GEO ENERGY GROUP

STRENGTHENING OUR CORE BUSINESS & PURSUING GROWTH

GEO ENERGY RESOURCES LIMITED

2015 ANNUAL REPORT

contents

letter to shareholders

"Integrated Strategies to Nurture Growth. Set the Path, Creating the Future"

Dear Shareholders,

On behalf of the Board of Geo Energy Resources Limited ("Geo Energy" or the "Group"), it is an honour to present to you our annual report for the financial year ended 31 December 2015. In the past year, most major commodity prices have declined significantly and we have experienced much volatility in global financial markets. Despite market uncertainty and a slowdown in economic activity, our Group has managed to focus on streamlining our business operations, enhancing our capabilities and acquiring depressed assets at opportune times.

DECLINE IN CHINA'S COAL CONSUMPTION

China by far is still the largest coal consuming country in the World[1]. However, China's desire to curb its air pollution problems has directed the country to explore renewable energy sources like wind, solar and hydro power. With this impetus, China would tailor its national policies towards reducing its demand for coal. After witnessing the rapid growth of China's thermal coal imports from 2009 to 2013, the country has taken a turn as net imports declined sharply since 2014. Macquarie Research[2] has estimated China's coal demands to reduce by 25% from 2014 to 2019.

FINANCIAL AND OPERATIONS REVIEW

The decline in China's coal consumption has significant impact on our financial performance for the year. Our Group's revenue has decreased 58% year-on-year ("y-o-y") to US$22.3 million in 2015, mainly attributed to lower revenue from coal sales and mining services. As a result of lower coal prices and global demand in 2015, our margins and overall financial performance has been affected.

ENHANCING DOWNSTREAM CAPABILITIES

In October 2014, the Group's subsidiary PT Sumber Bara Jaya has signed a cooperation agreement with PT Bandar Laut Biru for the management and operation of a port terminal for a period of 15 years. The port is located in close proximity to the PT Sungai Danau Jaya's ("SDJ") coal mine providing the Group with much logistic cost savings and flexibility in arranging shipping schedules.

In February 2015, our Group has inked a 2–years cooperation agreement with a major Chinese state owned enterprise, China Nuclear Industry 22nd Construction Co. Ltd. Under the terms of the agreement, our Group shall be responsible for procuring projects for construction, operation and management of power stations in Indonesia as well as obtaining and managing all government permits required. This agreement allows us to explore power business and supply coal to the power stations in future. Such new business opportunity is also in line with the Indonesian government's 35GW national electrification plans[2] to expand the number of coal-fired power plants and capacity in the country.

Source:
1. http://energydesk.greenpeace.org/2015/11/09/2015-the-year-global-coal-consumption-fell-off-a-cliff/
2. Indonesia Thermal Coal, Macquarie Research, 6 July 2015

IMPROVING OUR COST STRUCTURE

In June 2015, SDJ has entered into an agreement with PT Bukit Makmur Mandiri Utama ("BUMA") for the provision of overburden removal and coal hauling services for the coal mine. Given persistently low international coal prices throughout the year, our Group is very pleased to secure the services of BUMA at a very competitive rate which would not only improve our margins but also allow us to compete on the international stage in terms of our coal pricing.

SECURING DEMAND BEFORE SDJ'S PRODUCTION

In July 2015, our Group has signed an off-take agreement with BTG Pactual Commodities (Singapore) Pte Ltd to supply 1.5 million tonnes of coal. Securing a buyer is instrumental to our bottom line before coal production begins at the SDJ coal mine. In addition, our Group is working ahead on more of such off-take agreements to come.

CORPORATE TRANSPARENCY AND EXCELLENCE

In October 2015, our Group clinched the "Most Transparent Company Award" in the "16th Investors' Choice Awards" organised by the Securities Investors Association of Singapore ("SIAS"). This award justifies our Group's commitment towards engaging our shareholders, enhancing corporate governance standards and transparency.

In September 2015, I am very honoured to receive both the "Indonesia Entrepreneur Award and Education Award 2015" and "The Indonesian Business Award 2015" while serving as Executive Chairman of Geo Energy. Throughout my tenure, I have always emphasised on improving the livelihoods of others and the infrastructure in the areas of our mining assets and thereby contributing to our society.

NOTE OF APPRECIATION

I would like to extend my heartfelt gratitude towards Mr Dhamma Surya for his hard work and contribution to our Group over the years as he steps down as Geo Energy's Chief Executive Officer and moves on to focus on his role as our Executive Director to advise in the areas of strategic planning and business development. I am delighted that Mr Dhamma Surya has continued his affiliation with the Group to ensure management continuity and passing down of his experience and knowledge in the industry.

WELCOME ON BOARD

At the same time, I would like to extend a warm welcome to Mr Tung Kum Hon into Geo Energy's family as our Group's Chief Executive Officer and Executive Director. Mr Tung Kum Hon brings a wealth of experience in serving mining and listed companies over the years. Mr Tung Kum Hon will be responsible for the overall businesses and general management of our Group. His appointment comes at an exciting time for the Group as SDJ's production commences and our Group is building up our coal reserves to become a major player in the industry.

