	23	106,513,187	95,069,461	89,670,842	106,513,187	95,069,461	89,670,842
Capital and other reserves	24	2,019,246	871,762	316,251	4,265,302	495,570	-
Translation reserve	25	4,865,233	5,373,471	-	4,464,506	4,464,506	-
Retained earnings		60,524,888	51,819,138	34,448,969	3,051,111	(2,528,685)	2,494,982
Equity attributable to owners of the Company		173,922,554	153,133,832	124,436,062	118,294,106	97,500,852	92,165,824
Non-controlling interests		180,214	1,312,376	221,683	-	-	-
Total equity		174,102,768	154,446,208	124,657,745	118,294,106	97,500,852	92,165,824
Total liabilities and equity		548,582,719	549,947,396	309,074,176	276,788,771	272,154,499	226,919,588

See accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 US$	Group 2017 US$
Revenue	27	299,241,768	316,303,055
Cost of sales		(232,398,770)	(237,881,571)
Gross profit		66,842,998	78,421,484
Other income	28	5,306,022	3,526,804
General and administrative expenses		(12,506,605)	(11,566,069)
Other expenses	29	(4,310,954)	(5,383,543)
Finance costs	30	(26,537,070)	(12,734,876)
Profit before income tax		28,794,391	52,263,800
Income tax expense	31A	(10,793,018)	(15,586,063)
Profit for the year	32	18,001,373	36,677,737
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	26	(497,725)	(2,745,389)
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligations	26	336,510	(223,298)
Other comprehensive income for the year, net of tax		(161,215)	(2,968,687)
Total comprehensive income for the year		17,840,158	33,709,050
Profit (Loss) attributable to:			
Owners of the Company		18,020,537	36,685,787
Non-controlling interests		(19,164)	(8,050)
		18,001,373	36,677,737
Total comprehensive income attributable to:			
Owners of the Company		17,848,809	33,741,943
Non-controlling interests		(8,651)	(32,893)
		17,840,158	33,709,050
Earnings per share	34		
Basic (cents)		1.35	2.88
Diluted (cents)		1.35	2.88

See accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2018

	Share capital US$ (Note 23)	Capital and other reserves US$ (Note 24)	Translation reserve US$ (Note 25)	Retained earnings US$	Equity attributable to owners of the Company US$	Non-controlling interests US$	Total US$
Group							
Balance at 1 January 2017	89,670,842	316,251	(18,232,460)	52,681,429	124,436,062	221,683	124,657,745
Effects of adopting SFRS(I) 1 (Note 40)	-	-	18,232,460	(18,232,460)	-	-	-
Balance at 1 January 2017 (as restated)	89,670,842	316,251	-	34,448,969	124,436,062	221,683	124,657,745
Total comprehensive income for the year:							
Profit (Loss) for the year	-	-	-	36,685,787	36,685,787	(8,050)	36,677,737
Other comprehensive income for the year	-	-	(2,227,910)	(715,934)	(2,943,844)	(24,843)	(2,968,687)
Effects of change in functional currency	(7,601,381)	-	7,601,381	-	-	-	-
Total	(7,601,381)	-	5,373,471	35,969,853	33,741,943	(32,893)	33,709,050
Transactions with owners, recognised directly in equity:							
Issue of share capital	13,000,000	-	-	-	13,000,000	-	13,000,000
Dividends (Note 33)	-	-	-	(18,599,684)	(18,599,684)	-	(18,599,684)
Deemed capital contribution	-	495,570	-	-	495,570	-	495,570
Non-controlling interests arising from acquisition of subsidiaries	-	-	-	-	-	1,123,586	1,123,586
Effects of acquisitions of subsidiaries	-	59,941	-	-	59,941	-	59,941
Total	13,000,000	555,511	-	(18,599,684)	(5,044,173)	1,123,586	(3,920,587)
Balance at 31 December 2017 (as restated)	95,069,461	871,762	5,373,471	51,819,138	153,133,832	1,312,376	154,446,208
Total comprehensive income for the year:							
Profit (Loss) for the year	-	-	-	18,020,537	18,020,537	(19,164)	18,001,373
Other comprehensive income for the year	-	-	(508,238)	336,510	(171,728)	10,513	(161,215)
Total	-	-	(508,238)	18,357,047	17,848,809	(8,651)	17,840,158
Transactions with owners, recognised directly in equity:							
Issue of share capital	11,443,726	-	-	-	11,443,726	-	11,443,726
Issue of warrants	-	713,786	-	-	713,786	-	713,786
Dividends (Note 33)	-	-	-	(9,651,297)	(9,651,297)	-	(9,651,297)
Deemed capital contribution	-	433,698	-	-	433,698	-	433,698
Disposal of a subsidiary (Note 39)	-	-	-	-	-	(1,123,511)	(1,123,511)
Total	11,443,726	1,147,484	-	(9,651,297)	2,939,913	(1,123,511)	1,816,402
Balance at 31 December 2018	106,513,187	2,019,246	4,865,233	60,524,888	173,922,554	180,214	174,102,768

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2018

	Share capital US$ (Note 23)	Capital and other reserves US$ (Note 24)	Translation reserve US$ (Note 25)	Retained earnings US$	Total US$
Company					
Balance at 1 January 2017	89,670,842	-	(4,464,506)	6,959,488	92,165,824
Effects of adopting SFRS(I) 1 (Note 40)	-	-	4,464,506	(4,464,506)	-
Balance at 1 January 2017 (as restated)	89,670,842	-	-	2,494,982	92,165,824
Total comprehensive income for the year:					
Profit for the year	-	-	-	13,576,017	13,576,017
Other comprehensive income for the year	-	-	(3,136,875)	-	(3,136,875)
Effects of change in functional currency	(7,601,381)	-	7,601,381	-	-
Total	(7,601,381)	-	4,464,506	13,576,017	10,439,142
Transactions with owners, recognised directly in equity:					
Issue of share capital	13,000,000	-	-	-	13,000,000
Dividends (Note 33)	-	-	-	(18,599,684)	(18,599,684)
Deemed capital contribution	-	495,570	-	-	495,570
Total	13,000,000	495,570	-	(18,599,684)	(5,104,114)
Balance at 31 December 2017 (as restated)	95,069,461	495,570	4,464,506	(2,528,685)	97,500,852
Profit for the year, representing total comprehensive income for the year:	-	-	-	15,231,093	15,231,093
Transactions with owners, recognised directly in equity:					
Issue of share capital	11,443,726	-	-	-	11,443,726
Issue of warrants	-	3,336,034	-	-	3,336,034
Dividends (Note 33)	-	-	-	(9,651,297)	(9,651,297)
Deemed capital contribution	-	433,698	-	-	433,698
Total	11,443,726	3,769,732	-	(9,651,297)	5,562,161
Balance at 31 December 2018	106,513,187	4,265,302	4,464,506	3,051,111	118,294,106

See accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2018

	Group	
	2018	2017
	US$	US$
Operating activities		
Profit before income tax	28,794,391	52,263,800
Adjustments for:		
Depreciation of property, plant and equipment	11,909,782	16,206,411
Amortisation of deferred stripping costs	1,738,309	2,003,437
Loss (gain) on disposal of property, plant and equipment	8,433	(35,444)
Loss on financial asset carried at amortised cost	577,564	131,272
Share-based payment expense	433,698	495,570
Allowance for inventory written-down value	193,069	748,703
Bad debt written-off	-	746,331
Loss on early redemption of Medium Term Note	-	104,030
Amortisation of transaction costs of Senior Notes	2,468,792	1,743,701
Interest expense	24,068,278	10,887,145
Interest income	(4,561,358)	(1,538,591)
Retirement benefit obligations	393,006	26,024
Net foreign exchange (gains) losses	(424,958)	2,234,379
Operating cash flows before movements in working capital	65,599,006	86,016,768
Trade and other receivables	4,877,736	(14,873,796)
Deposits and prepayments	(20,704,029)	(14,564,695)
Inventories (Note A)	(4,913,167)	1,257,833
Trade and other payables (Notes C and D)	(34,389,733)	(1,573,542)
Cash generated from operations	10,469,813	56,262,568
Income tax paid	(18,477,557)	(10,079,831)
Income tax refund	-	114,387
Retirement benefit obligations paid	(49,649)	(3,003)
Net cash (used in) from operating activities	(8,057,393)	46,294,121
Investing activities		
Interest received	3,990,367	1,489,898
Acquisition of subsidiaries	-	18,696
Addition to deferred stripping costs (Note C)	(36,113,352)	-
Advance payments for purchase of property, plant and equipment	(523,584)	(37,941)
Deferred payment for acquisition of property, plant and equipment	-	(4,482,388)
Purchase of property, plant and equipment (Note B)	(3,931,425)	(30,349,909)
Proceeds from disposal of property, plant and equipment	42,835	131,783
Net cash used in investing activities	(36,535,159)	(33,229,861)

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2018

	Group	
	2018	**2017**
	US$	**US$**
Financing activities		
(Increase) decrease in deposits pledged	(2,091,983)	2,620,114
Decrease (increase) in restricted cash deposits	510,081	(3,555,818)
Interest paid for Senior Notes	(24,000,000)	(6,436,363)
Interest paid for finance leases	(18,081)	(17,498)
Repayment of obligations under finance leases	(148,872)	(81,256)
Proceeds from issuance of Senior Notes, net of transaction costs (Note D)	-	287,284,267
Early redemption of Medium Term Note	-	(74,250,074)
Consent fee for early redemption of Medium Term Note	-	(346,191)
Proceeds from issuance of shares	14,779,760	-
Dividend paid	(9,651,297)	(18,599,684)
Net cash (used in) from financing activities	(20,620,392)	186,617,497
Net (decrease) increase in cash and cash equivalents	(65,212,944)	199,681,757
Cash and cash equivalents at beginning of year	262,462,723	62,761,457
Effect of exchange rate changes on the balance of cash held in foreign currencies	(59,377)	19,509
Cash and cash equivalents at end of year (Note 7)	197,190,402	262,462,723

Notes to consolidated statement of cash flows:

A) During the year, the Group capitalised US$1,851,303 (2017 : US$793,295) of depreciation of property, plant and equipment (Note 14) and US$574,721 (2017 : US$Nil) of amortisation of deferred stripping costs as inventory (Note 13).

B) During the year, the Group acquired property, plant and equipment amounting to US$4,466,488 of which US$28,587 was acquired through utilisation of advance payment for purchase of property, plant and equipment paid in prior year, US$137,701 through finance lease arrangements, with US$368,775 remaining unpaid. The unpaid portion was included as part of trade and other payables (Note 17) and provisions [Note 21(B)], amounting to US$178,108 and US$190,667 respectively.

In 2017, the Group acquired property, plant and equipment amounting to US$94,526,228 of which US$46,352 was acquired through utilisation of advance payment for purchase of property, plant and equipment paid in prior year, US$129,967 through finance lease arrangements, US$2,500,000 by offsetting against certain other receivables, US$13,000,000 through the issuance of shares, US$18,500,000 through utilisation of refundable deposits relating to conditional acquisition of mining concession paid in prior year, and US$30,000,000 was satisfied by assignment of certain trade and other receivables (Note 8).

C) During the year, the Group incurred costs of US$52,275,854 recognised as addition to deferred stripping costs (Note 13) of which US$16,162,502 remained unpaid and was included as part of trade and other payables (Note 17).

D) In 2017, the Group incurred transaction costs of US$13,715,412 [Note 19(B)] of which US$999,679 remained unpaid and included in other payables (Note 17). This was subsequently paid during the year.

See accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

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 and provision of management support services.

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 2018 were authorised for issue by the Board of Directors on 28 March 2019.

For all periods up to and including the year ended 31 December 2017, the financial statements were prepared in accordance with the previous framework, Financial Reporting Standards in Singapore ("FRS"). These financial statements for the year ended 31 December 2018 are the first set that the Group and the Company have prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") and International Financial Reporting Standards ("IFRS"). Details of first-time adoption of SFRS(I) are included in Note 40.

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, SFRS(I)s and IFRSs.

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 SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 1-17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *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.

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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 SFRS(I)s). 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 SFRS(I) 9, or 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 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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I) 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 SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *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 SFRS(I) 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *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 SFRS(I).

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.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets (before 1 January 2018)

<u>Effective interest method</u>

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 and expense is recognised on an effective interest basis for debt instruments.

<u>Loans and receivables</u>

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, cash and bank balances and restricted cash deposits) 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.

<u>Impairment of financial assets</u>

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. 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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

For financial assets measured at amortised cost, 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.

<u>Derecognition of financial assets</u>

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 assets (from 1 January 2018)

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

<u>Classification of financial assets</u>

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

<u>Amortised cost and effective interest method</u>

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at fair value through other comprehensive income ("FVTOCI"). For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "other income" line item.

<u>Foreign exchange gains and losses</u>

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other income" or "other expenses" line item; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

<u>Impairment of financial assets</u>

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost, lease receivables, contract assets, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime ECL for trade and other receivables. The expected credit losses on these financial assets are estimated using a simplified approach based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ("12m") ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

<u>Significant increase in credit risk</u>

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations, namely the coal mining industry.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;
b) a breach of contract, such as a default or past due event;
c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
e) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with SFRS(I) 1-17 *Leases*.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial;
- Past-due status;
- Nature, size and industry of debtors;
- Nature of collaterals for finance lease receivables; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12m ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. 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.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements 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 an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognised at the proceeds received, net of direct issue costs.

Warrants

Warrants issued are classified as equity. Warrants are measured at fair value at the date of grant and the proceeds are apportioned to warrants using the relative fair value approach.

Financial liabilities (before 1 January 2018)

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).

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial guarantee liabilities are measured initially at their fair values and subsequently at the higher of the amount of obligation under the contract recognised as a provision and the amount initially recognised less, when appropriate, cumulative amortisation. The amount amortised on a straight-line basis over the period of the guarantee is the deemed guarantee income for the issuer.

