Resources Prima Group Limited
(Company Registration No: 198602949M)

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Unaudited First Quarter Financial Statements for the Financial Period Ended 31 March 2017

INTRODUCTION

Resources Prima Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is a mine owner and primarily engages in the business of coal exploration and coal mining, currently, in East Kalimantan, Indonesia.

For ease of reference, the following abbreviations are used in this announcement:

- "**1QFY2016**": The 3 months (first quarter) of the financial year ended 31 December 2016; and
- "**1QFY2017**": The 3 months (first quarter) of the financial year ended 31 December 2017.

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PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) Income statement and statement of comprehensive income, or a statement of comprehensive income for the group together with a comparative statement for the – corresponding period of immediately preceding year

INCOME STATEMENT

	Group			
	3 months 31.03.17 US$'000 (Unaudited)	3 months 31.03.16 US$'000 (Unaudited)	Inc/ (Dec) %	Ref
Revenue	**14,313**	**18,676**	**(23.4)**	**8.1.1**
Cost of goods sold	(9,648)	(14,340)	(32.7)	**8.1.2**
Gross profit	**4,665**	**4,336**	**7.6**	**8.1.3**
Other income	23	20	15.0	**8.1.4**
Selling and distribution expenses	(918)	(1,361)	(32.5)	**8.1.5**
Administrative expenses	(986)	(979)	0.7	
Finance costs	(296)	(300)	(1.3)	
Other expenses	(443)	(797)	(44.4)	**8.1.6**
Profit before tax	**2,045**	**919**	**>100.0**	
Tax expense	(711)	(277)	>100.0	**8.1.7**
Profit for the financial period	**1,334**	**642**	**>100.0**	
Profit/(loss) attributable to:				
- Equity holders of the Company	1,113	671	65.9	
- Non-controlling interests	221	(29)	N.M.	
	1,334	**642**	**>100.0**	
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss				
Currency translation differences arising on consolidation	378	567	(33.3)	
Total comprehensive income for the financial period	**1,712**	**1,209**	**41.6**	
Total comprehensive income/(loss) attributable to:				
- Equity holders of the Company	1,491	1,238	20.4	
- Non-controlling interests	221	(29)	N.M.	
	1,712	**1,209**	**41.6**	

N.M. – Not Meaningful

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1(a)(ii) Income before tax is stated after charging/(crediting) the following:-

	Group		
	3 months 31.03.17 US$'000	**3 months 31.03.16 US$'000**	**Inc/ (Dec) %**
Unrealised foreign currency exchange gain	(13)	(71)	(81.7)
Depreciation of property, plant and equipment	739	667	10.8
Amortisation of mining properties	788	733	7.5
Amortisation of intangible assets	10	10	-
Post-employment benefits	107	59	81.4
Provision for mine reclamation and rehabilitation	50	52	(3.8)
Operating lease expenses	244	437	(44.2)
Interest income	(10)	(7)	42.9
Interest expense	296	300	(1.3)

N.M. – Not Meaningful

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

	Group		Ref	Company	
	As at 31.03.17 US$'000 (Unaudited)	As at 31.12.16 US$'000 (Audited)		As at 31.03.17 US$'000 (Unaudited)	As at 31.12.16 US$'000 (Audited)
Non-current assets					
Property, plant and equipment	21,130	21,836		-	-
Investments in subsidiaries	-	-	**8.2.1**	33,432	32,311
Intangible assets	160	170	**8.2.2**	-	-
Mining properties	6,046	6,765	**8.2.3**	-	-
Trade and other receivables	8,135	8,162	**8.2.4**	-	-
Deferred tax assets	1,987	1,900	**8.2.5**	-	-
	37,458	38,833		33,432	32,311
Current assets					
Available-for-sale investment	-*	-*		-*	-*
Inventories	575	235	**8.2.6**	-	-
Trade and other receivables	3,635	5,934	**8.2.4**	11,201	11,180
Cash and cash equivalents	2,953	2,299	**8.2.7**	105	100
	7,163	8,468		11,306	11,280
Total assets	**44,621**	**47,301**	**8.2.13**	**44,738**	**43,591**
Equity					
Share capital	100,480	100,480		236,508	236,508
Currency translation reserve	(1,005)	(1,383)	**8.2.8**	(16,577)	(18,075)
Accumulated losses	(83,026)	(84,139)		(175,403)	(175,139)
Equity attributable to equity holders of the Company	16,449	14,958		44,528	43,294
Non-controlling interests	(4,316)	(4,537)		-	-
Total equity	**12,133**	**10,421**		**44,528**	**43,294**
Non-current liabilities					
Trade and other payables	11,758	12,512	**8.2.9**	-	-
Post-employment benefits	1,278	1,171	**8.2.10**	-	-
Finance lease liabilities	131	258	**8.2.11**	-	-
Provisions	1,542	1,498		-	-
	14,709	15,439		-	-
Current liabilities					
Trade and other payables	16,433	20,375	**8.2.9**	210	297
Finance lease liabilities	530	536	**8.2.11**	-	-
Tax payable	816	530	**8.2.12**	-	-
	17,779	21,441		210	297
Total liabilities	**32,488**	**36,880**	**8.2.13**	**210**	**297**
Net assets	**12,133**	**10,421**		**44,528**	**43,294**
Total equity and liabilities	**44,621**	**47,301**		**44,738**	**43,591**

* Below US$1,000.