THANK YOU FOR THE SUPPORT

On behalf of our Group, I would like to express my topmost appreciation to our customers, suppliers and business associates for their unwavering support over the years. Also, I would like to take the opportunity to thank my Directors and staff for their relentless dedication and hard work. Most importantly to our valued shareholders, thank you for your faith and support in our Group's management and in the strategic direction of Geo Energy.

Mr Charles Antonny Melati
Group Executive Chairman
21 March 2016

“Voted the Most Transparent Company at the Investors’ Choice 2013, 2014 and 2015 Awards[1]”

by the Securities Investors Association of Singapore

[1] Runner-up award in the Chemical & Resources category

Pursuing opportunities to expand our mining operations

MISSION

Committed in creating values for our shareholders

corporate profile

"Indonesian Producers Perhaps have more Flexibility than Producers elsewhere given Transportation to Ports is Lower Cost and Less Capital Intensive[1]"

Geo Energy Resources Limited (collectively with its subsidiaries, "Geo Energy" or the "Group") is an integrated coal mining specialist with an established track record in operating coal mines, coal production and selling coal throughout the region. Established in 2008, Geo Energy is headquartered in Jakarta, Indonesia with its corporate office in Singapore and production operations in Kalimantan, Indonesia.



Geo Energy primarily operates as a coal producer and a mine contractor. The Group owns mining concessions in East and South Kalimantan. In addition, the Group also operates as a mine contractor capable of providing a suite of services across the mining process to third party mine owners.

Geo Energy owns two mining concessions through its wholly-owned subsidiaries PT Bumi Enggang Khatulistiwa ("BEK") and PT Sungai Danau Jaya ("SDJ") in Kalimantan, Indonesia. The BEK mining concession area is 4,570 hectares located in Kutai Barat, East Kalimantan, with coal reserves of 11.1 million tonnes of thermal coal measuring an average calorific value in excess of 3,400 GAR. The SDJ mining concession area is 235 hectares located in Tanah Bumbu, South Kalimantan, with coal reserves of 42.4 million tonnes of thermal coal with calorific value ranging from 4,000 to 4,200 GAR. Presently, Geo Energy primarily focused on coal production in SDJ.

Geo Energy remains committed to sustainable growth and enhancing shareholder value. The Group will continue to pursue opportunities to expand our mining operations and increasing our coal reserves through strategic acquisitions or vertical integration.

[1] www.argusmedia.com

corporate structure

GEO ENERGY GROUP

99.0%
PT GEO ENERGY COALINDO

99.99%
PT MITRA RIAU PRATAMA
(Equipment owner)

99.0%
PT MITRA NASIONAL PRATAMA
(Mining services)

99.9%
PT SUMBER BARA JAYA
(Jetty Operator)

99.9%
PT GEO MINERAL TRADING
(Coal trading)

99.92%
PT GEO TEBO POWER INTI

100%
GEO COAL INTERNATIONAL PTE. LTD. (Coal trading)

99.98%
PT BUMI ENGGANG KHATULISTIWA
(Coal asset)

100%
BORNEO INTERNATIONAL RESOURCES PTE. LTD.

99.0%
PT ERA TIGA PUTRA

99.97%
PT KARUNIA MITRA BERKAT

99.99%
PT SUNGAI DANAU JAYA
(Coal asset)

milestones

2012

19TH OCTOBER 2012
Listed on the SGX Mainboard

2013

11TH DECEMBER 2012 AND 9TH JANUARY 2013
Entered into mining services contracts as well as coal sales and purchase contracts for two mining concessions in East Kalimantan

24TH SEPTEMBER AND 14TH OCTOBER 2013
Signed additional working blocks for mining services and coal sales and purchase contracts

11TH NOVEMBER 2013
Awarded runner-up of the 14th SIAS Investors' Choice Award, Most Transparent Company in two categories namely (i) Chemical & Resources and (ii) New Issues

2014

30TH JUNE AND 18TH JULY 2014
Established S$300,000,000 Multicurrency Medium Term Note Programme and issued S$100,000,000 7% Fixed Rate Notes due 2018

24TH JULY 2014
Entered into mining services contract as well as coal sales and purchase contract for a mining concession in South Kalimantan

18TH AUGUST 2014
Completed the acquisition of 66% of Borneo International Resources Pte. Ltd., which, through its subsidiary, owned SDJ mining concession in South Kalimantan

1ST NOVEMBER 2014
Awarded runner-up of the 15th SIAS Investors' Choice Award, Most Transparent Company in the Chemical & Resources category

2015

2016

9TH FEBRUARY 2015
Entered into a cooperation agreement with China Nuclear Industry 22nd Construction Co. Ltd for the construction, management and operation of power stations in Indonesia

21ST APRIL 2015
Issuance of 28 million ordinary shares at a price of S$0.18 per share to Dektos Capital SPC

17TH JUNE 2015
Entered into a memorandum of understanding for cooperation of coal mining services with PT Bukit Makmur Mandiri Utama

29TH JUNE 2015
Entered into an agreement for the provision of overburden removal and coal hauling services with PT Bukit Makmur Mandiri Utama

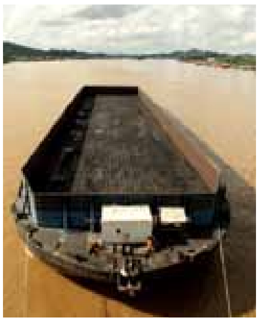
2ND JULY 2015
Entered into a sale contract to supply 1.5 million tonnes of coal to BTG Pactual Commodities (Singapore) Pte Ltd