Derecognition of financial liabilities

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

Financial liabilities (from 1 January 2018)

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and 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 liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Group entity are initially measured at their fair values and, if not designated as FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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 have 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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

INVENTORY - Inventories are classified as follows:

- Coal : These are coals that are extracted from mining activities and available for sale.
- Marketing coal : These are coals purchased with the intention to sell in the near future.

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 (deferred stripping costs), 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 of disposal. 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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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
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 capitalised to develop the mine up 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 PROPERTY - Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property is 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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 of disposal 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.

SHARE-BASED PAYMENTS - Equity-settled share-based payments are measured at fair value of the equity instrument at the date of the grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At the end of the reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the other reserve.

REVENUE RECOGNITION - The Group recognises revenue from the following major sources:

- Sales of coal
- Mining services

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

<u>Sale of coal</u>

Revenue from the sale of coal (coal mining and coal trading) is recognised when control of the coal has transferred to the customer. Revenue is recognised at the point in time when the coal has been delivered to a contractually agreed location. Following the transfer of control, the customer has full discretion over the manner of distribution and price to sell the coal, has the primary responsibility when onselling the coal and bears the risks of obsolescence and loss in relation to the coal. Consequentially, a receivable is recognised by the Group as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. A contract liability arises from advances received from third party customers.

<u>Mining services</u>

The Group provides mining contracting and project management services for mining activities conducted at third party mines. Such services are of short duration and recognised as a performance obligation satisfied over time, in the period in which the services are provided by the Group.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

OTHER INCOME - The Group recognises other income from the following major sources:

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.

Marketing fee

Revenue from marketing services rendered to third parties for their sales of coal is recognised when the corresponding sales is completed. Consequently, a receivable is recognised by the Group as this represents service completion and the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 some entities within the Group. With effect from 1 December 2017, the functional currency of the Company is United States dollars.

<u>Change of functional currency</u>

Prior to 1 December 2017, the financial statements of the Company had been prepared in Singapore Dollar ("SGD") and presented in United States Dollar ("USD").

FRS 21 *The Effects of Changes in Foreign Exchange Rates* requires an entity to determine its functional currency taking into consideration the primary economic environment in which the Company operates. In 2017, there was increasing influence of USD over the Company. Pursuant to the above, management has reassessed and determined that the functional currency of the Company to be USD with effect from 1 December 2017, which appropriately reflects the underlying transactions, events and conditions that are relevant to the Company.

Consequently, all balances as of 1 December 2017 were translated to USD at the exchange rate on that date. This change has been applied prospectively from 1 December 2017 in accordance with FRS 21.

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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

(i) Coal reserves

Management has obtained the Resource and Reserve reports and Exploration Target report (the "Reports") for all mines held by the Group which give an indication of the reserve volumes used in the value in use calculations. 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.

As the economic assumptions used may change and as additional geological information is obtained during the operation of a mine, estimates of coal reserves may change. Such changes may impact the Group's reported financial position and results, including amongst others, on items such as (i) impairment assessment of the Group's mining properties and deferred stripping costs; (ii) depreciation and amortisation charges; and (iii) inventory cost.

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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

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

c) Calculation of loss allowance for trade and other receivables

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. Details of the loss allowance on aged trade receivables are disclosed in Note 8 to the financial statements.

In addition to the above, for certain debtors under the Cooperation Agreement, 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, as recoverability of these trade and other receivables under the Cooperation Agreement is dependent on the production volume and eventual sale of mined products at the specific mines.

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

- Discount rates
- Forecasted coal prices
- Projected production volumes

The future cash flows are discounted to the value in use based on the discount rate of 12.8% (2017 : 11.0%) 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 2018, 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 under Cooperation Agreement 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 review of deferred stripping costs and mining properties

The Group assesses annually whether its deferred stripping costs and mining properties 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 deferred stripping costs and mining properties 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.

As discussed in Note 3(i), the Group has engaged an independent qualified person to estimate the proved and probable coal reserves. Management uses the reserves to form the basis for their impairment review, and may adjust such valuation with other estimates which may include discount rates and production volumes that are not covered by the independent qualified person.

Management has carried out a review of the recoverable amount of the deferred stripping costs and mining properties based on the higher of fair value less costs of disposal and value in use.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

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

e) Impairment review of deferred stripping costs and mining properties (cont'd)

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

- Discount rates
- Forecasted coal prices
- Projected production volumes

The future cash flows are discounted to the value in use based on discount rates ranging from 11.9% to 12.8% (2017 : 10.2% to 11.0%) which reflect the current market assessment of the time value of money and the risks specific to the asset.

As at 31 December 2018, any reasonably possible change to the key assumptions applied above is not likely to cause the recoverable amounts of deferred stripping costs and mining properties to be below the respective carrying amounts.

No impairment has been recognised for deferred stripping costs and mining properties during the year.

The carrying amounts of the Group's deferred stripping costs and mining properties are disclosed in Notes 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 Note 22 to the financial statements.

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 costs of disposal. The fair value less costs of disposal is determined by reference to the estimated realisable values of the net tangible assets of the subsidiaries. No impairment has been recognised for investment in subsidiaries and amounts due from subsidiaries 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.

h) Fair value of warrants

Warrants are initially measured at fair values that are not based on quoted prices in active markets. Management uses valuation techniques that are appropriate based on the terms of the warrants. The inputs to these models are derived from observable market data to the extent it is available. Where observable market data is not available, management establishes inputs that are appropriate to the circumstances. As at 31 December 2018, the fair value of warrants amounted to US$713,786 as disclosed in Note 24 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

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		
	31 December 2018 US$	31 December 2017 US$	1 January 2017 US$	31 December 2018 US$	31 December 2017 US$	1 January 2017 US$
Financial assets						
At amortised cost (2017: loans and receivables)	256,330,807	326,091,313	175,992,179	89,677,265	85,795,206	128,142,745
Financial liabilities						
At amortised cost	338,952,359	337,610,877	130,192,914	151,159,864	166,465,093	134,658,466
Financial guarantee liability	-	-	-	5,930,367	7,506,903	-

(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 and the Company's foreign currency exposure during the year arises from United States dollars, Indonesia rupiah and Singapore dollars. 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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

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

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

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

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

	Liabilities			Assets		
	31 December 2018 US$	**31 December 2017 US$**	**1 January 2017 US$**	**31 December 2018 US$**	**31 December 2017 US$**	**1 January 2017 US$**
Group						
United States dollars	20,574,789	-	67,974,389	21,773,373	7,052,712	127,092,268
Indonesia rupiah	69,818,030	8,228,103	18,328,699	50,469,393	9,484,853	4,841,142
Singapore dollars	3,070,077	1,822,236	9,783,211	2,608,973	2,987,600	137,230
Company						
United States dollars	-	-	60,278,136	-	-	119,785,923
Indonesia rupiah	-	-	-	134,659	143,933	145,132
Singapore dollars	714,946	1,551,620	-	2,358,974	2,469,733	-

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 for the year will increase (decrease) by:

	2018 US$	**2017 US$**
Group		
United States dollars	(59,929)	(352,636)
Indonesia rupiah	967,432	(62,837)
Singapore dollars	23,055	(58,268)
Company		
Indonesia rupiah	(6,733)	(7,197)
Singapore dollars	(82,201)	(45,906)

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.

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

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

(ii) Interest rate risk management

The Group's and the Company's exposure to interest rate risk are restricted to their 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) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2018, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the maximum amount the Group would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised as disclosed in Note 4(c)(iv). The related loss allowance is disclosed in the respective notes to the financial statements.

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.

The Group develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Group uses its own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's and the Company's current credit risk framework comprises the following categories:

Category	**Description**	**Basis for recognising expected credit losses (ECL)**
Performing	The counterparty has a low risk of default.	Trade and other receivables: Lifetime ECL – not credit-impaired Other financial assets: 12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

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

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

(iii) Overview of the Group's exposure to credit risk (cont'd)

The table below detail the credit quality of the Group's and the Company's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL/ Incurred credit loss basis	Gross carrying amount	Loss allowance	Net carrying amount
				US$	US$	US$
Group						
31 December 2018						
Trade receivables	8	Performing	Lifetime ECL	15,217,093	-	15,217,093
Trade receivables	8	In default	Lifetime ECL	585,470	(585,470)	-
Other receivables	8	Performing	Lifetime ECL	5,910,639	-	5,910,639
Other receivables	8	In default	Lifetime ECL	716,889	(716,889)	-
Deposits	9	Performing	12-month ECL	8,960,036	-	8,960,036
					(1,302,359)	
Previously under FRS39 31 December 2017						
Trade receivables	8	n.a.	Incurred credit loss basis	40,071,038	(588,973)	39,482,065
Other receivables	8	n.a.	Incurred credit loss basis	11,480,094	(743,055)	10,737,039
Deposits	9	n.a.	Incurred credit loss basis	5,955,397	-	5,955,397
					(1,332,028)	
1 January 2017						
Trade receivables	8	n.a.	Incurred credit loss basis	32,893,880	(739,460)	32,154,420
Other receivables	8	n.a.	Incurred credit loss basis	71,859,106	(746,440)	71,112,666
Deposits	9	n.a.	Incurred credit loss basis	4,431,158	-	4,431,158
					(1,485,900)	

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

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

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

(iii) Overview of the Group's exposure to credit risk (cont'd)

	Note	Internal credit rating	12-month or lifetime ECL/ Incurred credit loss basis	Gross carrying amount US$	Loss allowance US$	Net carrying amount US$
Company						
31 December 2018						
Other receivables	8	Performing	Lifetime ECL	3,228,792	-	3,228,792
Amount receivable from subsidiaries	8	Performing	12-month ECL	57,409,431	-	57,409,431
Deposits	9	Performing	12-month ECL	105,420	-	105,420
					-	
Previously under FRS39 31 December 2017						
Other receivables	8	n.a.	Incurred credit loss basis	45,129,025	-	45,129,025
Deposits	9	n.a.	Incurred credit loss basis	91,978	-	91,978
					-	
1 January 2017						
Other receivables	8	n.a.	Incurred credit loss basis	74,642,581	-	74,642,581
Deposits	9	n.a.	Incurred credit loss basis	82,285	-	82,285
					-	

(iv) Credit risk management

The Group minimise credit risk by adopting a policy of dealing with creditworthy counterparties. The Group uses its own trading records to rate its major customers and other debtors and continuously monitors its exposures and credit ratings of its counterparties.

As at 31 December 2018, 81% (2017 : 91%) 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 95% (2017 : 96%) of the Group's trade receivables at the end of the financial year relate to five customers (2017 : four customers).

In determining the recoverability of a receivable, the Group considers any change in the credit quality of the 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 24% (2017 : 32%) of the Company's other receivables.

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

The maximum amount the Company could be forced to settle under the financial guarantee, if the full guaranteed amount is claimed by the counterparty to the guarantee is US$300 million (31 December 2017 : US$300 million, 1 January 2017 : US$Nil). Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

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

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

(iv) Credit risk management (cont'd)

The carrying amount of financial assets and the exposure to defaults from financial guarantees above, 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.

(v) Liquidity risk management

Liquidity risk is the risk that the Group and Company will not be able to meet their 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.

As at 31 December 2018, the Company has net current liabilities of US$66,631,446 mainly due to intercompany payables of US$149,371,884. The financial statements have been prepared on a going concern basis because the Company has the ability to control the receipts and payments to its subsidiaries.

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 effective interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustment	Total
	%	US$	US$	US$	US$
Group					
31 December 2018					
Non-interest bearing	-	48,213,502	-	-	48,213,502
Finance leases (fixed rate)	4.33 to 7.46	163,838	111,632	(33,694)	241,776
Notes payable (fixed rate)	9.16	24,000,000	372,000,000	(105,502,919)	290,497,081
Total		72,377,340	372,111,632	(105,536,613)	338,952,359
31 December 2017					
Non-interest bearing	-	49,315,435	-	-	49,315,435
Finance leases (fixed rate)	4.33 to 11.38	123,797	165,485	(22,129)	267,153
Notes payable (fixed rate)	9.16	24,000,000	396,000,000	(131,971,711)	288,028,289
Total		73,439,232	396,165,485	(131,993,840)	337,610,877
1 January 2017					
Non-interest bearing	-	61,458,718	-	-	61,458,718
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	(7,820,198)	68,675,591
Total		66,320,310	71,697,796	(7,825,192)	130,192,914

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

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

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

(v) Liquidity risk management (cont'd)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustment	Total
	%	US$	US$	US$	US$
Company					
31 December 2018					
Non-interest bearing	-	151,127,870	-	-	151,127,870
Finance lease (fixed rate)	4.33	18,203	18,173	(4,382)	31,994
Financial guarantee liability	-	1,576,536	4,353,831	-	5,930,367
Total		152,722,609	4,372,004	(4,382)	157,090,231
31 December 2017					
Non-interest bearing	-	166,416,667	-	-	166,416,667
Finance lease (fixed rate)	4.33	18,203	31,825	(1,602)	48,426
Financial guarantee liability	-	1,576,536	5,930,367	-	7,506,903
Total		168,011,406	5,962,192	(1,602)	173,971,996
1 January 2017					
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

The maximum amount that the Company could be forced to settle under the financial guarantee contract, if the full guaranteed amount is claimed by the counterparty to the guarantee, is US$300 million (31 December 2017 : US$300 million, 1 January 2017 : US$Nil). The earliest period that the guarantee could be called is within one year from the end of the reporting period. As mentioned in Note 4(c)(iv), the Company considers that it is more likely than not that no amount will be payable under the arrangement.

Non-derivative financial assets

All the financial assets of the Group and Company as at 31 December 2018, 31 December 2017 and 1 January 2017 are repayable on demand or due within one year from the end of the reporting period, except for restricted cash deposits, non-current trade and other receivables, and non-current deposits as disclosed in Notes 7(e), 8 and 9 to the financial statements respectively.