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

(a) Amount repayable in one year or less, or on demand

31.03.17		31.12.16	
US$'000	US$'000	US$'000	US$'000
Secured	Unsecured	Secured	Unsecured
530	148	536	143

(b) Amount repayable after one year

31.03.17		31.12.16	
US$'000	US$'000	US$'000	US$'000
Secured	Unsecured	Secured	Unsecured
131	-	258	-

(c) Details of any collateral

Certain vehicles and machinery (such as coal hauling trucks and heavy equipment) with an aggregate carrying amount of US$1.7 million as at 31 March 2017 (31 December 2016: US$2.0 million) are pledged under existing finance lease arrangements.

Fiduciary security over coal inventory of PT Rinjani Kartanegara ("**Rinjani**") (a subsidiary of the Company held through PT Pilar Mas Utama Perkasa ("**Pilar Mas**")) and corporate guarantee by Pilar Mas have been provided to secure the debt of Rinjani to a main supplier, included in the trade payables of the Group as at 31 March 2017 and 31 December 2016.

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

	Group	
	3 months 31.03.17 US$'000	3 months 31.03.16 US$'000
Cash flows from operating activities		
Profit before tax	2,045	919
Adjustments for:-		
Depreciation of property, plant and equipment	739	667
Amortisation of mining properties	788	733
Amortisation of intangible assets	10	10
Post-employment benefits	107	59
Provision for mine reclamation and rehabilitation	50	52
Finance costs	296	300
Interest income	(10)	(7)
Unrealised foreign currency exchange gain	(13)	(71)
Operating profit before working capital changes	**4,012**	**2,662**
Inventories	(340)	1,223
Trade and other receivables	2,065	92
Trade and other payables	(5,128)	(1,090)
Currency translation adjustments	378	567
Cash generated from operations	**987**	**3,454**
Interest received	10	7
Taxes paid	-	(193)
Net cash generated from operating activities	**997**	**3,268**
Cash flows from investing activities		
Additions to mining properties	(148)	(213)
Purchases of property, plant and equipment	(33)	(148)
Net cash used in investing activities	**(181)**	**(361)**
Cash flows from financing activities		
Interest paid	(29)	(48)
Repayment of finance leases	(133)	(202)
Repayment of loan from related party	-	(42)
Repayment of loan from third party	-	(848)
Net cash used in financing activities	**(162)**	**(1,140)**
Net increase in cash and cash equivalents	654	1,767
Cash and cash equivalents at beginning of the period	2,299	4,714
Cash and cash equivalents at end of the period	**2,953**	**6,481**

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

Statement of Changes in Equity

Group	**Share capital US$'000**	**Currency translation reserve US$'000**	**Accumulated losses US$'000**	**Equity attributable to equity holders of the Company US$'000**	**Non-controlling interests US$'000**	**Total equity US$'000**
At 1 January 2016	**100,480**	**(1,155)**	**(82,156)**	**17,169**	**(3,821)**	**13,348**
Profit/(loss) for the 3 months ended 31 March 2016	-	-	671	671	(29)	642
Other comprehensive income: - Currency translation differences	-	567	-	567	-	567
Profit/(loss) and total comprehensive income/(loss) for the 3 months ended 31 March 2016	-	567	671	1,238	(29)	1,209
At 31 March 2016	**100,480**	**(588)**	**(81,485)**	**18,407**	**(3,850)**	**14,557**
At 1 January 2017	**100,480**	**(1,383)**	**(84,139)**	**14,958**	**(4,537)**	**10,421**
Profit for the 3 months ended 31 March 2017	-	-	1,113	1,113	221	1,334
Other comprehensive income: - Currency translation differences	-	378	-	378	-	378
Profit and total comprehensive income for the 3 months ended 31 March 2017	-	378	1,113	1,491	221	1,712
At 31 March 2017	**100,480**	**(1,005)**	**(83,026)**	**16,449**	**(4,316)**	**12,133**

Statement of Changes in Equity (continued)