17TH OCTOBER 2015
Awarded runner-up of the 16th SIAS Investors' Choice Award, Most Transparent Company in the Chemical & Resources category

31ST DECEMBER 2015
Completed the acquisition of interest in the remaining 34% of Borneo International Resources Pte. Ltd., which, through its subsidiary, owned SDJ mining concession in South Kalimantan

29TH FEBRUARY 2016
Conditional sales and purchase agreement for the acquisition of 100% shareholding interest in Borneo Bara Resources Pte Ltd for the coal mining concession in East Kalimantan

4TH MARCH 2016
Conditional sales and purchase agreement for the acquisition of 100% shareholding interest in Blessing Capital Pte Ltd for the coal mining concession in East Kalimantan



9TH MARCH 2016
Incorporation of a new subsidiary in Indonesia, namely, PT Geo Tebo Power Inti, which will engage to explore an opportunity in the power generation business in Indonesia

22ND MARCH 2016
Issuance of 27 million ordinary shares at a price of S$0.18 per share

corporate information

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

Ong Beng Chye (Chairman)
Soh Chun Bin
Karyono
Lu King Seng

REMUNERATION COMMITTEE

Lu King Seng (Chairman)
Soh Chun Bin
Ong Beng Chye

NOMINATING COMMITTEE

Soh Chun Bin (Chairman)
Karyono
Lu King Seng
Ong Beng Chye
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

Vincent Lim, LLB (Hons)

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Boardroom Corporate & Advisory
Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

AUDITORS

Deloitte & Touche LLP
6 Shenton Way
OUE Downtown 2 #33-00
Singapore 068809
Partner-in-charge: Tay Hwee Ling
Date of Appointment: 27 June 2013
(Public Accountants and Chartered Accountants)

PRINCIPAL BANKERS

United Overseas Bank Limited
UBS AG SG
PT Bank Mandiri (Persero) Tbk
PT Bank Permata Tbk
Australia and New Zealand Banking Group

PASSION

Our leaders are invaluable to the Group; they drive growth to meet strategic objectives

ceo's message

"We Increase our Coal Reserves and Expand our Production Capacity and Business Operations"

Dear Shareholders,

It is a great privilege to address you in our annual report for the financial year ended 31 December 2015. I strongly believe exciting times lay ahead for Geo Energy as we move into coal extraction and production phase for the newly acquired PT Sungai Danau Jaya's ("SDJ") coal mine. I would like to convey my deepest appreciation to my Chairman and the Board for inviting me to join a growing company that will become one of Indonesia's major coal producers.

COMMENCING PRODUCTION AT SDJ

Our Group first acquired a 66% stake in SDJ back in August 2014. The mining concession spans a total area of 235.5 hectares with estimated coal reserves of around 42 million tonnes that contains thermal coal with a calorific value ranging from 4,000 to 4,200 kcal/kg (GAR), moisture (36.3%), ash (5.6%), sulphur (0.19%) and volatile matter (41.7%) based on its Joint Ore Reserves Committee report. Other than containing a higher grade of coal, the SDJ coal mine is located at 17 km from a port in South Kalimantan, Indonesia. Acquiring the SDJ coal mine has not only increased our current coal reserves from 11 million tonnes to 53 million tonnes, but also reduced our logistic turnaround time to less than 24 hours to load coal for shipment. Moreover, SDJ coal mine's low stripping ratio further enhances our cost comparative advantage.

RAMPING UP PRODUCTION CAPACITY

In December 2015, the SDJ coal mine has produced its first batch of coal which was shipped to a customer in January 2016. Once all operations are running at full capacity, our Group expects production capacity to expand further to 500,000 tonnes of coal per month and eventually producing 6 million tonnes of coal per year.

INCREASING STAKE IN SDJ

After production commenced at SDJ, our Group made a timely decision to acquire the remaining 34% in SDJ in December 2015. The acquisition comes at a time when global asset prices are attractively low; furthermore it would allow us to gain effective control and flexibility in expanding our business operations and increasing production levels.

IMMEDIATE DEMAND FOR SDJ'S COAL

I am encouraged that ever since SDJ coal mine has begun production in December 2015, its coal output was immediately taken up by customers in China and within the region. On a positive note, our Group shipped the first shipment of 55,000 tonnes of coal in January 2016 and has since loaded seven shipments of approximately 52,500 tonnes each and a total of 390,000 tonnes to customers in the region to-date.

MARKET OUTLOOK

Our Group still receives healthy order flows from customers in China. In addition, our Group also received various enquiries from India. According to Macquarie Research, coal demand in India is projected to double from approximately 100 million tonnes in 2015 to over 200 million tonnes by 2020[1]. As India's economy grows, so does its need for power which state-owned Coal India alone cannot keep up due to logistics and operational constraints. India's power plants have a high preference towards Indonesian coal as it is suitable to its boilers.

INDONESIA'S 35 GW PROJECT

Whereas closer at home in Indonesia, President Joko Widodo has laid out an aggressive national electrification plan to spur economic growth in the country[1]. The plan calls for an additional 35 GW of power to be installed into the current capacity of 51 GW. 25 GW of which is expected to be contributed by independent power producers while the balance is to be taken up by state-owned electricity operator, PT Perusahaan Listrik Negara ("PT PLN"). Coal is expected to contribute 56% of the energy source as the country aims to harness majority of the nation's coal reserves which are sub-bituminous (less than 5,500 kcal/kg).