(vi) 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 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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

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

(d) Capital management policies and objectives (cont'd)

The capital structures of the Company consist of debt, which includes the finance leases (Note 18), 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 is in compliance with externally imposed financial covenants requirements.

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

	Group		
	31 December 2018	**31 December 2017**	**1 January 2017**
	US$	**US$**	**US$**
Total debt [(i)]	296,584,505	294,141,090	70,937,505
Cash and bank balances	(202,590,402)	(265,770,740)	(67,703,681)
Net debt	93,994,103	28,370,350	3,233,824
Equity attributable to the owners of the Company	173,922,554	153,133,832	124,436,062
Net debt to equity ratio	54%	19%	3%

[(i)] Total debt is defined as long and short term borrowings (including interest payable recorded in other payables), as described in Notes 17, 18 and 19(B).

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	
	2018	**2017**
	US$	**US$**
Short-term benefits	3,668,731	3,945,010
Post-employment benefits	70,916	74,462
Share-based payment	433,698	495,570
Total	4,173,345	4,515,042

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

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

7 CASH AND BANK BALANCES AND RESTRICTED CASH DEPOSITS

	Group			Company		
	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
	US$	US$	US$	US$	US$	US$
Cash on hand	3,226	18,229	3,343	98	284	165
Cash at banks [(a)]	39,187,176	262,444,494	62,753,868	2,933,524	40,573,919	50,975,490
Deposits [(b)]	163,400,000	3,308,017	4,946,470	26,000,000	-	2,442,224
Total cash and bank balances	202,590,402	265,770,740	67,703,681	28,933,622	40,574,203	53,417,879
Restricted cash deposits (non-current)	3,435,846	4,146,072	590,254	-	-	-
Less: Deposit pledged [(c) (d)]	(5,400,000)	(3,308,017)	(4,942,224)	-	-	(2,442,224)
Less: Restricted cash deposits (non-current) [(e) (f)]	(3,435,846)	(4,146,072)	(590,254)	-	-	-
Cash and cash equivalents in the consolidated statement of cash flows	197,190,402	262,462,723	62,761,457	28,933,622	40,574,203	50,975,655

(a) The average effective interest rate of the cash at banks was 1.40% (2017 : 0.70%) per annum.

(b) The effective interest rate of the fixed deposits ranged from 0.61% to 2.99% (2017 : 0.02% to 1.20%) per annum, with maturity of one to three months, and easily convertible into cash with insignificant loss in value.

(c) As at 1 January 2017, the Group and Company pledged a deposit of US$2,442,224, for purpose of securing the Group's and the Company's coupon payment obligations for the Medium Term Note [Note 19(A)]. The deposit was released following the redemption of the Medium Term Note on 13 October 2017.

(d) As at 31 December 2018, the Group pledged deposits totalling US$5,400,000 (31 December 2017 : US$3,308,017, 1 January 2017 : US$2,500,000) for the issuance of banker's guarantees to a third party, for the purpose of securing the Group's land use right from a third party.

(e) As at 31 December 2018, the Group placed restricted cash deposits totalling US$3,435,846 (31 December 2017 : US$4,146,072, 1 January 2017 : US$590,254) with relevant government authorities for the purpose of ensuring fulfilment of compliance in respect of the Group's reclamation and rehabilitation obligations.

(f) The effective interest rate of the restricted cash deposits ranged from 4.23% to 6.95% (2017 : 4.88% to 6.53%) per annum.

Management considered that the ECL for bank balances and pledged bank deposits is insignificant as at 31 December 2018.

8 TRADE AND OTHER RECEIVABLES

	Group			Company		
	31 December 2018 US$	31 December 2017 US$	1 January 2017 US$	31 December 2018 US$	31 December 2017 US$	1 January 2017 US$
Current assets:						
Trade receivables under Cooperation Agreement [(a)]	-	15,262,404	-	-	-	-
Trade receivables from:						
- Third parties	15,802,563	24,808,634	32,893,880	-	-	-
Less: Loss allowance [(f)]	(585,470)	(588,973)	(739,460)	-	-	-
	15,217,093	24,219,661	32,154,420	-	-	-
Other receivables under Cooperation Agreement [(a)]	-	2,140,387	-	-	-	-
Other receivables comprise of:						
- Subsidiaries (Note 5)	-	-	-	57,409,431	41,985,092	14,444,405
- Third parties [(c)]	6,238,337	6,188,935	50,148,308	7,181	-	38,488,255
Less: Loss allowance [(f)]	(716,889)	(743,055)	(746,440)	-	-	-
	5,521,448	5,445,880	49,401,868	57,416,612	41,985,092	52,932,660
- Goods and Services Tax ("GST") receivables	301,456	480,980	18,535	-	12,385	16,883
- Prepaid income tax	3,614,423	155,773	208,312	-	-	-
- Refundable deposits in relation to the conditional acquisition of mining concessions	-	-	18,500,000	-	-	18,500,000
- Refundable payment to secure the rights to use and purchase jetty facilities [(b)]	-	3,143,933	3,145,132	-	3,143,933	3,145,132
- Interest receivables	389,191	6,839	65,666	77,311	-	64,789
Total	25,043,611	50,855,857	103,493,933	57,493,923	45,141,410	74,659,464
Non-current assets:						
Trade receivables under Cooperation Agreement [(a)]	14,989,130	-	-	-	-	-
Other receivables under Cooperation Agreement [(a)]	5,227,661	-	-	3,144,300	-	-
Total	20,216,791	-	-	3,144,300	-	-

The credit period granted to customers is generally up to 30 days (2017 : 30 days). No interest is charged on the outstanding balances. Loss allowance for trade and other receivables (except the trade and other receivables under Cooperation Agreement) has been measured at an amount equal to lifetime expected credit losses ("ECL").

In determining the ECL, the Group and Company considers the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Accordingly, management is of opinion that there are no further loss allowances required.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. No trade and other receivables have been written-off.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

8 TRADE AND OTHER RECEIVABLES (cont'd)

The table below is an analysis of the Group's and the Company's trade receivables, excluding those under Cooperation Agreement, as at the end of the reporting period:

	Group			Company		
	31 December 2018 US$	31 December 2017 US$	1 January 2017 US$	31 December 2018 US$	31 December 2017 US$	1 January 2017 US$
Not past due and not impaired	12,939,455	21,505,804	12,538,695	-	-	-
Past due but not impaired [d]	2,277,638	2,713,857	19,615,725	-	-	-
	15,217,093	24,219,661	32,154,420	-	-	-
Impaired receivables - individually assessed [e]	585,470	588,973	739,460	-	-	-
Less: Loss allowance [f]	(585,470)	(588,973)	(739,460)	-	-	-
	-	-	-	-	-	-
Total trade receivables, net	15,217,093	24,219,661	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] In January 2018, the Group entered into a Cooperation Agreement with certain debtors' related corporations and a third party (the "Vendors") and a common controlling shareholder of the Vendors to conduct joint mining activities on the two coal mines owned by the Vendors' related corporations. The joint mining activities was expected to commence after the completion of due diligence on the economical and technical feasibility of the underlying coal mines. Based on the Cooperation Agreement, a portion of the cash profit from the sale of coal shall be used by the Vendors to settle the outstanding trade and other receivables of US$20,216,791 (31 December 2017 : US$17,402,791, 1 January 2017 : US$Nil) which has been past due but not impaired as at the end of reporting period.

The Cooperation Agreement is secured by the shares of the Vendors' related corporations and a personal guarantee of the controlling shareholder of the Vendors.

Subsequent to year end, the Group signed an amendment to the Cooperation Agreement with the Vendors' related corporations and common controlling shareholder of the Vendors to extend the period for the completion of due diligence to September 2019. The balance bears an interest rate of Indonesia Deposit Insurance Corporation interest rate + 0.5% per annum effective from 1 January 2019.

The trade and other receivables under the Cooperation Agreement is classified as past due but not impaired and is not assessed for impairment loss under ECL. As per Note 3(c), the recoverability of these balances are based on the value in use calculations of the underlying coal mines, as cash profit generated from the sale of coal mined from the mines under the Cooperation Agreement will be used to settle the outstanding trade and other receivables balances owed by the Vendors. Management has not identified any indicators of potential impairment loss.

[b] During the year, the Group novated the refundable payment to secure the right of use of jetty facilities amounting to US$3,144,300 to the common controlling shareholder of the Vendors and expects it to be recovered through the joint mining activities under the Cooperation Agreement.

[c] In 2017, the Group acquired a mining concession owned by PT Tanah Bumbu Resources ("TBR") from a third party by way of assigning certain trade and other receivables due from the Vendors amounting to US$30 million, as part of the consideration of the acquisition (Notes 14 and 37).

[d] Aging of trade receivables excluding those under Cooperation Agreement that are past due but not impaired:

	Group			Company		
	31 December 2018 US$	31 December 2017 US$	1 January 2017 US$	31 December 2018 US$	31 December 2017 US$	1 January 2017 US$
< 30 days	1,779,754	1,013,486	70,053	-	-	-
31 to 60 days	-	-	-	-	-	-
61 to 90 days	-	1,269,171	-	-	-	-
> 90 days	497,884	431,200	19,545,672	-	-	-
	2,277,638	2,713,857	19,615,725	-	-	-

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

8 TRADE AND OTHER RECEIVABLES (cont'd)

Included in the Group's trade receivables are debtors with a carrying amount of US$2,277,638 (31 December 2017 : US$2,713,857, 1 January 2017 : 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. As at 31 December 2018, the Group has obtained collateral from certain debtors for an outstanding debt of US$469,884 (31 December 2017 : US$Nil, 1 January 2017 : US$Nil).

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

(f) The table below shows the movement in lifetime ECL that has been recognised for trade and other receivables in accordance to SFRS(I) 9:

	Lifetime ECL - credit-impaired US$
Group	
Balance as at 1 January 2018	1,332,028
Exchange differences	(29,669)
Balance as at 31 December 2018	1,302,359

Previously under FRS 39 (before 1 January 2018)

The table below shows the movements in the allowances for doubtful trade receivables previously recorded under FRS 39 before 1 January 2018:

Group	**US$**
Balance as at 1 January 2017	1,485,900
Amount written-off	(150,033)
Exchange differences	(3,839)
Balance as at 31 December 2017	1,332,028

The Group's trade and other 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		
	31 December 2018 US$	31 December 2017 US$	1 January 2017 US$	31 December 2018 US$	31 December 2017 US$	1 January 2017 US$
Current assets:						
Prepayments	23,631,249	20,016,330	5,365,552	962,907	190,185	194,271
Advance payments for purchase of coal	1,503,127	3,656,642	3,670,034	-	-	-
Less: Impairment loss on advance payment for purchase of coal [b]	(1,503,127)	(1,606,642)	(1,620,034)	-	-	-
	-	2,050,000	2,050,000	-	-	-
Total	23,631,249	22,066,330	7,415,552	962,907	190,185	194,271
Non-current assets:						
Deposits [a]	8,960,036	5,955,397	4,431,158	105,420	91,978	82,285
Prepayments	15,745,547	-	-	-	-	-
Advance payments for purchase of property, plant and equipment	532,938	37,941	46,352	-	-	-
Total	25,238,521	5,993,338	4,477,510	105,420	91,978	82,285

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

9 DEPOSITS AND PREPAYMENTS (cont'd)

(a) Included in this balance is a deposit for land use right, held at amortised costs of US$8,853,477 (31 December 2017 : US$5,858,437, 1 January 2017 : US$4,343,850).

Movement in deposits for land use right are as follows:

	Group		Company	
	2018	2017	2018	2017
	US$	US$	US$	US$
At beginning of year	5,858,437	4,343,850	-	-
Additions during the year	3,383,965	1,533,620	-	-
Less: Loss on financial asset carried at amortised cost charged to profit or loss (Note 29)	(577,564)	(131,272)	-	-
Add: Interest income on financial assets carried at amortised cost credited to profit or loss (Note 28)	188,639	112,239	-	-
At end of year	8,853,477	5,858,437	-	-

Management considered that the ECL for deposit for land use right is insignificant as at 31 December 2018.

(b) Movement in impairment loss on advance payments for purchase of coal are as follows:

	Group	
	2018	2017
	US$	US$
At beginning of year	1,606,642	1,620,034
Exchange differences	(103,515)	(13,392)
At end of year	1,503,127	1,606,642

10 INVENTORY

	Group		
	31 December 2018	31 December 2017	1 January 2017
	US$	US$	US$
Coal, at cost	14,823,301	7,677,179	8,890,420

The cost of inventory recognised as an expense includes US$193,069 (2017 : US$748,703) in respect of write-down of inventory to net realisable value (Note 32).

11 INVESTMENT IN SUBSIDIARIES

	Company		
	31 December 2018	31 December 2017	1 January 2017
	US$	US$	US$
Unquoted equity shares, at cost	80,980,515	82,908,744	82,908,742
Effect of change in functional currency [b]	-	(1,928,229)	-
	80,980,515	80,980,515	82,908,742
Deemed investment [a]	97,009,790	95,302,328	15,115,384
Effect of change in functional currency [b]	-	1,707,462	-
Fair value of a financial guarantee contract [Note 19(B)]	7,887,000	7,887,000	-
	185,877,305	185,877,305	98,024,126

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

11 INVESTMENT IN SUBSIDIARIES (cont'd)

(a) The amount is stated at cost as it is deemed to be part of the Company's equity investments in the subsidiaries, as the amounts are interest-free, payable at discretion of the borrowers when they are able to do so.

(b) The effect of change in functional currency are attributed to the Company's change of functional currency from Singapore dollars to United States dollars with effect from 1 December 2017 (Note 2).