Company	Share capital US$'000	Currency translation reserve US$'000	Accumulated losses US$'000	Total equity US$'000
At 1 January 2016	**236,508**	**(16,759)**	**(156,686)**	**63,063**
Loss for the 3 months ended 31 March 2016	-	-	(285)	(285)
Other comprehensive income:				
- Currency translation differences	-	2,920	-	2,920
Profit/(loss) and total comprehensive income/(loss) for the 3 months ended 31 March 2016	-	2,920	(285)	2,635
At 31 March 2016	**236,508**	**(13,839)**	**(156,971)**	**65,698**
At 1 January 2017	**236,508**	**(18,075)**	**(175,139)**	**43,294**
Loss for the 3 months ended 31 March 2017	-	-	(264)	(264)
Other comprehensive income:				
- Currency translation differences	-	1,498	-	1,498
Profit /(loss) and total comprehensive income/(loss) for the 3 months ended 31 March 2017	-	1,498	(264)	1,234
At 31 March 2017	**236,508**	**(16,577)**	**(175,403)**	**44,528**

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

	No. of Ordinary Shares	Issued Share Capital (S$)
At 31 March 2017 and 31 December 2016	1,832,999,998	307,306,455

There were no changes in the Company's share capital since 31 December 2016 and up till 31 March 2017. As at 31 March 2017 and 31 March 2016, the Company had no outstanding share options, other convertibles, treasury shares and subsidiary holdings.

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

	31.03.17	31.12.16
Total number of issued shares (excluding treasury shares)	1,832,999,998	1,832,999,998

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

Not applicable. The Company does not have any treasury shares at the beginning and end of the financial period.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company does not have any subsidiary holdings at the beginning and end of the financial period.

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

The figures have not been audited or reviewed by the Company's auditors.

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

Not applicable.

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

Except as disclosed in item 5 below, the Group and the Company have applied the same accounting policies and methods of computation for the current reporting period as compared with the audited financial statements of the Group and the Company for the preceding financial year.

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

The Group and the Company have adopted all the new and revised standards and interpretations of the Singapore Financial Reporting Standards that are effective for annual periods beginning on or after 1 January 2017. The adoption of these standards and interpretations had no significant effect on the financial performance or position of the Group and the Company for the 3-months financial period ended 31 March 2017.

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

	Group	
	3 months 31.03.17	**3 months 31.03.16**
Earnings per ordinary share:-		
Basic (US$ cents)	0.06	0.04
Diluted (US$ cents)	0.06	0.04
Weighted average number of ordinary shares for basic earnings per share	1,832,999,998	1,832,999,998

Diluted earnings per share is the same as basic earnings per share for both the financial periods ended 31 March 2017 and 2016 as there were no outstanding convertible instruments.

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

	Group	
	31.03.17	**31.12.16**
Net asset value per ordinary share (US$ cents)	0.90	0.82
Number of ordinary shares issued (excluding treasury shares)	1,832,999,998	1,832,999,998

	Company	
	31.03.17	**31.12.16**
Net asset value per ordinary share (US$ cents)	2.43	2.37
Number of ordinary shares issued (excluding treasury shares)	1,832,999,998	1,832,999,998

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

INTRODUCTION

The main factors affecting the Group's financial performance are:

(a) **Coal production and sales**. Coal production decreased by 209,383 tonnes or 46.2%, to 243,357 tonnes for 1QFY2017 from 452,740 tonnes for 1QFY2016. Although the main determinant of coal production is the mine plan and related stripping ratio, coal production in 1QFY2017 was adversely affected by the dewatering of the mining area due to heavier than normal rainfall.

Coal sales decreased by 268,102 tonnes or 54.8%, to 221,272 tonnes for 1QFY2017 from 489,374 tonnes for 1QFY2016 due to lower coal production.

(b) **Cost of waste mining operations**. Waste mining is contracted out to a third party waste mining contractor. Although waste mining costs are set by long-term contract, the Group has been able to renegotiate rates downwards, subject to certain conditions, to reflect changes in market conditions, as previously announced. However, should the Argus Coalindo ICI2 coal price index ("**ICI2**") increase, the waste mining contractor is entitled to an increase in the waste mining rate. The waste mining rate shall be increased by US$0.04 per bcm per US$1.00 increment in ICI2 should ICI2 be above US$60.00 per tonne. Such increase in the waste mining rate is up to a maximum of US$0.40 per bcm or when the ICI2 reaches US$70.00 per tonne. As the ICI2 price exceeded US$70.00 per tonne since November 2016, the waste mining rate for 1QFY2017 increased by US$0.40 per bcm from the previous quarter.

(c) **Coal sales price**. The average selling price (FOB Barge) of the Group's coal increased by US$25.6 per tonne or 68.1% to US$63.2 per tonne for 1QFY2017 from US$37.6 per tonne for 1QFY2016. The increase was in line with the increase of ICI2 to US$74.4 per tonne as at end of March 2017 from US$45.8 per tonne as at end of March 2016.