COAL PRICE PRESSURE

Global coal prices have remained largely depressed in 2015, declined by 18% during the year[2]. However the prices seemed to stabilise around US$50 per tonne. Global thermal coal benchmarks have fallen 60% since 2011, mainly affected by the demand situation in China[3]. Therefore controlling the cost of production and streamlining the value chain of operations are paramount in maintaining profitability. In addition, this business model stands to benefit greatly should coal prices rebound in future.

FUTURE ACQUISITIONS

In February 2016, our Group has entered into a Conditional Sales and Purchase Agreement ("CSPA") to acquire an effective 79.9% stake in PT Parisma Jaya Abadi ("PJA"). PJA's coal mining concession spans 5,000 ha of area with an estimated calorific value of 6,700 – 8,100[4] kcal/kg. In March 2016, our Group has entered into a Conditional Sales and Purchase Agreement ("CSPA") to acquire a an effective 99.46% stake in PT Cahaya Lembusuana ("CLS"). CLS's coal mining concession spans 2,310 ha of area with an estimated calorific value of 6,500 – 7,100[4] kcal/kg. The acquisitions of PJA and CLS, subject to the terms of the CSPA, will instantly improve the calorific grade of our coal output for sale and boost our coal reserves of higher calorific value by another 3.4 million tonnes[4].

SUSTAINABLE DEMAND

Coal prices remained attractively low plus cheaper fuel costs for logistic and freight rates might generate sustainable demand for Indonesian thermal coal in the near term and the exciting potential created by the projected demand arising on the Indonesia's 35 GW Project. Concurrently given depressed global asset prices, our Group is on the constant look-out for more attractive acquisition targets that complement our business strategy.

PURSUING GROWTH

It takes strong leadership to focus on constructive change. There must be a change to improve cash flows, cut costs, increase sales and assets investments for future growth. Therefore, our Group remain optimistic and committed in creating value for our shareholders as we grow our coal reserves and expand our production capacity and business operations.

Mr Tung Kum Hon
Group Chief Executive Officer
21 March 2016

Source:
1. Indonesia Thermal Coal, Macquarie Research, 6 July 2015
2. Indonesia Coal, Maybank Kim Eng, 10 December 2015
3. http://uk.reuters.com/article/coal-mining-idUKL5N11L02O20150915
4. Based on a draft Limited Technical Assessment Report by PT Britmindo Utama Indonesia

board of directors

Mr Charles Antonny Melati

Mr Charles Antonny Melati is one of the founders of our Group and is currently Executive Chairman of our Group. As our Executive Chairman, he oversees the overall strategic directions and expansion plans for the growth and development of our Group. Prior to his appointment, Mr Charles Antonny Melati was an entrepreneur in the property development, hotel industry and engaged in the manufacture of cast polypropylene for flexible food packaging in Jakarta, Indonesia. Mr Charles Antonny Melati was also involved in the setting up and operations of a tug and barge business in Singapore and Indonesia.

Mr Tung Kum Hon

Mr Tung Kum Hon is the Chief Executive Officer of our Group. He was appointed to our Board on 1 December 2015. As our Executive Director and CEO, he is responsible for the overall business and general management of the Group. Mr Tung was formerly the Executive Director and CEO of Bellzone Mining Plc (AIM), Group COO of a Hong Kong multinational group, Executive Director and CFO of Shanghai Asia Holdings Ltd. (SGX) and Special Assistant to the Executive Chairman of New Toyo International Holdings Ltd (SGX). He was also a Non-Executive Director, Chairman of the Nomination Committee and a member of the Audit Committee of Tien Wah Press Holdings Berhad (Bursa Saham Malaysia) and COO of Bintang Melawar Group. Mr Tung is a Certified Public Accountant and Chartered Accountant. 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 member of the Singapore Institute of Directors.

Mr Dhamma Surya

Mr Dhamma Surya is one of the founders of our Group and is currently our Group's Executive Director. As our Executive Director, he is responsible for the overall business and general management of our Group. Mr Dhamma was formerly the Chief Executive Officer of our Group until 31 October 2015. Prior to his appointment, Mr Dhamma Surya 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 shophouses and houses in Indonesia.

Mr Huang She Thong

Mr Huang She Thong is one of the founders of our Group and is currently our Group's Executive Director. As our Executive Director, he oversees the business developments and sales targets of our Group. Prior to his appointment, he was a sole proprietor, operating a furniture store, mini market and a hotelier in Indonesia. Mr Huang She Thong graduated from the Australian School of Tourism and Hotel Management with an Advanced Diploma of Hospitality Management in 2001.

Mr James Beeland Rogers Jr

Mr James Beeland Rogers Jr was re-designated as an Independent Director of our Company on 8 March 2016. Mr Rogers is the author of six books and a globally renowned financial commentator as well as a successful international investor. Mr Rogers is also currently the Chairman of Rogers Holdings and Beeland Interests, Inc. In February 2011, Mr Rogers started the Rogers Global Resources Equity Index, focusing on the top companies in agriculture, mining, metals and energy sectors as well as those in the alternative energy space including solar, wind and hydropower. In September 2012, Mr Rogers was appointed by VTB Capital as an advisor to the agricultural division of its global private equity unit. Mr Rogers 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.