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 31 December 2018 %	31 December 2017 %	1 January 2017 %
Geo Coal International Pte. Ltd. [a]	Coal trading/ Singapore	100	100	100
PT Geo Energy Coalindo [b] [d]	Investment holding/ Indonesia	99.00	99.00	99.00
Borneo International Resources Pte. Ltd. [a] [f]	Investment holding/ Singapore	100	100	100
Geo Energy Investments Ltd. [g]	Investment holding/ Cayman Island	100	100	100
Geo Energy International (HK) Limited [e]	Investment holding/ Hong Kong	100	100	-
Geo Coal International (HK) Limited [c]	Coal trading/ Hong Kong	100	100	-
<u>Held by Geo Energy Investments Ltd.</u>				
STT Coal Resources Pte. Ltd. [a]	Investment holding/ Singapore	100	100	-
Fortune Coal Resources Pte. Ltd. [a]	Coal trading/ Singapore	100	100	-
<u>Held by STT Coal Resources Pte. Ltd.</u>				
PT Tunas Bara Abadi Tolindo [d] [e]	General trading/ Indonesia	99.90	99.90	-
<u>Held by PT Tunas Bara Abadi Tolindo</u>				
PT STT Tunas Bara [d] [e]	General trading and services/ Indonesia	99.10	99.10	97.22
<u>Held by PT STT Tunas Bara</u>				
PT Surya Tambang Tolindo [d] [e]	Coal mining/ Indonesia	99.06	99.06	97.18
<u>Held by Fortune Coal Resources Pte. Ltd.</u>				
PT Satui Jasabara [d] [e]	General trading/ Indonesia	99.90	99.90	-
<u>Held by PT Satui Jasabara</u>				
PT Satui Energi [d] [e]	General trading/ Indonesia	98.90	98.90	-
<u>Held by PT Satui Energi</u>				
PT Tanah Bumbu Resources [b] [d]	Coal mining/ Indonesia	97.91	97.91	-
<u>Held by PT Geo Energy Coalindo</u>				
PT Mitra Nasional Pratama [b] [d]	Mining services/ Indonesia	98.01	98.01	98.01
PT Sumber Bara Jaya [b] [d]	Mining services/ Indonesia	98.90	98.90	98.90
PT Geo Tebo Power Inti [d] [e]	Power generation/ Indonesia	98.92	98.92	98.92
PT Geo Energy Trading [d] [e]	General trading/ Indonesia	98.92	98.92	-

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

11 INVESTMENT IN SUBSIDIARIES (cont'd)

Name of subsidiaries	Principal activities/ Country of incorporation and operation	Effective equity interest of the Company 31 December 2018 %	31 December 2017 %	1 January 2017 %
Held by PT Mitra Nasional Pratama				
PT Geo Online Indonesia [d] [e]	Multimedia supplier, business and management consultant services/ Indonesia	97.97	97.97	-
Held by PT Geo Online Indonesia				
PT Deli Global Oase [h]	General trading and services/ Indonesia	-	73.48	-
Held by PT Sumber Bara Jaya				
PT Bumi Enggang Khatulistiwa [b] [d]	Coal mining/ Indonesia	98.88	98.88	98.88
Held by Borneo International Resources Pte. Ltd.				
PT Era Tiga Putra [d] [e]	Investment holding/ Indonesia	99.00	99.00	99.00
Held by PT Era Tiga Putra				
PT Karunia Mitra Berkat [d] [e]	Investment holding/ Indonesia	98.97	98.97	98.97
Held by PT Karunia Mitra Berkat				
PT Sungai Danau Jaya [b] [d] [f]	Coal mining/ Indonesia	98.96	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) Audited by Deloitte Touche Tomatsu, Hong Kong (a member firm of Deloitte & Touche Tohmatsu Limited).

(d) 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.

(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 17(b)].

(g) Audited by Deloitte & Touche LLP, Singapore for sole purpose of inclusion of their financial position and operation results in the consolidated financial statements of the Group.

(h) The subsidiary was disposed of during the year.

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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

12 DEFERRED EXPENDITURE

	Group	
	2018	2017
	US$	US$
Cost:		
At beginning of year	1,282,172	1,292,195
Exchange differences	(77,476)	(10,023)
At end of year	1,204,696	1,282,172
Accumulated amortisation:		
At beginning of year	497,931	501,417
Exchange differences	(26,948)	(3,486)
At end of year	470,983	497,931
Allowance for impairment:		
At beginning of year	784,241	790,778
Exchange differences	(50,528)	(6,537)
At end of year	733,713	784,241
Carrying amount:		
At beginning and end of year	-	-

13 DEFERRED STRIPPING COSTS

	Group	
	2018	2017
	US$	US$
Cost:		
At beginning of year	10,271,256	10,271,256
Additions	52,275,854	-
At end of year	62,547,110	10,271,256
Accumulated amortisation:		
At beginning of year	2,334,372	330,935
Amortisation	2,313,030	2,003,437
At end of year	4,647,402	2,334,372
Carrying amount:		
At end of year	57,899,708	7,936,884
At beginning of year	7,936,884	9,940,321

Total amortisation of deferred stripping costs was allocated as follows:

	Group	
	2018	2017
	US$	US$
Charged to profit or loss (Note 32)	1,738,309	2,003,437
Capitalised as inventory	574,721	-
	2,313,030	2,003,437

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

14 PROPERTY, PLANT AND EQUIPMENT

	Leasehold property US$	Temporary housing facility US$	Jetty US$	Machineries US$
Group				
Cost:				
At 1 January 2017	1,529,272	263,316	832,635	1,373,452
Additions [(a)]	239,513	18,638	-	107,291
Disposals	-	-	-	(224,157)
Transferred from investment property (Note 15)	531,332	-	-	-
Reclassification	-	197,746	-	-
Exchange differences	(3,725)	(62)	-	(1,374)
At 31 December 2017	2,296,392	479,638	832,635	1,255,212
Additions	-	13,167	-	13,105
Disposals	-	(20,482)	-	(526)
Exchange differences	(115,191)	(476)	-	(10,625)
At 31 December 2018	2,181,201	471,847	832,635	1,257,166
Accumulated depreciation:				
At 1 January 2017	100,195	216,057	711,210	1,307,177
Depreciation	129,158	48,622	121,425	78,737
Disposals	-	-	-	(224,157)
Exchange differences	(1,942)	(61)	-	(1,377)
At 31 December 2017	227,411	264,618	832,635	1,160,380
Depreciation	124,547	15,100	-	29,750
Disposals	-	(17,305)	-	(526)
Exchange differences	(14,160)	(476)	-	(10,609)
At 31 December 2018	337,798	261,937	832,635	1,178,995
Carrying amount:				
At 31 December 2018	1,843,403	209,910	-	78,171
At 31 December 2017	2,068,981	215,020	-	94,832
At 1 January 2017	1,429,077	47,259	121,425	66,275

[(a)] Included in this balance is the addition to mining properties of US$90,000,000 pertaining to the acquisition of a new mining concession through the
acquisition of TBR (Note 37).

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 of disposal and value in use. The fair value less costs of disposal was based on recent market prices of assets with similar age and obsolescence. No impairment loss was made during the year.

Motor vehicles US$	Equipment and furniture US$	Computer and software US$	Mining properties US$	Construction in progress US$	Total US$
773,354	761,858	482,297	117,820,375	38,150	123,874,709
391,225	31,322	242,987	92,923,255	571,997	94,526,228
(301,710)	(28,590)	-	-	-	(554,457)
-	-	-	-	-	531,332
-	111,667	-	16,423	(325,836)	-
8,460	20,644	478	(526)	-	23,895
871,329	896,901	725,762	210,759,527	284,311	218,401,707
201,730	83,040	28,078	4,111,420	15,950	4,466,490
(185,421)	(88,556)	(38,858)	-	-	(333,843)
(21,959)	(28,734)	(14,440)	-	-	(191,425)
865,679	862,651	700,542	214,870,947	300,261	222,342,929
458,455	576,807	418,002	17,557,729	-	21,345,632
103,459	63,546	58,265	15,291,544	-	15,894,756
(205,805)	(28,156)	-	-	-	(458,118)
1,035	22,185	(50)	-	-	19,790
357,144	634,382	476,217	32,849,273	-	36,802,060
139,605	88,114	79,333	13,284,636	-	13,761,085
(137,491)	(88,395)	(38,858)	-	-	(282,575)
(13,611)	(14,066)	(13,519)	-	-	(66,441)
345,647	620,035	503,173	46,133,909	-	50,214,129
520,032	242,616	197,369	168,737,038	300,261	172,128,800
514,185	262,519	249,545	177,910,254	284,311	181,599,647
314,899	185,051	64,295	100,262,646	38,150	102,529,077

14 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Motor vehicle US$	Equipment and furniture US$	Computer and software US$	Total US$
Company				
Cost:				
At 1 January 2017	152,259	340,262	33,102	525,623
Additions	-	2,711	11,547	14,258
Disposal	-	(5,875)	-	(5,875)
Exchange differences	11,090	24,784	2,411	38,285
At 31 December 2017	163,349	361,882	47,060	572,291
Additions	-	40,730	-	40,730
Disposal	-	(5,651)	-	(5,651)
At 31 December 2018	163,349	396,961	47,060	607,370
Accumulated depreciation:				
At 1 January 2017	35,527	330,528	24,686	390,741
Depreciation	32,670	7,667	3,747	44,084
Disposal	-	(5,442)	-	(5,442)
Exchange differences	2,588	24,075	1,797	28,460
At 31 December 2017	70,785	356,828	30,230	457,843
Depreciation	32,670	11,665	5,201	49,536
Disposal	-	(5,651)	-	(5,651)
At 31 December 2018	103,455	362,842	35,431	501,728
Carrying amount:				
At 31 December 2018	59,894	34,119	11,629	105,642
At 31 December 2017	92,564	5,054	16,830	114,448
At 1 January 2017	116,732	9,734	8,416	134,882

The carrying amount of the Group's motor vehicles includes assets acquired under finance leases amounting to US$453,153 (31 December 2017 : US$424,693, 1 January 2017 : US$116,732) (Note 18).

The carrying amount of the Company's motor vehicles includes an asset acquired under finance leases amounting to US$59,894 (31 December 2017 : US$92,564, 1 January 2017 : US$116,732) (Note 18).

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

	Group 2018 US$	2017 US$
Charged to profit or loss (Note 32)	11,909,782	16,206,411
Capitalised as inventory	1,851,303	793,295
	13,761,085	16,999,706
Less: Amount previously capitalised as inventory, charged to profit or loss during the year	-	(1,104,950)
	13,761,085	15,894,756

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

15 INVESTMENT PROPERTY

	Group		Company	
	31 December 2018 US$	31 December 2017 US$	31 December 2018 US$	31 December 2017 US$
At fair value				
At beginning of year	-	542,572	-	-
Transferred to property, plant and equipment (Note 14)	-	(531,332)	-	-
Exchange differences	-	(11,240)	-	-
At end of year	-	-	-	-

Fair value measurement of the Group's investment property

As at 1 January 2017, the fair value of the Group's investment property was 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.

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 and no transfers between the levels of the fair value hierarchy during the year.

In 2017, the Group transferred its investment property to property, plant and equipment for its internal use.

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 US$	Level 2 US$	Level 3 US$	Fair value US$
Investment property located at The Suites Tower, 17th Floor, Jl. Boulevard Pantai Indah Kapuk No. 1 Kav OFS, Jakarta 14470				
31 December 2018	-	-	-	-
31 December 2017	-	-	-	-
1 January 2017	-	-	542,572	542,572

	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.	A slight change in the adjusted market price would result in no significant change in fair value measurement.

16 OTHER NON-CURRENT ASSET

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

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

17 TRADE AND OTHER PAYABLES

	Group			Company		
	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
	US$	US$	US$	US$	US$	US$
Current liabilities:						
Trade payables due to:						
- Third parties	19,057,003	14,980,343	30,332,952	-	-	-
Other payables comprise of:						
- Third parties	459,196	688,036	5,624,259	440,737	94,162	86,911
- Subsidiaries (Note 5)	-	-	-	149,371,884	161,762,627	55,795,748
- Goods and Services Tax ("GST") payables	-	-	-	136,813	-	-
- Value-Added Tax ("VAT") payables	205,981	132,893	32,628	-	-	-
- Withholding tax payables	533,831	682,562	2,348,976	-	6,570	4,948
- Deferred gain [(a)]	437,041	-	-	-	-	-
- Advances from customers [(b)]	25,000,345	42,050,000	43,058,801	-	-	-
- Deposits received [(c)]	-	3,000,000	3,000,000	8,259	3,008,259	3,007,698
- Accrued purchase consideration for acquisition of asset	-	-	4,482,388	-	-	4,482,388
- Accrued interest on notes payable (Note 19)	5,845,648	5,845,648	2,203,309	-	-	2,203,309
- Accruals [(d)]	22,851,655	24,801,408	15,815,810	1,306,990	1,551,619	348,216
Total	74,390,700	92,180,890	106,899,123	151,264,683	166,423,237	65,929,218
Non-current liabilities:						
Other payables comprise of:						
- Deferred gain [(a)]	2,185,207	-	-	-	-	-

The credit period on purchases is up to 30 days (2017 : 30 days). No interest is charged on the outstanding balances.

(a) In November 2018, the Group assigned a coal sales contract to a third party who also subscribed to the shares (Note 23) and warrants (Note 24) of the Company. The deferred gain represents the fair value gain arising from the assignment of the coal sales contract which will be amortised over the expected life of TBR mine.

(b) These represent payments received in advance for coal which is expected to be delivered within twelve months (2017 : twelve months). A contract liability arises from these advances received from third party customers when payment is initially received.

The following table shows amount of revenue recognised in the current reporting period relating to brought-forward contract liabilities:

	Group	
	31 December 2018	31 December 2017
	US$	US$
Amounts received in advance of delivery	42,050,000	43,058,801

As at 31 December 2018, US$25,000,000 was secured by a corporate guarantee by the Company.