(d) **Stripping ratio**. The stripping ratio, which is the key determinant of operating cost, and the mine plan are continually reviewed and updated based on current and future market considerations. In accordance with the mine plan, the average stripping ratio increased by 1.8 bank cubic metres of overburden per tonne of coal ("**bcm/t**") or 23.4% to 9.5 bcm/t in 1QFY2017 from 7.7 bcm/t in 1QFY2016. The increase in the average stripping ratio was due to ongoing depletion of the Group's first "borrow-use" permit ("**IPPKH1**") and production from the second "borrow-use" permit ("**IPPKH2**").

(e) **Efficient operation cost.** The Group is cost competitive as a result of its own fully integrated coal mining facilities such as the coal stockpile, coal crushers, coal conveyor system and jetty facilities. This cost competitiveness when coupled with cost and operational efficiencies from having its own coal hauling road and trucks provides a competitive advantage for the Group. Costs are controlled through competitive bidding and the introduction of new suppliers when appropriate. The cost of goods sold per tonne increased by US$7.9 per tonne or 24.9% to US$39.6 per tonne in 1QFY2017 from US$31.7 per tonne in 1QFY2016. This increase resulted primarily from an increase in: (i) the waste mining rate (as described in paragraph 8(b) above); (ii) increase in stripping ratio (as described in paragraph 8(d) above) and (iii) fixed costs per tonne due to lower coal production (as described in paragraph 8(a) above).

(f) **Additional recurring income**. The Group generates additional income and cash flow through provision of its coal mining facilities to a third party mine owner. For 1QFY2017 and 1QFY2016, this recurring income contributed 2.0% and 0.4% of revenue, respectively

(g) **Working capital (to be read in conjunction with item 8.2.13).** Due to the Group's net current liabilities position at 31 March 2017, the generation of sufficient cash flow for operations is a priority for the Group. The Group has focused on maintaining sufficient cash for operations and the development of IPPKH2 through the restructuring of the outstanding debt owed to its waste mining contractor by extending the repayment deadline from 31 December 2016 to 31 December 2018 (as previously announced), the deferral of fixed asset acquisitions and through reassessing and revising the mine development plan as well as closely managing available cash resources.

8.1 INCOME STATEMENT

8.1.1 Revenue

Revenue is generated primarily by Rinjani, through the sale of coal from its coal mining activities. Rinjani currently sells its coal, through a Group subsidiary, RPG Trading Pte. Ltd. ("**RPG Trading**"), to a sole trader based on an offtake agreement. The price of such coal sales is based on international prices. Additional revenue is generated from the use of Rinjani's coal facilities by a third party mine owner.

	Group		
	3 months 31.03.17 US$'000	**3 months 31.03.16 US$'000**	**Inc/ (Dec) %**
Revenue by division			
Coal sales	14,032	18,596	(24.5)
Facility usage income	281	80	>100.0
Total	**14,313**	**18,676**	**(23.4)**

In 1QFY2017, revenue decreased by 23.4% (US$4.4 million) to US$14.3 million from US$18.7 million in 1QFY2016.

Revenue from coal sales decreased by 24.5% (US$4.6 million) to US$14.0 million in 1QFY2017 from US$18.6 million in 1QFY2016 due to the decrease in sales quantity by 54.8% to 221,272 tonnes in 1QFY2017 from 489,374 tonnes in 1QFY2016. This decrease was partially offset by an increase in the average sales price of 68.1% to US$63.2 per tonne for 1QFY2017 from US$37.6 per tonne for 1QFY2016 as mentioned in 8(c) above.

Revenue from facility usage increased by more than 100.0% (US$0.2 million) to US$0.3 million in 1QFY2017 from US$0.1 million in 1QFY2016 as a result of higher throughput from a third party mine owner.

8.1.2 Cost of Goods Sold

	Group		
	3 months 31.03.17 US$'000	**3 months 31.03.16 US$'000**	**Inc/ (Dec) %**
Waste mining costs	5,526	7,621	(27.5)
Coal hauling costs	623	1,242	(49.9)
Heavy equipment rental cost	244	437	(44.1)
Fuel	331	301	10.0
Staff costs	787	769	2.3
Depreciation and amortisation	1,477	1,415	4.4
Other	660	2,555	(74.1)
Total	**9,648**	**14,340**	**(32.7)**

Cost of goods sold for 1QFY2017 comprised mainly waste mining costs, which accounted for 57.3% of the total cost of goods sold. The other main costs included coal hauling costs as well as depreciation and amortisation, which in total accounted for 6.5% and 15.3% of the total cost of goods sold, respectively. Waste mining and coal hauling costs are contracted through specific agreements.