Mr Soh Chun Bin

Mr Soh Chun Bin is the Lead Independent Director of our Company. He has more than 15 years of experience in corporate finance and mergers and acquisitions. He is currently the Managing Director of Victoria Medical Beauty Group Pte Ltd, an aesthetics services provider based in Hong Kong. Mr Soh Chun Bin had held positions as Chief Executive Officers in listed companies and was a partner in the equity capital markets department of Stamford Law Corporation. He had advised on many Singapore and international initial public offerings of corporations and real estate investment trusts, as well as on post-listing fund-raising, including secondary listings. He has been recognised as a leading lawyer by legal publications such as Chambers and Partners, and Asialaw. Mr Soh Chun Bin graduated from the National University of Singapore with a Bachelor of Law (Honours) in 1999.

board of directors

Mr Lu King Seng

Mr Lu King Seng is an Independent Director of our Company. Mr Lu King Seng has more than nineteen years of commercial and audit experience in London, Singapore and Malaysia with Deloitte & Touche, Arthur Andersen, Price Waterhouse and KPMG where he oversaw the accounting, treasury, legal and finance matters including group restructurings and mergers and acquisitions, initial public offerings and due diligence reviews in connection with proposed merger and acquisitions. He is the Managing Director of Orion Advisory Pte Ltd. He is also an independent director of two other companies listed on the SGX. Mr Lu King Seng was the Chief Financial Officer in SinCo Technologies Pte Ltd and SinCo Group Holdings Pte Ltd. Mr Lu King Seng is a Fellow of the Association of Certified Chartered Accountants, as well as a non-practicing member of the Institute of Singapore Chartered Accountants. He is also a member of the Singapore Institute of Directors. Mr Lu King Seng graduated from Emile Woolf London and obtained a professional qualification from the Association of Certified Chartered Accountants in 1995.

Mr Ong Beng Chye

Mr Ong Beng Chye is an Independent Director of our Company. He has more than twenty years of experience in areas such as accounting, auditing, public listings, due diligence, mergers and acquisitions, and business advisory. Mr Ong 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 (SGX) and Heatec Jietong Holdings Ltd. (SGX). He is also serving as an independent director of other listed companies in Singapore. He is 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 conferred by The Institute of Chartered Financial Analysts and a non-practising member of the Institute of Singapore Chartered Accountants. Mr Ong Beng Chye obtained a Bachelor of Science (Honours) from The City University, London in 1990.

Mr Karyono

Mr Karyono is an Independent Director of our Company. He has more than twenty years of experience in the coal mining industry (including mining engineering academia). He was previously as the head of the engineering, (where he managed the geology, mine plan and survey departments), a senior mine engineer, a mine project coordinator and mine engineering superintendent, a geotechnic, mine planning, technical and ventilation engineer with major mining companies in Indonesia, including PT Bukit Mandiri (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, division head of administration, and student affairs and assistant dean of the engineering faculty of Universitas Islam Bandung, Bandung. He was also chief of the chemistry laboratory. Mr Karyono 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 Unisba Bandung.

key management

Mr Ng See Yong

Mr Ng See Yong joined our Group as Head, Corporate and Human Resource. As our Head, Corporate and Human Resource, he is responsible for overseeing and managing the corporate affairs of our Group as well as the Corporate Human Resource matters particularly in the area of recruiting, benefits and employment relation matters. Prior to and concurrently with his appointment, Mr Ng See Yong is an entrepreneur in the hospitality industry in Batam and Tanjung Pinang, Kepri, Indonesia and Dumai, Riau Province, Indonesia and he is the proprietor of Ud Triayu Lestari, which operates the Miracle Aesthetic Clinic in Batam, Indonesia. He is also a director of PT Alexindo Grahapratama which operates Mercure Hotel Batam, formerly known as Royal Batam Hotel in Batam, Kepri, Indonesia. He is also a director of PT Bintan Royal International Hotel which operates Comfort Tanjung Pinang Resort in Tanjung Pinang, Kepri, Indonesia and a director of PT Bali Furindo, a furniture retailer. Mr Ng See Yong graduated from the Australian School of Tourism and Hotel Management with a Diploma of Hospitality Management.

Mr Junanto

Mr Junanto joined our Group as Head, Marketing. As Head, Marketing, he devises, plans and implements marketing strategies to increase our Group's customer base and maximise sales. Prior to his appointment, Mr Junanto was a managing director of PT Royal Energy Resources. He was also a director of PT Royal Prime Resources, PT Royal Prince Travel and PT Niaga Hijau Lestari. He was also managing director of Unipro CV & BV and the general manager of PT Teluk Intan. He was export manager of PT Sungai Budi and an account manager of Haga Bank. Mr Junanto graduated from the University of Toledo with a Masters of Business Administration (Finance) and from the Trisakti University with a Bachelor of Science in Electrical Engineering.