As at 31 December 2017 and 1 January 2017, US$40,000,000 and US$40,999,870 respectively were secured by:

(i) a pledge over shares of certain subsidiaries (Note 11); and
(ii) a corporate guarantee by the Company and certain subsidiaries.

(c) As at 31 December 2017 and 1 January 2017, included in this balance is refundable deposit received as a performance guarantee provided by a third party for the provision of overburden removal and coal hauling services. During the year, this deposit was refunded to the third party.

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

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

18 FINANCE LEASES

	Group					
	Minimum lease payments			Present value of minimum lease payments		
	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
	US$	US$	US$	US$	US$	US$
Amounts payable under finance leases:						
Within one year	163,838	123,797	16,967	152,325	110,273	14,718
In second to fifth year inclusive	111,632	165,485	46,632	89,451	156,880	43,887
Total	275,470	289,282	63,599	241,776	267,153	58,605
Less: Future finance charges	(33,694)	(22,129)	(4,994)	NA	NA	NA
Present value of lease obligations	241,776	267,153	58,605	241,776	267,153	58,605
Less: Amount due for settlement within 12 months (shown under current liabilities)				(152,325)	(110,273)	(14,718)
Amount due for settlement after 12 months				89,451	156,880	43,887

	Company					
	Minimum lease payments			Present value of minimum lease payments		
	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
	US$	US$	US$	US$	US$	US$
Amounts payable under finance leases:						
Within one year	18,203	18,203	16,967	18,598	17,825	14,718
In second to fifth year inclusive	18,173	31,825	46,632	13,396	30,601	43,887
Total	36,376	50,028	63,599	31,994	48,426	58,605
Less: Future finance charges	(4,382)	(1,602)	(4,994)	NA	NA	NA
Present value of lease obligations	31,994	48,426	58,605	31,994	48,426	58,605
Less: Amount due for settlement within 12 months (shown under current liabilities)				(18,598)	(17,825)	(14,718)
Amount due for settlement after 12 months				13,396	30,601	43,887

NA : Not applicable

The Group acquired certain of its motor vehicles under finance leases. The finance lease term is up to 60 months (2017 : 60 months) with an effective interest rate ranging from 4.33% to 7.46% (2017 : 4.33% to 11.38%) per annum. Interest rates 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 (2017 : 60 months) with an effective interest rate of 4.33% (2017 : 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 values of the Group's and the Company's lease obligations approximate their carrying amounts.

The Group's and the Company's obligations under finance lease are secured by the leased assets (Note 14).

19 NOTES PAYABLE

As at the end of the reporting period, the Group and Company have the following notes payable:

	Group			Company		
	31 December 2018 US$	31 December 2017 US$	1 January 2017 US$	31 December 2018 US$	31 December 2017 US$	1 January 2017 US$
Medium Term Note (A)	-	-	68,675,591	-	-	68,675,591
Senior Notes (B)	290,497,081	288,028,289	-	-	-	-
	290,497,081	288,028,289	68,675,591	-	-	68,675,591

(A) Medium Term Note

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

The MTN was unsecured and listed on SGX. As at 1 January 2017, the Company pledged a deposit of US$2,442,224 for the purpose of securing the Company's coupon payment obligations during the term of the MTN [Note 7(c)].

The MTN 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.

In 2017, the Group early redeemed the MTN in full for U$74,250,074 which resulted in recognition of loss on early redemption of MTN of US$104,030 charged to profit or loss. The abovementioned pledged deposit was subsequently released.

	Group and Company		
	31 December 2018 US$	31 December 2017 US$	1 January 2017 US$
Nominal value of MTN 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	-	20,226,464	15,685,728
Loss on early redemption of MTN (Note 30)	-	104,030	-
Cumulative interest paid	-	(16,588,787)	(10,152,424)
Exchange differences	-	(6,169,050)	(11,331,821)
Early redemption of MTN	-	(74,250,074)	-
Total	-	-	70,878,900
Interest payable within one year included in other payables (Note 17)	-	-	(2,203,309)
Liability (non-current) at end of year	-	-	68,675,591

[(a)] Included in transaction costs is a non-audit fee of US$69,355 paid to auditors of the Company in 2014.

(B) Senior Notes

In 2017, the Group, through its subsidiary, Geo Coal International Pte. Ltd. ("GCI"), issued guaranteed senior fixed rate notes (the "Notes") with aggregate nominal value of US$300 million which carried fixed interest of 8.0% per annum and is repayable on 4 October 2022.

The Notes are listed on the SGX. They are unsecured and guaranteed by the Company and certain subsidiaries of the Company. The guarantees are effectively subordinated to secure obligations of each guarantor, to the extent of the value of assets serving as security. In 2017, the Company recognised the fair value of the above financial guarantee of US$7,887,000 on the statement of financial position as deemed investment in a subsidiary (Note 11) and a financial guarantee liability. Amortisation of the financial guarantee obligation amounting to US$1,576,536 (2017 : US$380,097) was credited to the Company's profit or loss during the year.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

19 NOTES PAYABLE (cont'd)

(B) Senior Notes (cont'd)

Among other things, the Notes contain optional redemption clauses as described below:

- At any time on or after 4 October 2020, GCI may redeem the Notes in whole or in part at a redemption price equal to the 104% or 102% of principal amount if redeemed during the 12-month period commencing 4 October 2020 or 2021 respectively, plus accrued and unpaid interest, if any, to the redemption date.
- At any time on or prior to 4 October 2020, GCI may redeem up to 35% of the aggregate principal amount of the Notes, with net cash proceeds from issue of ordinary shares of the Company in an equity offering at a redemption price of 108% of the principal amount of the Notes, provided that at least 65% of the aggregate principal amount of the Notes issued remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.
- At any time prior to 4 October 2020, GCI may redeem the Notes in whole or in part at the principal amount of the Notes plus an applicable premium as of, and accrued and unpaid interest, if any, on the Notes redeemed, to the redemption date.

The Notes contain certain covenants that limited the Company's and certain subsidiaries' abilities 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 Company or certain of its 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 Company or certain of its subsidiaries;
- sell, lease or transfer certain assets, including stock of certain subsidiaries;
- enter into sale and leaseback transactions;
- engage in certain transactions with affiliates;
- enter into unrelated businesses; and
- consolidate or merge with other entities

Management estimated the fair value of the Notes at 31 December 2018 to be approximately US$260,171,400 (31 December 2017 : US$339,330,000, 1 January 2017 : US$Nil). The fair value measurement is classified under Level 2 of the fair value hierarchy and has been calculated based on the mid price extracted from Bloomberg as at 31 December 2018 (31 December 2017 : 29 December 2017, 1 January 2017 : Nil). There has been no change to the valuation technique and no transfers between the levels of the fair value hierarchy during the year.

The net carrying amount of the Notes was stated net of transaction costs totalling US$13,715,412. Such costs were amortised over the life of the Notes by charging the expenses to profit or loss and increasing the net carrying amount of the Notes with the corresponding amount. No further transaction cost was incurred in 2018. As of 31 December 2018, accumulated amortisation amounted to US$4,212,493 (31 December 2017 : US$1,743,701, 1 January 2017 : US$Nil).

	Group		
	31 December 2018	31 December 2017	1 January 2017
	US$	US$	US$
Nominal value of Notes issued	300,000,000	300,000,000	-
Transaction costs [(a)]	(13,715,412)	(13,715,412)	-
At date of issue	286,284,588	286,284,588	-
Cumulative interest accrued	29,845,648	5,845,648	-
Cumulative amortisation of transaction costs	4,212,493	1,743,701	-
Cumulative interest paid during the year	(24,000,000)	-	-
Total	296,342,729	293,873,937	-
Interest payable within one year included in other payables (Note 17)	(5,845,648)	(5,845,648)	-
Liability (non-current) at end of year	290,497,081	288,028,289	-

[(a)] Included in transaction costs is other assurance fees of US$274,709 and US$110,465 paid to auditors of the Company and member firm of the auditors of the Company respectively in 2017.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

20 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes				
	1 January 2018	Financing cash flows [(i)]	New finance leases	Trade and other payables	Foreign exchange movement	Other changes [(ii)]	31 December 2018
Finance leases (Note 18)	267,153	(166,953)	137,701	-	(14,206)	18,081	241,776
Notes payable:							
- Senior Notes [Note 19(B)]	288,028,289	-	-	-	-	2,468,792	290,497,081
Accrued interest on notes payable (Note 17)	5,845,648	(24,000,000)	-	-	-	24,000,000	5,845,648
	294,141,090	(24,166,953)	137,701	-	(14,206)	26,486,873	296,584,505

			Non-cash changes				
	1 January 2017	Financing cash flows [(i)]	New finance leases	Trade and other payables	Foreign exchange movement	Other changes [(ii)]	31 December 2017
Finance leases (Note 18)	58,605	(98,754)	288,288	-	1,516	17,498	267,153
Notes payable:							
- MTN [Note 19(A)]	68,675,591	(74,250,074)	-	-	5,470,453	104,030	-
- Senior Notes [Note 19(B)]	-	287,284,267	-	(999,679)	-	1,743,701	288,028,289
Accrued interest on notes payable (Note 17)	2,203,309	(6,436,363)	-	-	(307,682)	10,386,384	5,845,648
	70,937,505	206,499,076	288,288	(999,679)	5,164,287	12,251,613	294,141,090

(i) The cash flows make up the net amount of proceeds from issuance of notes payable and repayments of notes payable in the consolidated statement of cash flows.

(ii) Other changes include interest accruals, payments and amortisation of transaction costs.

21 PROVISIONS

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

	Group			Company		
	31 December 2018	**31 December 2017**	**1 January 2017**	**31 December 2018**	**31 December 2017**	**1 January 2017**
	US$	**US$**	**US$**	**US$**	**US$**	**US$**
Retirement benefit obligations (Note A)	950,945	1,146,176	834,558	-	-	-
Provision for rehabilitation (Note B)	696,948	460,493	410,954	-	-	-
Provision for reinstatement costs (Note C)	105,540	101,131	90,350	105,540	101,131	90,350
	1,753,433	1,707,800	1,335,862	105,540	101,131	90,350

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

21 PROVISIONS (cont'd)

(A) Retirement benefit obligations

	Group	
	2018	2017
	US$	US$
Present value of unfunded obligations	950,945	1,146,176

Changes in the present value of the defined obligations:

Opening defined benefit obligations	1,146,176	834,558
Employee benefits expense (Note 32)	393,006	26,004
Remeasurement, (credited) charged to other comprehensive income:		
- Actuarial (gains) losses from changes in financial assumptions	(301,272)	117,269
- Actuarial (gains) losses from experience adjustment	(147,551)	180,463
Benefits paid	(49,649)	(3,003)
Exchange differences	(89,765)	(9,115)
Closing defined benefit obligations	950,945	1,146,176

Employee benefits expense comprised:

	Group	
	2018	2017
	US$	US$
Current service cost	342,149	255,749
Past service cost	(31,796)	(262,081)
Interest cost	82,653	32,336
Total	393,006	26,004

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 2018 and 31 December 2017 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	
	31 December 2018	31 December 2017
Discount rate per annum	8.75%	9.0%
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")

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

21 PROVISIONS (cont'd)

(A) Retirement benefit obligations (cont'd)

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	
	2018	**2017**
	US$	**US$**
At beginning of year	460,493	410,954
Additions	190,667	-
Interest accretion charged to profit or loss (Note 30)	45,788	49,539
At the end of year	696,948	460,493

This represents net present value of the costs expected to be incurred for rehabilitation of mining properties. Management uses a discount rate of 15% (2017 : 15%).

(C) Provision for reinstatement costs

	Group and Company	
	2018	**2017**
	US$	**US$**
At beginning of year	101,131	90,350
Interest accretion charged to profit or loss (Note 30)	4,409	4,200
Exchange differences	-	6,581
At the end of year	105,540	101,131

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% (2017 : 5%).

22 DEFERRED TAX (ASSETS) LIABILITIES

	Group			Company		
	31 December 2018	**31 December 2017**	**1 January 2017**	**31 December 2018**	**31 December 2017**	**1 January 2017**
	US$	**US$**	**US$**	**US$**	**US$**	**US$**
Deferred tax assets	(3,420,792)	(3,747,651)	(3,347,593)	(11,954)	(11,272)	(263,418)
Deferred tax liabilities	3,273,809	1,474,264	-	-	-	-
	(146,983)	(2,273,387)	(3,347,593)	(11,954)	(11,272)	(263,418)

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

22 DEFERRED TAX (ASSETS) LIABILITIES (cont'd)

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

	Retirement benefit US$	Tax losses US$	Accelerated tax depreciation US$	Deferred stripping costs US$	Others [(a)] US$	Total US$
Group						
At 1 January 2017	(218,977)	(5,755,324)	2,626,708	-	-	(3,347,593)
Charged (Credited) to profit or loss [Note 31(A)]	74,069	1,396,821	(2,456,488)	2,142,500	-	1,156,902
Credited to other comprehensive income [Note 31(B)]	(74,434)	-	-	-	-	(74,434)
Exchange differences	712	12,022	2,698	(23,694)	-	(8,262)
At 31 December 2017	(218,630)	(4,346,481)	172,918	2,118,806	-	(2,273,387)
Charged (Credited) to profit or loss [Note 31(A)]	5,353	(12,968,988)	1,538,672	10,072,551	3,294,937	1,942,525
Charged to other comprehensive income [Note 31(B)]	112,313	-	-	-	-	112,313
Exchange differences	(3,107)	444,930	(36,504)	(285,136)	(48,617)	71,566
At 31 December 2018	(104,071)	(16,870,539)	1,675,086	11,906,221	3,246,320	(146,983)

(a) Others mainly comprise of timing differences arising from prepaid jetty and hauling costs of US$4.3 million (31 December 2017 : US$Nil, 1 January 2017 : US$Nil).