In 1QFY2017, cost of goods sold decreased by 32.7% (US$4.7 million) to US$9.6 million in 1QFY2017 from US$14.3 million in 1QFY2016 due to a decrease in the coal sales quantity. The decrease in cost of goods sold was mainly attributable to decreases in: (i) waste mining costs of US$2.1 million; (ii) other of US$1.9 million; and (iii) coal hauling costs of US$0.6 million. Despite the decrease in the total cost of goods sold, the cost of goods sold per tonne increased by 24.9%, for the reasons mentioned in 8(e) above.

In 1QFY2017, although the waste mining cost decreased as a result of a reduction in coal production quantity (refer 8(a) above), the decrease was partially offset by an increase in the average waste mining rate which increased to US$2.14/bcm in 1QFY2017 from US$1.99/bcm in 1QFY2016. Coal hauling costs decreased due to a reduction in coal hauled (as a consequence of lower production quantity) as well as a reduction in the average coal hauling rate. Other costs decreased primarily due to changes in the inventory quantity and value at period end.

8.1.3 Gross Profit

	3 months 31.03.17	3 months 31.03.16	Inc/ (Dec) %
Gross profit (US$'000)	4,665	4,336	7.6
Gross profit margin (%)	32.6	23.2	

The gross profit increased by US$0.3 million as the decrease in cost of goods sold was greater than the decrease in revenue. The decrease in revenue resulted from a decline in sales quantity, which was partially offset by the increase in the average selling price (refer 8.1.1 above).

The gross profit margin increased to 32.6% in 1QFY2017 from 23.2% in 1QFY2016, due to the above mentioned reasons.

8.1.4 Other income

Other income comprises mainly of interest income.

In 1QFY2017, other income increased by 15.0% (US$3,000) to approximately US$23,000 from US$20,000 in 1QFY2016 mainly due to interest income from current account.

8.1.5 Selling and distribution expenses

Selling and distribution expenses comprise mainly royalties calculated at 5% to 7% of coal sales revenue. Such royalties are payable to the Indonesian government. Other selling and distribution expenses include freight charges, coal analysis fees as well as port and clearance charges.

The decrease in selling and distribution expenses by 32.5% (US$0.5 million) to US$0.9 million in 1QFY2017 from US$1.4 million in 1QFY2016 was in line with the decrease in coal sales revenue and hence lower royalties were paid.

8.1.6 Other expenses

Other expenses comprise mainly foreign exchange losses.

Other expenses decreased by 44.4% (US$0.4 million) to US$0.4 million in 1QFY2017 from US$0.8 million in 1QFY2016 mainly due to lower foreign exchange losses.

8.1.7 Tax expense

The tax expense is calculated based on the current statutory income tax rates in Singapore and Indonesia. During both 1QFY2017 and 1QFY2016, the applicable tax rates in Singapore and Indonesia were 17% and 25% respectively. The tax expense in 1QFY2017 arose from the generation of taxable income in subsidiaries.

8.2 ASSETS, LIABILITES AND EQUITY

8.2.1 Investment in subsidiaries (Company Only)

Investment in subsidiaries increased by US$1.1 million to US$33.4 million as at 31 March 2017 from US$32.3 million as at 31 December 2016 mainly due to the weakening of the United States Dollar ("**USD**") against the Singapore Dollar ("**SGD**") as the investment was converted to the Group's reporting currency (USD) as at 31 March 2017.

8.2.2 Intangible assets

Intangible assets decreased by US$10,000 to US$160,000 as at 31 March 2017 from US$170,000 as at 31 December 2016 due to current period amortisation.

8.2.3 Mining properties

Mining properties include costs transferred from deferred exploration and evaluation following the completion of technical feasibility and commercial viability of the Group's IPPKH1 as well as mine development costs and certain costs related to IPPKH2. As at 31 March 2017, the balance decreased by US$0.8 million to US$6.0 million from US$6.8 million at 31 December 2016. The decrease was due to amortisation charges of US$0.8 million offset by additional mining properties expenditure for exploration and evaluation activities, technical services, licenses and permits related to IPPKH2 during 1QFY2017 of US$69,000. Amortisation of mining properties uses the units-of-production method based on the independent qualified person's report as at 31 December 2016 ("**IQPR**") for the mine concession area.

8.2.4 Trade and other receivables (current and non-current)

Trade and other receivables (current portion) comprised primarily of receivables from coal sales and facility usage income. Trade and other receivables (current portion) decreased by US$2.3 million to US$3.6 million as at 31 March 2017 from US$5.9 million as at 31 December 2016 mainly due to payments received during 1QFY2017.

Trade and other receivables (non-current portion) comprised mainly of receivables from coal sales, deposits for rentals and reclamation. Trade and other receivables (non-current portion) decreased by US$0.1 million to US$8.1 million as at 31 March 2017 from US$8.2 million as at 31 December 2016 mainly due to payments received during 1QFY2017 and reclassification to non-current for installments due after 31 March 2018.