Mr Tan Cheang Shiong

Mr Tan Cheang Shiong has more than 15 years of experience in the fields of auditing, finance, accounting and taxation. He joined our Group as Chief Financial Officer. He is responsible for the financial and management reporting functions. He also oversees corporate finance activities, internal control, risk management and supports the Group's growth strategy. Mr Tan Cheang Shiong obtained a professional qualification from the Association of Chartered Certified Accountants and graduated from Ngee Ann Polytechnic with a Diploma in Accountancy (Merit). He is a Chartered Accountant of Singapore and a fellow of the Association of Chartered Certified Accountants.

PURSUING OPPORTUNITIES

to expand our mining operations and increasing our coal reserves through strategic acquisitions or vertical integration

MANAGING, to secure an offtake agreement with a Singapore-based commodity trading group, BTG Pactual Commodities (Singapore) Pte Ltd to supply 1.5 million tonnes of coal

EVALUATING AND RESTRUCTURING THE BEK COAL MINE, to enhance its coal production value chain

EMPHASISING ON IMPROVING THE LIVELIHOODS, of others and the infrastructure in the areas of our mining assets and thereby contributing to our society

financial and operations review

"The Group is Undergoing a Transitional Phase to Streamline Its Operations to Lower Its Average Cost of Production to Stay Competitive in the Challenging Environment"

FINANCIAL PERFORMANCE REVIEW

The depressed conditions in global commodity market has significant impact on our strategic direction and financial performance for the year.

Our Group's revenue has decreased 58% year-on-year ("y-o-y") to US$22.3 million in 2015 mainly attributed to lower revenue from coal sales and mining services. Lower coal prices and global demand in 2015 continue to weigh on the Group's financials.

However, gross profit improved to US$0.4 million in 2015, mainly attributable to the profit from coal trading activities but partially offset by losses incurred by mining services due to lower equipment capacity utilisation. The Group is undergoing a transitional phase to streamline its operations to lower its average cost of production to stay competitive in the challenging environment.

The Group's other income increased marginally by US$0.1 million from US$3.4 million in 2014 to US$3.5 million in 2015. Other income mainly comprised foreign exchange gain and interest income.

During 2015, our Group adopted cost cutting measures to reduce general and administrative expenses by US$1.4 million, from US$8.4 million in 2014 to US$7.0 million in 2015.

Other expenses increased by US$4.1 million, from US$3.2 million in 2014 to US$7.3 million in 2015. The increase was mainly due to provisions made against receivables and coal purchase prepayment of US$2.4 million and US$1.6 million, respectively; losses incurred on disposal and impairment on sale and leaseback of US$2.8 million relating to property, plant and equipment; and fair value loss on investment properties of US$0.2 million. In comparison, our Group recorded one-off impairment of deferred expenditure, loss on financial asset carried at amortised cost and fair value gain on investment property in 2014.

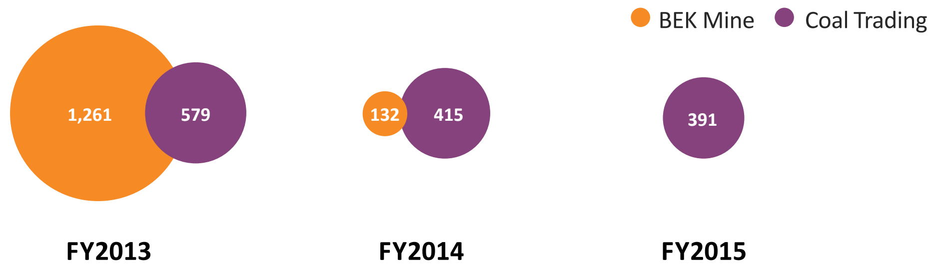
Finance costs increased by US$2.7 million, from US$5.2 million in 2014 to US$7.9 million in 2015, mainly due to interest expense pertaining to the notes payable issued in July 2014.

Depreciation decreased by US$2.1 million, from US$6.6 million in 2014 to US$4.5 million in 2015. The decrease was mainly due to savings from disposal of old heavy equipment during the year.

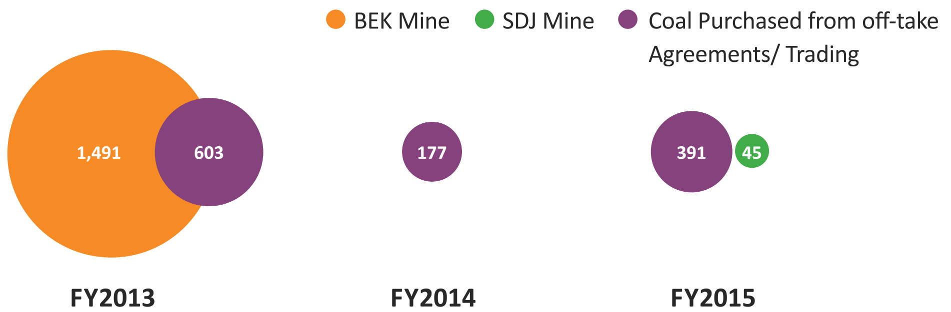
Income tax credit decreased by US$1.6 million, from US$3.2 million in 2014 to US$1.6 million in 2015 mainly due to additional tax assessments of certain Indonesian entities relating to prior years.

Consequently, our Group recorded a net loss of US$16.6 million in 2015 and US$12.8 million in 2014.