	Accelerated tax depreciation US$	Tax losses US$	Total US$
Company			
At 1 January 2017	(9,122)	(254,296)	(263,418)
(Credited) Charged to profit or loss	(1,373)	267,030	265,657
Exchange differences	(777)	(12,734)	(13,511)
At 31 December 2017	(11,272)	-	(11,272)
Credited to profit or loss	(931)	-	(931)
Exchange differences	249	-	249
At 31 December 2018	(11,954)	-	(11,954)

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$97,625,000 (31 December 2017 : US$73,450,000, 1 January 2017 : US$37,791,000). No deferred tax liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

23 SHARE CAPITAL

	Group and Company			
	2018	2017	2018	2017
	Number of ordinary shares		US$	US$
At beginning of year	1,329,273,113	1,212,273,113	95,069,461	89,670,842
Issuance of shares for acquisition of assets [(a)]	-	117,000,000	-	13,000,000
Issuance of share [(b)]	70,000,000	-	11,443,726	-
Effect of change in functional currency [(c)]	-	-	-	(7,601,381)
At end of year	1,399,273,113	1,329,273,113	106,513,187	95,069,461

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

23 SHARE CAPITAL (cont'd)

(a) On 23 June 2017, the Company issued 117,000,000 new ordinary shares as the consideration shares for the acquisition of indirect effective equity interest of 98.73% in TBR.

(b) In November 2018, the Company issued 70,000,000 new ordinary shares pursuant to the assignment of coal sales contract for TBR mine [Note 17(a)].

(c) The effect of change in functional currency are attributed to the Company's change of functional currency from Singapore dollars to United States dollars with effect from 1 December 2017 (Note 2).

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.

24 CAPITAL AND OTHER RESERVES

During the year, the Group and the Company recorded deemed capital contribution amounting to US$433,698 (2017 : US$495,570) for the issuance of shares by a shareholder of the Company to a director as share-based payment.

In addition, the Group issued 74,000,000 warrants for a consideration of S$1 pursuant to the assignment of coal sales contract for TBR mine [Note 17(a)]. Each warrant entitles the holder to subscribe for one new ordinary share at the exercise price of S$0.33 per share for the exercise period of two years at any time from the date of issue up to and including 19 November 2020. The warrants will not be listed or traded on the Main Board of the SGX.

The fair value measurement is classified under Level 2 of the fair value hierarchy. The estimated fair value of the warrants granted on 5 November 2018, determined using the Black-Scholes pricing model was US$713,786. There has been no change to the valuation technique and no transfers between the levels of the fair value hierarchy during the year.

No warrants were exercised as at 31 December 2018.

25 TRANSLATION RESERVE

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency, USD.

As disclosed in Note 2, the Company has changed its functional currency from SGD to USD on 1 December 2017. The Company has the same functional currency as the Group's presentation currency. Aside from the balance originated prior to the adoption of SFRS(I), the Company has no foreign currency translation reserve as at end of the financial year.

26 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	Group	
	2018	**2017**
	US$	**US$**
Item that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations		
- Arising during the year	(497,725)	(2,745,389)
Item that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit obligations [Notes 21(A) and 31(B)]	336,510	(223,298)
Other comprehensive income for the year, net of tax	(161,215)	(2,968,687)

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

27 REVENUE

	Group	
	2018	**2017**
	US$	**US$**
Timing of revenue recognition		
At a point in time:		
Sale of coal:		
- Coal mining	298,754,745	310,918,843
- Coal trading	-	2,096,793
	298,754,745	313,015,636
Over time:		
Mining services	487,023	3,287,419
Total	299,241,768	316,303,055

28 OTHER INCOME

	Group	
	2018	**2017**
	US$	**US$**
Interest income [(a)]	4,561,358	1,538,591
Gain on disposal of property, plant and equipment	-	35,444
Marketing fee	612,452	1,887,548
Others	132,212	65,221
Total	5,306,022	3,526,804

(a) This includes interest income on financial assets carried at amortised cost of US$188,639 (2017 : US$112,239) [Note 9(a)].

29 OTHER EXPENSES

	Group	
	2018	**2017**
	US$	**US$**
Other expenses arising from finalisation of tax assessments	2,205	268,061
Additional assessments on mining royalties	-	1,685,607
Foreign exchange loss – net	2,598,812	2,046,628
Loss on financial assets carried at amortised cost [Note 9(a)]	577,564	131,272
Loss on disposal of property, plant and equipment	8,433	-
Bad debts written-off	-	746,331
Other non-operating expenses incurred on mining	1,092,692	472,580
Others	31,248	33,064
Total	4,310,954	5,383,543

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

30 FINANCE COSTS

	Group 2018 US$	Group 2017 US$
Interest expense on:		
- Notes payable:		
- MTN	-	4,540,736
- Loss on early redemption of MTN [Note 19(A)]	-	104,030
- Consent fee [(a)]	-	346,191
- Senior Notes [Note 19(B)]	24,000,000	5,845,648
- Amortisation of transaction costs [Note 19(B)]	2,468,792	1,743,701
- Finance leases	18,081	17,498
- Others	-	83,333
Imputed interest on:		
- Provisions [Notes 21(B) and 21(C)]	50,197	53,739
Total	26,537,070	12,734,876

(a) This relates to consent fee paid to Noteholders due to early redemption of MTN.

31 INCOME TAX EXPENSE

(A) Income tax recognised in profit or loss

	Group 2018 US$	Group 2017 US$
Income tax:		
- Current	8,813,950	17,274,442
- Under (over) provision in prior years	36,543	(2,845,281)
Deferred tax (Note 22):		
- Current	1,116,836	(893,176)
- Underprovision in prior years	825,689	2,050,078
Income tax expense	10,793,018	15,586,063

Income tax for Singapore incorporated companies is calculated at 17% (2017 : 17%) of the estimated assessable income for the year.

In 2017, certain subsidiary of the Group was awarded the status of a Global Trading Company by the International Enterprise Singapore under the Global Trader Programme ("GTP"), which grants the subsidiary a concessionary income tax rate of 10% on qualifying transactions for a period of 3 years from 1 October 2018 to 30 September 2020. This incentive is subject to the achievement of certain business volume and other terms and conditions.

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% (2017 : 25%).

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

31 INCOME TAX EXPENSE (cont'd)

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

The total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2018	**2017**
	US$	**US$**
Profit before income tax	28,794,391	52,263,800
Tax at statutory rate of 25% (2017 : 25%) *	7,198,598	13,065,950
Tax effect of expenses that are not deductible in determining taxable profit	7,380,470	9,866,978
Tax effect of income that are not taxable in determining taxable profit	(3,298,278)	(2,374,081)
Tax exemption	(38,208)	(38,784)
Effect of different tax rates of companies operating in other jurisdictions	(972,052)	(3,608,154)
Effect of concessionary tax rate of 10% granted under GTP	(339,744)	(530,643)
Adjustments recognised in the current year in relation to current and deferred tax of prior years	862,232	(795,203)
Income tax expense	10,793,018	15,586,063

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

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

	Group	
	2018	**2017**
	US$	**US$**
Deferred tax:		
- Remeasurement of defined benefit obligations (Note 22), representing total deferred tax on components of other comprehensive income	112,313	(74,434)

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

32 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	Group 2018 US$	Group 2017 US$
Directors' remuneration	3,405,416	3,858,054
Employee benefits expense (including directors' remuneration)	7,969,564	7,326,502
Costs of defined contribution plans (included in employee benefits expense)	299,743	292,255
Costs of defined benefit plans (included in employee benefits expense) [Note 21(A)]	393,006	26,004
Cost of inventory recognised as expense	165,526,119	175,077,697
Depreciation of property, plant and equipment (Note 14)	11,909,782	16,206,411
Amortisation of deferred stripping costs (Note 13)	1,738,309	2,003,437
Allowance for inventory written-down value	193,069	748,703
Share-based payment expense	433,698	495,570
Audit fees paid/payable to:		
- Auditors of the Company	214,847	203,307
- Member firm of the Auditors of the Company	167,951	127,544
Non-audit fees paid/ payable to:		
- Auditors of the Company	76,456	10,029

33 DIVIDENDS

On 30 May 2017, the Company paid a final one-tier tax-exempt dividend of S$0.01 per share (total dividend of US$8,762,689) to its shareholders in respect of the year ended 31 December 2016.

On 5 December 2017, the Company paid an interim one-tier tax-exempt dividend of S$0.01 per share (total dividend of US$9,836,995) to its shareholders in respect of the year ended 31 December 2017.

On 5 September 2018, the Company paid an interim one-tier tax-exempt dividend of S$0.01 per share (total dividend of US$9,651,297) to its shareholders in respect of the year ended 31 December 2018.

In respect of the current year, the directors proposed that a dividend of S$0.004 per share will be paid to shareholders on 17 May 2019. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed dividend is payable to all shareholders on the Register of Members on 10 May 2019. The total estimated dividend to be paid is US$4,098,332.

34 EARNINGS PER SHARE

Basic and diluted earnings per share for the financial year ended 31 December 2018 is calculated based on the profit for the year attributable to owners of the Company of US$18,020,537 (2017 : US$36,685,787) divided by the weighted average number of shares issued of 1,337,519,688 (2017 : 1,273,818,318).

During the year, the Company issued 74,000,000 warrants pursuant to the assignment of coal sales contract for TBR mine [Note 17(a)]. The warrants were excluded in the calculation of diluted profit per share because they were anti-dilutive.

35 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 SFRS(I) 8.

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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

35 SEGMENT INFORMATION (cont'd)

The Group's reportable segments under SFRS(I) 8 are therefore as follows:

Segment		Principal activities
Coal mining	-	Production and sale of coal produced from operating own 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	
Group	2018 US$	2017 US$	2018 US$	2017 US$	2018 US$	2017 US$
Coal mining	298,754,745	310,918,843	66,619,794	76,828,947	66,230,869	75,124,307
Coal trading	-	2,096,793	-	52,250	-	52,250
Mining services	487,023	3,287,419	223,204	1,540,287	223,204	1,540,287
	299,241,768	316,303,055	66,842,998	78,421,484	66,454,073	76,716,844
Depreciation of property, plant and equipment					(411,582)	(565,856)
Other gains (losses) - net					1,383,993	(152,099)
Group administration costs and directors' remuneration					(12,095,023)	(11,000,213)
Finance costs					(26,537,070)	(12,734,876)
					28,794,391	52,263,800

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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

35 SEGMENT INFORMATION (cont'd)

Other segmental information

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

Group	**Coal mining**	
	2018	**2017**
	US$	**US$**
Depreciation of property, plant and equipment	11,498,200	15,640,555
Amortisation of deferred stripping costs	1,738,309	2,003,437
Amortisation of transaction costs of Notes	-	-
Loss on early redemption of MTN	-	-
Allowance for inventory written-down value	193,069	748,703
Interest income on financial assets carried at amortised cost	(188,639)	(112,239)
Loss (gain) on disposal of property, plant and equipment	-	-
Loss on financial assets carried at amortised cost	577,564	131,272
Bad debt written-off	-	-
Share-based payment expense	-	-

Geographical segments

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

	Revenue	
	2018	**2017**
	US$	**US$**
Indonesia	26,608,713	12,817,818
People's Republic of China	241,223,917	286,801,296
Thailand	4,729,335	-
India	26,679,803	16,683,941
Total	299,241,768	316,303,055

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

	Non-current assets		
	31 December 2018	**31 December 2017**	**1 January 2017**
	US$	**US$**	**US$**
Indonesia	246,187,474	189,444,273	112,915,316
Singapore	273,217	283,897	286,269
Total	246,460,691	189,728,170	113,201,585

Coal trading		Mining services		Unallocated		Total	
2018	2017	2018	2017	2018	2017	2018	2017
US$	US$	US$	US$	US$	US$	US$	US$
-	-	-	-	411,582	565,856	11,909,782	16,206,411
-	-	-	-	-	-	1,738,309	2,003,437
-	-	-	-	2,468,792	1,743,701	2,468,792	1,743,701
-	-	-	-	-	104,030	-	104,030
-	-	-	-	-	-	193,069	748,703
-	-	-	-	-	-	(188,639)	(112,239)
-	-	-	-	8,433	(35,444)	8,433	(35,444)
-	-	-	-	-	-	577,564	131,272
-	-	-	-	-	746,331	-	746,331
-	-	-	-	433,698	495,570	433,698	495,570

<u>Major customer information</u>

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

	Coal mining		Coal trading		Mining services and others	
	2018	2017	2018	2017	2018	2017
	US$	US$	US$	US$	US$	US$
Customer						
Top 1st [(a)]	267,729,471	301,388,445	-	-	-	-

[(a)] Pertains to a coal off-taker, whereby the coal sales are attributed to regional countries.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

36 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	Group	
	2018	2017
	US$	US$
Minimum lease payments under operating leases recognised as an expense in the financial year	340,669	341,929

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		
	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
	US$	US$	US$	US$	US$	US$
Within one year	139,952	343,119	323,179	139,952	343,119	317,473
In the second to fifth year inclusive	-	142,966	452,730	-	142,966	449,753
Total	139,952	486,085	775,909	139,952	486,085	767,226

Operating lease payments represent rentals payable by the Group for lands, office premises and staff accommodations, and by the Company for its office premises. 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 lease of office premises, 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$20,361 (2017 : US$70,718).

37 ACQUISITION OF ASSETS

On 23 June 2017, the Group acquired 100% equity interest in Fortune Coal Resources Pte. Ltd., which owns a mining concession through its subsidiary, TBR in South Kalimantan, Indonesia, for a consideration of US$90,000,000 (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.*

38 CONTINGENT LIABILITY

A) In 2016, some subsidiaries were audited by Indonesian Tax Office ("ITO"). ITO assessed an underpayment of tax expenses of approximately US$3,900,000 (IDR53 billion) in respect of a subsidiary for capitalisation of an intercompany loan as equity.