8.2.5 Deferred tax assets

A deferred tax asset is an item that may be used to reduce future tax payable. A deferred tax asset is recognised on carried forward tax losses to the extent there are sufficient estimated future taxable profits and/or taxable temporary differences against which the tax losses can be utilised. The increase in the deferred tax assets balance by US$0.1 million to US$2.0 million as at 31 March 2017 from US$1.9 million as at 31 December 2016 was mainly due to an increase in taxable temporary differences, which have the potential to reduce taxable income in a future period.

8.2.6 Inventories

Inventories include coal on hand, fuel and spare parts and are stated at the lower of cost and net realisable value. Inventories increased by US$0.4 million to US$0.6 million as at 31 March 2017 from US$0.2 million as at 31 December 2016, was due to an increase in the quantity of coal on hand by 7,621 tonnes to 8,055 tonnes as at 31 March 2017 from 434 tonnes as at 31 December 2016.

8.2.7 Cash and cash equivalents

	Group	
	3 months ended 31.03.17 US$'000	3 months ended 31.03.16 US$'000
Cash and cash equivalents at beginning of period	2,299	4,714
Cash flows generated from Operating Activities	997	3,268
Cash flows used in Investing Activities	(181)	(361)
Cash flows used in Financing Activities	(162)	(1,140)
Net increase in cash and cash equivalents	654	1,767
Cash and cash equivalents at end of period	**2,953**	**6,481**

Cash flows from operating activities

Cash flows generated from operating activities before working capital changes amounted to US$4.0 million for 1QFY2017. After working capital changes, cash flows decreased by US$3.0 million to US$1.0 million for 1QFY2017 due to payment to vendors, being mainly the waste mining contractor, and offset by payments received from customers.

Cash flows used in investing activities

Net cash flows used in investing activities amounted to US$0.2 million for 1QFY2017. The cash outflow was mainly used for IPPKH2.

Cash flows used in financing activities

Net cash used in financing activities of US$0.2 million for 1QFY2017 was mainly in relation to the repayment of finance leases.

8.2.8 Currency translation reserve

The currency translation reserve represents the balance of translation from the Company's functional currency (in SGD) to the Group's presentation currency (in USD) as at 31 March 2017.

8.2.9 Trade and other payables (current and non-current)

Trade and other payables comprise amounts owed to Rinjani's waste mining contractor, amounts due to vendors, related parties, directors and shareholder as well as accruals.

Trade and other payables (current portion) decreased by US$4.0 million to US$16.4 million as at 31 March 2017 from US$20.4 million as at 31 December 2016 mainly due to payments made during 1QFY2017.

Trade and other payables (non-current) decreased by US$0.7 million to US$11.8 million as at 31 March 2017 from approximately US$12.5 million. The latest amendment to the debt settlement agreement dated 29 March 2016 with Rinjani's waste mining contractor requires Rinjani to make installments based on sales quantities over a 3-year period. As such, installments due between 31 December 2017 and 31 March 2018 are reclassified as current.

8.2.10 Post-employment benefits

Post-employment benefits increased by US$0.1 million to US$1.3 million as at 31 March 2017 from US$1.2 million as at 31 December 2016 due to the provision for 1QFY2017.

8.2.11 Finance lease liabilities (current and non-current)

Finance lease liabilities represent the outstanding obligation for the lease of light vehicles and motor vehicles of Rinjani and hire purchase of coal hauling trucks by PT Energy Indonesia Resources (a subsidiary of the Company – "EIR"). Finance lease liabilities (both current and non-current) decreased by US$0.1 million to US$0.7 million as at 31 March 2017 from US$0.8 million as at 31 December 2016 due to lease payments during 1QFY2017.

8.2.12 Tax payable

Tax payable increased by US$0.3 million as at 31 March 2017 due to increase in the estimated tax payable for the current period by the Group's subsidiaries.

8.2.13 Working Capital (31 March 2017)

The Group recorded negative working capital of US$10.6 million as at 31 March 2017 an improvement of US$2.4 million from the balance at 31 December 2016. As noted in item 8(g) above, the Group is able to meet its obligations as and when due and continue to operate as a going concern. Based on current assumptions, including expansion of IPPKH2 and associated production activities into the ITCI area (see item 18 of this announcement for more information), the Directors expect that the Group's negative working capital position will be overcome over the longer-term.

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

No forecast or prospect statement has been previously disclosed to shareholders.

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

Although the recent rally in thermal coal prices is expected to continue for the initial months of the second quarter 2017, the heavy rainfall experienced in 1QFY2017 continues to adversely impact\operations and coal production.

As noted in 8(b) above, waste mining is contracted out to a third party waste mining contractor. Although the Group has been able to renegotiate rates downwards to reflect changes in market conditions, the recent price rise in ICI2 has resulted in the waste mining rate also increasing. This partially mitigates the economic benefit from higher coal prices.