COAL SALES AND TRADING VOLUME ('000 TONNES)



COAL PRODUCTION & COAL PURCHASED FROM OFF-TAKE AGREEMENTS/ TRADING ('000 TONNES)



FINANCIAL POSITION REVIEW

Current assets decreased by US$10.9 million, from US$79.9 million as at 31 December 2014 to US$69.0 million as at 31 December 2015, mainly due to decreases in deposits and prepayments of US$11.7 million and cash and bank balances of US$0.9 million; partially offset by increases in trade and other receivables of US$1.1 million and inventories of US$0.6 million.

Non-current assets increased by US$14.4 million, from US$131.7 million as at 31 December 2014 to US$146.1 million as at 31 December 2015, mainly due to increases in (i) property, plant and equipment of US$16.8 million resulting from acquisition of mining property during the year, offset by disposal of old heavy equipment; (ii) deposits and prepayments of US$3.3 million; (iii) deferred stripping costs of US$1.4 million from the commencement of coal production at the SDJ mine in 4Q2015; and (iv) deferred tax assets of US$0.6 million. These are partially offset by decreases in trade and other receivables of US$7.6 million and investment properties of US$0.1 million.

Current liabilities increased from US$23.5 million as at 31 December 2014 to US$46.2 million as at 31 December 2015, it mainly reflects the proceeds from coal sale prepayment and production guarantee deposit relating to SDJ mine, offset by repayments of borrowings and finance leases.

Non-current liabilities decreased by US$5.1 million, from US$80.1 million as at 31 December 2014 to US$75.0 million as at 31 December 2015, mainly due to decrease in notes payable denominated in SGD resulting from weaker SGD against USD, and accrued interest paid during the year, reversal of timing difference in deferred tax liabilities and decrease in provisions; partially offset by increase in finance lease.

three-year financial snapshot

"In 2015, our Group Focused on Preparing SDJ Coal Mine for Year-end Production"

CASH FLOW REVIEW

Our Group recorded a net decrease in cash and cash equivalents of US$2.6 million in 2015 compared to a decrease of US$6.6 million in 2014, which arose mainly due to purchase of property, plant and equipment and debt repayments, offset by the proceeds from the issuance of notes payable.

Net cash from operating activities in 2015 was US$22.5 million. Operating cash flows before movements in working capital was an outflow of US$2.0 million and this was offset by cash inflows of US$22.9 million from our working capital movements. Income tax refund of US$2.3 million was received following the finalisation of tax assessment; partially offset by income tax paid of US$0.7 million and payment for retirement benefit obligation of US$0.1 million.

Net cash used in investing activities in 2015 of US$17.0 million was mainly due to purchase of property, plant and equipment of US$20.0 million, and addition to deferred stripping costs of US$1.4 million; partially offset by proceeds on disposal of property, plant and equipment of US$3.5 million and interest received of US$1.0 million.

Net cash used in financing activities in 2015 of US$8.0 million was mainly due to deposit pledged of US$2.5 million, interest paid amounting to US$6.6 million and repayments of obligations under finance leases and bank borrowing totaling US$6.3 million; partially offset by the proceeds from issuance of shares of US$3.7 million, and proceeds from sale and leaseback of property, plant and equipment of US$3.6 million.

OPERATION REVIEW

Declining global demand for coal coupled with low international coal prices has significantly impacted coal production at BEK coal mine. Our Group has taken the prudent decision to halt production. Our Group remains cautiously optimistic that a recovery in coal prices in the near to midterm would help to improve our average selling price of coal and margins. Currently, our Group is evaluating and restructuring the BEK coal mine to enhance its coal production value chain.

In 2015, our Group focused on preparing SDJ coal mine for year-end production. The Group

(US$'million)	FY2013	FY2014	**FY2015**
Revenue	108.6	53.1	**22.3**
Gross Profit	30.5	(2.4)	**0.4**
Net Profit	13.0	(12.8)	**(16.6)**
Current Assets	84.7	79.9	**69.1**
Non-Current Assets	76.8	131.7	**146.1**
Total Assets	161.5	211.6	**215.2**
Current Liabilities	21.8	23.5	**46.2**
Non-Current Liabilities	17.4	80.1	**75.0**
Total Equity	122.3	108.0	**94.0**
Cash and Bank Balances	17.8	13.3	**12.4**
Debt to Equity Ratio	0.2	0.8	**0.9**
Net Asset Value per Share (US cents)	10.5	9.3	**7.9**
Diluted Earnings per Share (US cents)	1.1	(1.1)	**(1.4)**
Return on Equity	10.6%	(11.8%)	**(17.7%)**
Return on Total Assets	8.1%	(6.0%)	**(7.7%)**

expects the operating environment to improve as SDJ enters into key production phase. During this time, our Group also managed to lower our cost structure and enhance our logistics, shipping and operations. In addition, our Group is expecting to ramp up production at SDJ coal mine to 6 million tonnes per year. The SDJ coal mine has since produced and shipped 390,000 tonnes of coal to-date.

Our Group is in the midst of restructuring our business model and enhancing our coal mining process to truly evolve into one of Indonesia's top integrated coal producer. Our Group has also started to actively source for more cost effective external providers for both our BEK and SDJ coal mines.