   Management has sought advice from professional tax consultants and legal firm and holds the view that the imposed tax is without merit under the tax law. Management has submitted their Closing Statements to the Court of Appeal in July 2018. Final decision is expected to be received within the next 12 months. No provision has been recognised in the financial statements as the Group does not consider that there is any probable loss.

B) At as 31 December 2018, the Company has an unsecured corporate guarantees issued in 2017 in respect of the issuance of Notes by its subsidiary with nominal value of US$300,000,000.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

39 DISPOSAL OF A SUBSIDIARY

During the year, the Group disposed of its subsidiary, PT Deli Global Oase ("DGO"). DGO had been dormant since its incorporation and was subsequently wound up.

Details of the disposal are as follows:

	Group 2018 US$
Consideration received	-
Other receivables, representing net assets derecognised	(1,123,511)
Non-controlling interests derecognised	1,123,511
Gain on disposal	-

There is no net cash inflow arising from the disposal of DGO.

40 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK

The Group and the Company adopted the new financial reporting framework - Singapore Financial Reporting Standards (International) ("SFRS(I)") for the first time for financial year ended 31 December 2018 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied in the first set of SFRS(I) financial statements. SFRS(I) is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

As a first-time adopter, the Group and the Company are to apply retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (31 December 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ended 31 December 2018, an additional opening statement of financial position as at date of transition (1 January 2017) is presented, together with related notes. Reconciliation statements from previously reported Financial Reporting Standards ("FRS") amounts and explanatory notes on transition adjustments are required for equity as at date of transition (1 January 2017) and as at end of last financial period under FRS (31 December 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended 31 December 2017). Additional disclosures may also be required for specific transition adjustments if applicable.

There is no change to the Group's and the Company's previous accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those arising from the application of SFRS(I) 9 and SFRS(I) 15 which are effective at the same time, and the election of certain transition options available under SFRS(I) 1.

Management has elected the following transition exemptions:

- The Group has applied the option to reset the cumulative translation differences for all foreign operations to zero at the date of transition to SFRS(I). The gain or loss on a subsequent disposal of any foreign operations will exclude translation differences that arose before 1 January 2017 and shall include later translation differences.

- The Group has applied SFRS(I) 9 with an initial application date of 1 January 2018. The Group has not restated the comparative information, which continues to be reported under FRS 39. Effects arising from the adoption of SFRS(I) 9 have been recognised directly in retained earnings. The Group has applied the requirements of SFRS(I) 9 to instruments that have not been derecognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2018

40 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (cont'd)

Reconciliations of equity and total comprehensive income

The effects of transition to SFRS(I) are presented and explained below.

(A) Impact on the equity as at 1 January 2017 (date of transition to SFRS(I))

	As previously reported under FRS US$	Application of SFRS(I) 1 US$	As adjusted under SFRS(I) US$
Group			
Share capital	89,670,842	-	89,670,842
Capital and other reserves	316,251	-	316,251
Translation reserve	(18,232,460)	18,232,460	-
Retained earnings	52,681,429	(18,232,460)	34,448,969
Equity attributable to owners of the Company	124,436,062	-	124,436,062
Non-controlling interests	221,683	-	221,683
Total equity	124,657,745	-	124,657,745
Company			
Share capital	89,670,842	-	89,670,842
Translation reserve	(4,464,506)	4,464,506	-
Retained earnings	6,959,488	(4,464,506)	2,494,982
Total equity	92,165,824	-	92,165,824

(B) Impact on the equity as at 31 December 2017 (end of last period reported under FRS)

	As previously reported under FRS US$	Application of SFRS(I) 1 US$	As adjusted under SFRS(I) US$
Group			
Share capital	95,069,461	-	95,069,461
Capital and other reserves	871,762	-	871,762
Translation reserve	(12,858,989)	18,232,460	5,373,471
Retained earnings	70,051,598	(18,232,460)	51,819,138
Equity attributable to owners of the Company	153,133,832	-	153,133,832
Non-controlling interests	1,312,376	-	1,312,376
Total equity	154,446,208	-	154,446,208
Company			
Share capital	95,069,461	-	95,069,461
Capital and other reserves	495,570	-	495,570
Translation reserve	-	4,464,506	4,464,506
Retained earnings	1,935,821	(4,464,506)	(2,528,685)
Total equity	97,500,852	-	97,500,852

40 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (cont'd)

(C) Impact on the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2017 (last financial year reported under FRS)

The transition to SFRS(I) does not have a material impact on the consolidated statement of profit or loss and other comprehensive income.

(D) Impact on the consolidated statement of cash flows for the year ended 31 December 2017 (last financial year reported under FRS)

The transition to SFRS(I) does not have a material impact on the consolidated statement of cash flows.

41 STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I)s pronouncements were issued but not effective and are expected to have an impact to the Group and the Company in the periods of their initial application.

<u>Effective for annual periods beginning on or after 1 January 2019</u>

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*

SFRS(I) 16 *Leases*

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 are recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

SFRS(I) 1-17 does not require the recognition of any right-of-use asset or liability for future payments for the operating leases that the Group enters into. Under SFRS(I) 16, the Group may be required to recognise a right-of-use asset and a corresponding liability in respect of all leases unless they qualify for low value or short-term leases upon the application of SFRS(I) 16. Additional disclosures may also be made with respect to leases, including any significant judgement and estimation made in distinguishing between leases and service contracts, on the basis of whether an identified asset controlled by the customer exists.

Management has performed an analysis of the requirements of the initial application of SFRS(I) 16 and expects the adoption of SFRS(I) 16 will result in changes to 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 liability to make lease payments.

SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*

The Interpretation provides guidance on determining the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to determine whether uncertain tax positions are assessed separately or as a Group; and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings.

Management will adopt the above Interpretation when it becomes effective.

OTHERS

SUPPLEMENTARY INFORMATION

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2019

Issued and fully paid-up capital	:	S$148,339,548.73
Number of issued shares	:	1,399,273,113
Class of shares	:	Ordinary shares
Voting rights	:	On a poll - One vote per ordinary share
Treasury shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	4	0.11	181	0.00
100 – 1,000	58	1.53	38,334	0.00
1,001 – 10,000	1,009	26.58	8,013,040	0.57
10,001 – 1,000,000	2,671	70.36	195,776,620	13.99
1,000,001 AND ABOVE	54	1.42	1,195,444,938	85.44
TOTAL	**3,796**	**100.00**	**1,399,273,113**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	161,323,257	11.53
2	DB NOMINEES (SINGAPORE) PTE LTD	139,748,096	9.99
3	RHB SECURITIES SINGAPORE PTE. LTD.	105,571,196	7.54
4	PHILLIP SECURITIES A PTE LTD	87,866,620	6.28
5	DBS NOMINEES (PRIVATE) LTD	84,688,256	6.05
6	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	71,119,000	5.08
7	MACQUARIE CAPITAL SECURITIES (SINGAPORE) PTE. LIMITED	70,000,000	5.00
8	MAYBANK KIM ENG SECURITIES PTE. LTD.	58,953,996	4.21
9	DHAMMA SURYA	57,159,453	4.08
10	CHARLES ANTONNY MELATI	50,167,406	3.59
11	CHONG THIM PHENG	32,500,900	2.32
12	CITIBANK NOMINEES SINGAPORE PTE LTD	31,933,780	2.28
13	NG KIAN ANN @ ANTHONY WIJAYA	28,487,351	2.04
14	LIM BOK HOO	25,831,442	1.85
15	OCBC SECURITIES PRIVATE LIMITED	22,801,200	1.63
16	UOB KAY HIAN PRIVATE LIMITED	20,762,500	1.48
17	TAN SONG KAR	16,035,746	1.15
18	MABEL LEE KIM LIAN	12,400,000	0.89
19	RAFFLES NOMINEES (PTE.) LIMITED	10,702,100	0.76
20	TUNG KUM HON	10,000,000	0.71
	TOTAL	**1,098,052,299**	**78.46**

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2019

SUBSTANTIAL SHAREHOLDINGS

(As recorded in the Register of Substantial Shareholders as at 15 March 2019)

Name of Shareholder	Direct Interest (No. of Shares)	% [1]	Deemed Interest (No. of Shares)	% [1]
Master Resources International Limited [2]	218,326,287	15.60	–	–
Huang She Thong [3]	29,825,620	2.13	218,326,287	15.60
Charles Antonny Melati [4]	293,345,406	20.96	–	–
Heah Theare Haw	75,999,996	5.43	–	–
International Resources Investment Ltd.	117,000,000	8.36	–	–
Batubara Development Pte. Ltd. [5]	–	–	117,000,000	8.36
Cheng Xin Investment Pte. Ltd. [6]	–	–	145,722,222	10.41
Lenny Limanto [7]	–	–	145,722,222	10.41
Macquarie Bank Limited [8]	70,000,000	5.00	–	–
Macquarie B.H. Pty Ltd [8]	–	–	70,000,000	5.00
Macquarie Group Limited [8]	–	–	70,000,000	5.00

Notes:

(1) Based on the issued share capital of the Company comprising 1,399,273,113 ordinary shares as at 15 March 2019.

(2) Master Resources International Limited ("Master Resources") is a company incorporated in the British Virgin Islands. The shareholders of Master Resources are Charles Antonny Melati (19.6%), Huang She Thong (26.4%), Richard Kennedy Melati (18%), Ng See Yong (18%) and Yanto Melati (18%). All of the foregoing shareholders are also directors of Master Resources.

(3) The Company's Executive Director, Huang She Thong, holds 26.4% of the shares in Master Resources. As such, Huang She Thong is deemed to be interested in the 218,326,287 shares held by Master Resources by virtue of Section 7 of the Companies Act (Chapter 50).

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

(5) International Resources Investment Ltd is a wholly-owned subsidiary of Batubara Development Pte. Ltd. ("Batubara Development"). As such, Batubara Development is deemed to be interested in 117,000,000 shares held by International Resources Investment Ltd.

(6) International Resources Investment Ltd is a wholly-owned subsidiary of Batubara Development Pte. Ltd. which is wholly-owned by Cheng Xin Investment Pte. Ltd.. Infinity Pacific Investment Ltd holds 28,722,222 shares and is a wholly-owned subsidiary of Infinity Source Investment Pte Ltd which is wholly-owned by Cheng Xin Investment Pte. Ltd.. Accordingly, Cheng Xin Investment Pte. Ltd. is deemed to be interested in 145,722,222 shares comprising the 117,000,000 shares and 28,722,222 shares held by International Resources Investment Ltd and Infinity Pacific Investment Ltd respectively.

(7) Lenny Limanto is the sole beneficial owner of Cheng Xin Investment Pte. Ltd.. Accordingly, Lenny Limanto is deemed to be interested in 145,722,222 shares comprising the 117,000,000 shares and 28,722,222 shares held by International Resources Investment Ltd and Infinity Pacific Investment Ltd respectively.

(8) Macquarie Bank Limited is a wholly-owned subsidiary of Macquarie B.H. Pty Ltd, which is a wholly-owned by Macquarie Group Limited.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information available to the Company as at 15 March 2019, approximately 35.36% of the Company's shares listed in the Singapore Exchange Securities Trading Limited ("SGX-ST") was held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING of the Company will be held at L3, Begonia 3002-3, Marina Bay Sands Singapore, 10 Bayfront Avenue, Singapore 018956 on Thursday, 25 April 2019 at 10.00 a.m. to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2018 together with the Directors' Statement and the Auditor's Report thereon. **(Resolution 1)**

2. To declare a final tax-exempt (one-tier) dividend of S$0.004 per ordinary share for the financial year ended 31 December 2018. **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Regulation 109 of the Company's Constitution:
   (i) Mr Ong Beng Chye **(Resolution 3)**
   (ii) Mr James Beeland Rogers Jr **(Resolution 4)**
   (iii) Mr Tung Kum Hon **(Resolution 5)**

   (See Explanatory Note 1)

4. To approve the payment of Directors' fees of S$505,000 for the financial year ending 31 December 2019, to be paid half-yearly in arrears. **(Resolution 6)**

5. To re-appoint Messrs Deloitte & Touche LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as Ordinary Resolution with or without modifications:

6. **AUTHORITY TO ALLOT AND ISSUE SHARES**

   "(A) That, pursuant to Section 161 of the Companies Act, Chapter 50, and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), approval be and is hereby given to the Directors of the Company to:

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

   (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares; and/or

   (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues,

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

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

NOTICE OF
ANNUAL GENERAL MEETING

provided always that

(a) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) of the Company (as calculated in accordance with sub-paragraph (b) below);

(b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) of the Company at the time this Resolution is passed, after adjusting for:

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

(ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." **(Resolution 8)**

(See Explanatory Note 2)

7. **AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE GEO ENERGY SHARE OPTION SCHEME**

"That approval be and is hereby given to the Directors of the Company to offer and grant options from time to time in accordance with the provisions of the Geo Energy Share Option Scheme (the "Scheme") and allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options under the Scheme and do all such acts and things as may be necessary or expedient to carry the same into effect, provided always that the aggregate number of shares to be allotted and issued pursuant to the Scheme and other share-based incentive scheme(s) of the Company shall not exceed 15% of the total number of issued shares (excluding treasury shares, if any) in the capital of the Company from time to time." **(Resolution 9)**

(See Explanatory Note 3)

NOTICE OF ANNUAL GENERAL MEETING

8. **AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE GEO ENERGY PERFORMANCE SHARE PLAN**

   "That approval be and is hereby given to the Directors of the Company to grant awards from time to time in accordance with the provisions of the Geo Energy Performance Share Plan (the "Plan") and allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the Plan and do all such acts and things as may be necessary or expedient to carry the same into effect, provided always that the aggregate number of shares to be allotted and issued pursuant to the Plan and other share-based incentive scheme(s) of the Company shall not exceed 15% of the total number of issued shares (excluding treasury shares, if any) in the capital of the Company from time to time." **(Resolution 10)**

   (See Explanatory Note 4)

9. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

Books Closure and Payment Date

Notice is hereby given that the Share Transfer Books and the Register of Members of the Company will be closed at 5.00 p.m. on 10 May 2019 for the purpose of determining shareholders' entitlements to the final dividend to be proposed at the Annual General Meeting of the Company to be held on 25 April 2019.