Other factors that may impact the Group in the next 12 months include:

1) Cost maintenance and reduction programme

The Group is continuously monitoring all costs. Management is confident that its existing cost advantage enjoyed through the usage of its own fully integrated coal mining facilities such as the coal stockpile, coal crushers, coal conveyor system and jetty facilities as well as control over its coal hauling road and trucks, will allow the Group to continue to maintain tight control of its operating costs in view of the uncertainty of market prices to minimise any impact on its profitability.

2) Stripping ratio maintenance

With continuing uncertainty surrounding future coal prices, the Group will continue to review and manage its stripping ratio through a dynamic mine plan. The stripping ratio will be closely managed during the next 12 months to enable Rinjani to efficiently manage its stripping cost and maintain positive margins.

3) Diversification and additional source of income

The Group continues to explore all possibilities to diversify its recurring income through the provision of its coal mining facilities to additional third party mine owners.

4) Exploration, development and production of IPPKH2

With the granting of IPPKH2 in 2016, the Group carried out its exploration and evaluation plan in IPPKH2-West Block and limited exploration and evaluation activities in the IPPKH2-South Block. The Group has commenced and will continue production in IPPKH2-West Block. The Group will defer further exploration and development activities of the IPPKH2-South Block due to a number of reasons including higher than expected stripping ratios, sulphur content of the coal and land compensation demands.

5) Letter of Demand ("LoD")

The Company refers to the Company's announcements on 21 July 2016, 11 November 2016 and 14 November 2016 in relation to the legal proceedings against the Group's subsidiary, Rinjani. Legal proceedings are currently ongoing in the Singapore High Court and Rinjani continues to take such steps as are necessary to vigorously defend against the plaintiff's claim. The Company will release further announcements on any material developments in relation to the aforesaid matters as and when appropriate.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period/year reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period/year of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for 1QFY2017.

13. Interested Person Transactions

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a)(ii) of the Listing Manual Section B: Rules of Catalist of the SGX-ST (the "**Catalist Rules**").

There were no interested person transactions of S$100,000 or more entered into by the Group during 1QFY2017.

14. Use of Funds

In accordance with the use of proceeds as stated in the Company's offer document dated 30 September 2014 ("**Offer Document**"), the net proceeds ("**Net Proceeds**") have been utilised as follows

Purpose	**Allocation of proceeds to each purpose as announced on 24 November 2014 (S$'000)**	**Proceeds utilised at the date of this announcement (S$'000)**	**Balance (S$'000)**
Carrying Out Civil Works	500	500	-
Upgrading Coal Mining Facilities	900	862	38
Partial repayment of existing debt to CK	10,000	10,000	-
General Working Capital (2)	1,961	1,961	-
Outstanding Expense (1)	2,658	2,658	-
Underwriting and placement commission (1)	581	581	-
Total	**16,600**	**16,562**	**38**

Note:

(1) Excluding applicable goods and service tax

(2) General Working Capital consists mainly of operating expenses of the Group

The utilisation of the Net Proceeds is consistent with the intended uses as stated in the Offer Document.

Additional Information Required for Mineral, Oil and Gas Companies

15. Rule 705(6)(a) of the Catalist Rules

1) Use of funds/cash for the quarter ended 31 March 2017:
The forecast use of funds for exploration, evaluation and development activities for the quarter ended 31 March 2017 and actual usage for IPPKH2 are as follows:

#	Activity	Remarks	Forecast use of funds (US$'000)	Actual use of funds (US$'000)
1	Land acquisition compensation	Land acquisition for drilling, pit and waste dumps	75	79
2	Exploration and development support	Technical consultants and updates Resources and Reserves statements	100	69
	Total		**175**	**148**

Actual use of funds for exploration, evaluation and development activities in 1QFY2017 amounted to approximately US$148,000 which was US$27,000 lower than the forecast use of funds. This was due to the management of available cash through the rescheduling of work schedules and payment milestones.

The expenditure incurred in 1QFY2017 was primarily for land acquisition and technical services.

2) Projection on the use of funds/cash for the next immediate quarter, including principal assumptions:
The Group will continue with its existing mine operations in IPPKH1. Following receipt of IPPKH2 on 14 July 2016, Rinjani carried out its exploration, evaluation and development activities within the new permit area prior to and including 1QFY2017. The principal assumptions for such activities in the quarter ending 30 June 2017 ("**2QFY2017**") include:

- Land acquisition to allow further access to carry out additional exploration, evaluation and development activities in respect of IPPKH2; and

The anticipated use of funds/cash for the above activities is as follows:

#	Activity	Forecast use of funds in the quarter ending 30 June 2017 (US$'000)
1	Land acquisition for drilling, pit and waste dumps	225
	Total	**225**

16. Rule 705(6)(b) of the Catalist Rules
Refer to Item 20.

17. Rule 705(7)(a) of the Catalist Rules

Details of exploration (including geophysical surveys), mining development and/or production activities undertaken by the issuer and a summary of the expenditure incurred on those activities, including explanations for any material variances with previous projections, for the period under review. If there has been no exploration, development and/or production activity respectively, that fact must be stated.

Details of exploration and development activities include: (i) land acquisition compensation; (ii) commencement of drilling and logging; and (iii) exploration and development support. Total exploration and development activities amounted to US$148,000 for 1QFY2017.

In relation to production activities, the Group continued with its existing mine operations in IPPKH1 and IPPKH2. These activities included an update to its mine plan in response to the ongoing changes in market conditions in order to manage costs, profit margins and cash flows. All production costs incurred during 1QFY2017 are described in item 8.1.2 above.

18. Rule 705(7)(b) of the Catalist Rules

An update on its reserves and resources, where applicable, in accordance with the requirements as set out in Practice Note 4C including a summary of reserves and resources as set out in Appendix 7D.

On 10 April 2017, the Company announced and published an updated IQPR prepared by the Company's independent consultant, SMG Consultants ("**SMGC**"), which included an estimate of Coal Reserves and Coal Resources for the 1,933 ha mining concession area of Rinjani ("**PT Rinjani Mining Concession Area**") as at 31 December 2016.

Table 1: Coal Reserves and Coal Resources Estimates for the PT Rinjani Mining Concession Area as at 31 December 2016

Category	Mineral Type	Gross Attributable to Licence[1]		Net Attributable to the Company[4]		
		Tonnes (millions)	Grade	Tonnes (millions)	Grade	Change from previous update[2] (%)
RESERVES[5]						
Proved	Coal	2.1	Subbituminous A	1.7	Subbituminous A	50%
Probable	Coal	0.8	Subbituminous A	0.6	Subbituminous A	-39%
Total	**Coal**	**2.9**	**Subbituminous A**	**2.3**	**Subbituminous A**	**7%**
RESOURCES[3&5]						
Measured	Coal	10.3	Subbituminous A	8.2	Subbituminous A	-9%
Indicated	Coal	3.8	Subbituminous A	3.0	Subbituminous A	6%
Inferred	Coal	1.4	Subbituminous A	1.1	Subbituminous A	-70%
Total	**Coal**	**15.5**	**Subbituminous A**	**12.4**	**Subbituminous A**	**-21%**

Notes:
(1) Licence refers to Rinjani's Production Operation IUP.
(2) Previous Coal Reserves and Coal Resources estimates were reported as at 31 December 2015.
(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.

Name of Qualified Person: Keith Whitchurch

Date: 31 December 2016

Professional Society Affiliation/Membership: BE(Hons) MengSci MAusIMM CP(min) RPEQ. PERHAPI

Save for the normal depletion in the Coal Reserves as a result of production since 31 December 2016, the Group confirms that:

- all material assumptions and technical parameters underpinning the estimates in the IQPR continue to apply and have not materially changed; and
- the form and context in which the Qualified Person's findings are presented have not been materially modified.

As noted above, Coal Reserves and Coal Resources are reported for the whole mining concession area of 1,933 ha. The Group's existing borrow-use permits – IPPKH1 and IPPKH2 – are not sufficient to mine all the Coal Reserves in the above estimates since a portion of the mine concession area along the western boundary is controlled by PT ITCI Hutani Manunggal Plantation Company ("**ITCI**") and has been excluded from the current IPPKH2. To allow the Group's mine plan to be fully executed, an IPPKH2 expansion will be required into this area. This expansion is expected to be agreed with ITCI and granted by the forestry department by December 2017. It should be noted that, while the directors of the Company consider that there is a reasonable level of confidence that this IPPKH2 expansion can be approved by this time, it is not possible to make any guarantee that this can be achieved. Please refer to the IQPR for more information.

19. Confirmation by the Company pursuant to Rule 720(1) of the Catalist Rules

The Company confirms that it has procured all the required undertakings (in the format set out in Appendix 7H of the Catalist Rules) from all its Directors and Executive Officers pursuant to Rule 720(1) of the Catalist Rules.

20. Confirmation by the Board of Directors pursuant to Rule 705(5) and Rule 705(6)(b) of the Catalist Rules

We, Agus Sugiono and Gabriel Giovani Sugiono, being Directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company (the "**Board**"), that, to the best of our knowledge, nothing has come to the attention of the Board which may render:

- the interim financial statements, and
- the additional information provided for mineral, oil and gas companies

to be false or misleading in any material aspect.

On behalf of the Board

Agus Sugiono	Gabriel Giovani Sugiono
Executive Chairman and Chief Executive Officer	Director

12 May 2017