Duly completed and stamped transfers (together with all relevant documents of or evidencing title) received by the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 10 May 2019 will be registered to determine shareholders' entitlements to the final dividend. Subject as aforesaid, shareholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with ordinary shares of the Company as at 5.00 p.m. on 10 May 2019 will be entitled to the final dividend.

The proposed final dividend, if so approved by shareholders, will be paid on 17 May 2019.

By Order of the Board

Lee Wei Hsiung
Company Secretary

Date: 10 April 2019

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1) (a) A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend and vote at the Annual General Meeting ("AGM"). Where such member appoints two (2) proxies, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be presented by each proxy in the instrument appointing a proxy or proxies.

(b) A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies. A proxy need not to be a member of the Company.

"Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

2) The instrument appointing a proxy or proxies must be under the hand of the appointor or by his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

3) The instrument appointing a proxy must be deposited at the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than 72 hours before the time appointed for the Meeting.

Explanatory Notes:

1) Mr Ong Beng Chye will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and a member of the Remuneration Committee and Nominating Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

Mr Ong Beng Chye, Mr James Beeland Rogers Jr and Mr Tung Kum Hon have offered themselves for re-election. Mr Ong Beng Chye, Mr James Beeland Rogers Jr and Mr Tung Kum Hon have each confirmed that, they do not have any relationships (including immediate family relationships) with the other Directors, the Company or its 10% shareholders. The current directorships in other listed companies and details of other principal commitments held by each of these Directors are set out on page 28 of this Annual Report.

2) The Ordinary Resolution 8, if passed, will authorise and empower the Directors from the date of this Meeting until the conclusion of the next Annual General Meeting, or the date by which the next Annual General Meeting of the Company is required by law to be held, or when revoked or varied by the Company in general meeting, whichever is earlier, to allot and issue shares in the Company. The maximum number of shares which the Directors may issue under this resolution shall not exceed the quantum as set out in the resolution.

3) Ordinary Resolution 9 proposed in item 7 above, if passed, will authorise and empower the Directors of the Company to offer and grant options in accordance with the provisions of the Scheme and allot and issue shares in the Company as may be required to be issued pursuant to the exercise of options under the Scheme provided that the aggregate number of shares to be allotted and issued pursuant to the Scheme and other share-based incentive scheme(s) of the Company shall not exceed 15% of the total number of issued shares (excluding treasury shares, if any) in the capital of the Company. This authority is in addition to the general authority to issue shares sought under Ordinary Resolution 8.

4) Ordinary Resolution 10 proposed in item 8 above, if passed, will authorise and empower the Directors of the Company to grant awards in accordance with the provisions of the Plan and allot and issue shares in the Company as may be required to be issued pursuant to the vesting of awards under the Plan provided that the aggregate number of shares to be allotted and issued pursuant to the Plan and other share-based incentive scheme(s) of the Company shall not exceed 15% of the total number of issued shares (excluding treasury shares, if any) in the capital of the Company. This authority is in addition to the general authority to issue shares sought under Ordinary Resolution 8.

NOTICE OF ANNUAL GENERAL MEETING

PERSONAL DATA PRIVACY

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

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Ong Beng Chye, Mr James Beeland Rogers Jr and Mr Tung Kum Hon are the Directors seeking re-election at the forth coming Annual General Meeting of the Company to be convened on 25 April 2019 ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

	MR ONG BENG CHYE	**MR JAMES BEELAND ROGERS JR**	**MR TUNG KUM HON**
Date of Appointment	25 September 2012	3 December 2012	1 November 2015
Date of last re-appointment	28 April 2016	28 April 2016	28 April 2016
Age	50	76	61
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the qualification, work experiences, contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Ong Beng Chye for re-appointment as Independent Director of the Company. The Board have reviewed and concluded that Mr Ong Beng Chye possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the qualification, work experiences, contribution and performance, attendance, preparedness, participation, candour and suitability of Mr James Beeland Rogers Jr for re-appointment as Independent Director of the Company. The Board have reviewed and concluded that Mr James Beeland Rogers Jr possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the qualification, work experiences, contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Tung Kum Hon for re-appointment as Executive Director of the Company. The Board have reviewed and concluded that Mr Tung Kum Hon possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Executive Mr Tung Kum Hon ("Mr Tung") is responsible for the overall business and general management of the Group.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, Chairman of the Audit Committee and member of the Remuneration and Nominating Committee.	Independent Director	Executive Director and Chief Executive Officer
Professional qualifications	• Bachelor of Science with Honours, City, University of London • Fellow of The Institute of Chartered Accountants in England and Wales • Chartered Financial Analyst conferred by The Institute of Chartered Financial Analysts • Fellow Chartered Accountant of Singapore	• Bachelor's Degree in History, Yale University • Second Bachelor's Degree in Philosophy, Politics and Economics from Balliol College, Oxford University.	• Certified Public Accountant • Chartered Accountant • Member of the Singapore Institute of Directors.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR ONG BENG CHYE	MR JAMES BEELAND ROGERS JR	MR TUNG KUM HON
Working experience and occupation(s) during the past 10 years	Mr Ong Beng Chye previously served as Group Financial Controller of Higson International Pte Ltd. He is currently a Director of Appleton Global Private Limited.	Mr James Beeland Rogers Jr previously served as Advisor of CQS Cayman Limited Partnership and Laguna Bay Pastoral Company Pty Ltd and Senior Advisor of Latitude Technologies Limited.	Mr Tung previously served as Chief Financial Officer/ Executive Director of Shanghai Asia Holdings Limited, Chief Executive Officer/Executive Director of Bellzone Mining Plc and Chief Operating Officer of its related corporation.
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 400,000	Direct interest: 3,400,000	Direct interest: 10,000,000
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	No
Conflict of Interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments Including Directorships			
Past (for the last 5 years)	Heatec Jietong Holdings Ltd. Kitchen Culture Holdings Ltd Shin Omi International Pte Ltd	Ocean Capital Advisors LLC Crusader Resources Limited Fab Universal Corp Genagro Limited	Bellzone Mining Plc
Present	Hafary Holdings Limited ES Group (Holdings) Ltd IPS Securex Holdings Ltd. CWX Global Limited Appleton Global Pte Ltd Gem Corp Services Pte Ltd Gem Accounting Pte Ltd	Anantic Inc. Beeland Interests, Inc. Beeland Enterprises, Inc. Beeland Holdings Pte Ltd Duff & Phelps Select Energy MLP Fund Inc. PJSC PhosAgro JSC AgroGard-Finance Virtus Total Return Fund Inc. Virtus Global Dividend & Income Fund Inc. Virtus Global Multi-Sector Income Fund Quantum Digital Asset Management Pte Ltd Sirius International Insurance Group, Ltd. Spanish Mountain Gold Limited Sinofortune Financial Holdings Limited	Tien Wah Press Holdings Berhad Anline Associates Pte Ltd

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

		MR ONG BENG CHYE	MR JAMES BEELAND ROGERS JR	MR TUNG KUM HON
a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
c)	Whether there is any unsatisfied judgment against him?	No	No	No
d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

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GEO ENERGY RESOURCES LIMITED

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

ANNUAL GENERAL MEETING

PROXY FORM

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 2(b) for the definition of "Relevant Intermediary").
2. For investors who have used their CPF monies to buy the Shares of Geo Energy Resources Limited, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
3. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF investors who wish to attend and vote at the Meeting, should contact their respective CPF Approved Nominees within the time frame specified.

*I/We (Name) ______________________________ (*NRIC/Passport No.) ______________________________

of ____ (Address)

being a *member/members of Geo Energy Resources Limited (the "Company"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of shareholdings (%)

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at L3, Begonia 3002-3, Marina Bay Sands Singapore, 10 Bayfront Avenue, Singapore 018956 on Thursday, 25 April 2019 at 10.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions set out in the Notice of Annual General Meeting as indicated hereunder. In the absence of specific instructions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.

No.	Resolutions	For**	Against**
1.	To receive and adopt the Financial Statements for the financial year ended 31 December 2018 together with the Directors' Statement and the Auditors' Report thereon.		
2.	To declare a final tax-exempt (one-tier) dividend of S$0.004 per ordinary share for the financial year ended 31 December 2018.		
3.	To re-elect Mr Ong Beng Chye as Director.		
4.	To re-elect Mr James Beeland Rogers Jr as Director.		
5.	To re-elect Mr Tung Kum Hon as Director.		
6.	To approve the payment of Directors' fees of S$505,000 for the financial year ending 31 December 2019, to be paid half-yearly in arrears.		
7.	To re-appoint Messrs Deloitte & Touche LLP as Auditors and to authorise the Directors to fix their remuneration.		
8.	To authorise the Directors to allot and issue shares.		
9.	To authorise the Directors to allot and issue shares under the Geo Energy Share Option Scheme.		
10.	To authorise the Directors to allot and issue shares under the Geo Energy Performance Share Plan.		

* Please delete accordingly.
** If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ________________ day of ________________2019.

Total Number of Ordinary Shares Held	

____
Signature(s)/Common Seal of Members

Fold this flap for sealing. Glue all sides firmly. Stapling and spot sealing are disallowed.

Affix
Postage
Stamp

GEO ENERGY RESOURCES LIMITED

Company's Share Registrar
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place,
#32-01 Singapore Land Tower,
Singapore 048623

1st fold.

IMPORTANT

NOTES

1. If you have Ordinary Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Ordinary Shares. If you have Ordinary Shares registered in your name in the Register of Members, you should insert that number of Ordinary Shares. If you have Ordinary Shares entered against your name in the Depository Register and Ordinary Shares registered in your name in the Register of Members, you should insert the aggregate number of Ordinary Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the Proxy Form shall be deemed to relate to all the Ordinary Shares held by you.

2. (a) A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend and vote at the Annual General Meeting. Where such member appoint two (2) proxies, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be presented by each proxy in the instrument appointing a proxy or proxies.

   (b) A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies. A proxy need not to be a member of the Company.

   "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

3. The instrument appointing a proxy or proxies must be under the hand of the appointor or by his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an attorney or duly authorised officer of the corporation.

2nd fold.

4. The Proxy Form must be lodged at the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 72 hours before the time appointed for the Annual General Meeting.

5. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

GENERAL

The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form. In addition, in the case of Ordinary Shares entered in the Depository Register, the Company may reject any Proxy Form lodged if the member, being the appointor, is not shown to have Ordinary Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 April 2019.

Singapore Office
12 Marina Boulevard #16-01
Marina Bay Financial Centre Tower 3
Singapore 018982

Jakarta Office
The Suites Tower, Lantai 17
Jl. Boulevard Pantai Indah Kapuk, No. 1 Kav. OFS,
Jakarta 14470

Shareholder Inquiries
Information about the Company, including all quarterly earnings release and financial results, can be accessed via our website at **www.geocoal.com**.

Shareholder inquiries can also be directed to Investor Relations via email at geoenergy@financialpr.com.sg or by calling (65) 6438 2990

Design Agency
Equity Communications Pte Ltd
2 Jalan Kilang Barat #02-01
Singapore 159346
www.equity.com.sg

ABOUT GEO ENERGY RESOURCES LIMITED
(Bloomberg Ticker: GERL SP)
GEO ENERGY GROUP is a coal mining group, established since 2008, with offices in Singapore and Jakarta, Indonesia and production operations in Kalimantan, Indonesia. Geo Energy has been listed on Singapore Stock Exchange's main board since 2012 and is part of the Singapore FTSE-ST index.

Forward Looking Statements
The statements contained in this annual report that are not historical facts are "forward-looking" statements. These forward-looking statements are subject to a number of substantial risks and uncertainties, many of which are beyond the Company's control and actual results and developments may differ materially from those expressed or implied by these statements for a variety of factors. These forward-looking statements are statements based on the Company's current intentions, beliefs and expectations about among other things, the Company's financial condition, prospects, growth, strategies and the industry in which the Company operates. Forward-looking statements are typically identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "intends", "estimates", "plans", "assumes" or "anticipates" or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. In addition, from time to time, the Company or its representatives have made or may make forward-looking statements orally or in writing. Furthermore, such forward-looking statements may be included in, but are not limited to, press releases or oral statements made by or with the approval of an authorised executive officer of the Company. No assurance can be given that such future results will be achieved; actual events or results may differ materially from those expressed in or implied by these statements as a result of risks and uncertainties facing the Company and its subsidiaries. Forward looking statements are not guarantees of future performance and may often do differ materially from actual results. There is no certainty or assurance as at the date of this annual report that any transaction disclosed in this annual report will proceed or be completed or that no changes will be made to the terms thereof. Many of these risks and uncertainties relate to factors that are beyond the Company's ability to control or estimate precisely, such as changes in taxation and fiscal policy, future market conditions, currency fluctuations, the behaviour of other market participants, the actions of governmental regulators and other risk factors such as the Company's ability to continue to obtain financing to meet its liquidity needs, changes in the political, social and regulatory framework in which the Company operates or in economic or technological trends or conditions, including inflation and consumer confidence, on a global, regional or national basis. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward looking statements. The forward-looking statements contained in this annual report speak only as of the date of this annual report and the Company undertakes no duty to update any of them publicly in light of new information or future events, except to the extent required by applicable law or regulation.


SUCCESS DOESN'T JUST COME AND FIND YOU, YOU HAVE TO GO OUT AND GET IT
www.geocoal.com.