BUSINESS SEGMENTS REVIEW

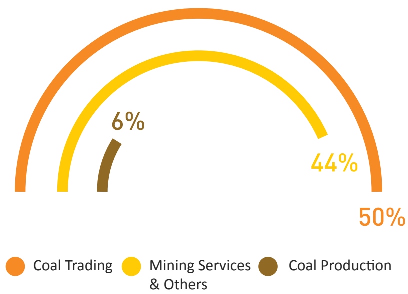
Despite Indonesia seeing lesser revenue contribution in 2015, our Group remains cautiously optimistic due to the potential growth from Indonesia's 35GW national electrification power plan to spur economic growth. During the year, our Group managed to secure an offtake agreement with a Singapore-based commodity trading group, BTG Pactual Commodities (Singapore) Pte Ltd to supply 1.5 million tonnes of coal. Moreover, our Group is also in advanced negotiations to extend this offtake agreement and are talking to various other buyers at the same time.

Our Group did not derive any revenue contribution on coal production in 2015 as our Group focused on preparing the SDJ coal mine for year-end production and BEK coal mine has also halted production due to low international coal prices and weak global demand.

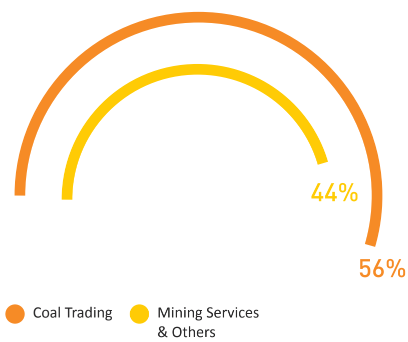
Revenue from mining services has continued to contribute 44% of our Group's revenue in both 2015 and 2014. However, revenue from mining services has dropped to S$9.9 million in 2015 from S$23.4 million in 2014. This was mainly due to lower equipment capacity utilization and soft demand for mining services.

Coal trading represents our Group's key revenue contributor, generating S$26.3 million in 2014 and S$12.4 million in 2015. In view of the declining of global demand in coal and the increasingly competitive landscape in Indonesian coal mining production, our Group has adopted the approach of entering offtake arrangements with customers, as opposed to coal trading which is economically less feasible with the depressed global coal prices. We believe that there are inherent advantages to derive through offtake arrangements and mitigate commercial risks as this approach allows the Group to have more control over the terms of the sales transaction.

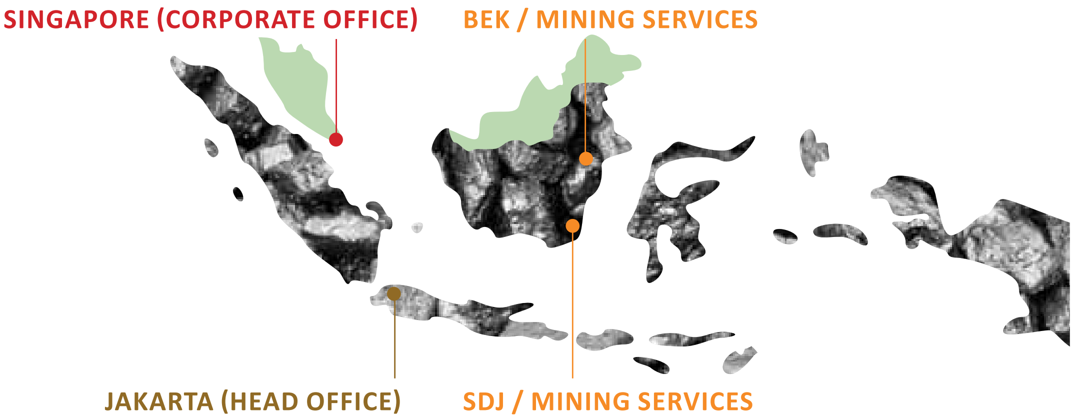
FY2014 REVENUE BREAKDOWN BY SEGMENTS



FY2015 REVENUE BREAKDOWN BY SEGMENTS



our areas of operations



Singapore Corporate Office

- Corporate, Finance, Marketing and Human Resource functions
- Oversees Group's growth strategy, M&A, funding and investor relations

Jakarta Head Office

- Finance, Legal, Human Resource, IT, Marketing and Purchasing functions
- Oversees Group's business and operations

BEK Mining Concession

- 4,570 ha in Kutai Barat, East Kalimantan
- 11.1 million tonnes of reserves
- 29.7 million tonnes of resources in addition to reserves
- Average calorific value in excess of 3,400 GAR

SDJ Mining Concession

- 235 ha in Tanah Bumbu, South Kalimantan
- 42.4 million tonnes of reserves
- 58.4 million tonnes of resources in addition to reserves
- Calorific value ranging from 4,000 to 4,200 GAR

Mine Contracting Services

- Mining service contracts at East and South Kalimantan
- Overburden removal and coal hauling services

our mining process

Land Clearing and Overburden Removal

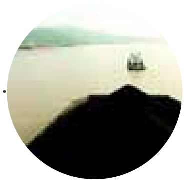
- Topsoil, waste material and overburden are removed by excavators, bulldozers and dump trucks
- The overburden removed is transported to the designated dumping areas and is subsequently used in our Group's land reclamation and rehabilitation activities

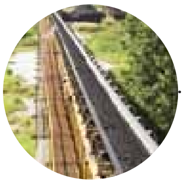
Coal Excavation

- Using excavators, the coal is extracted and loaded onto dump trucks for haulage
- Our Group generally operates on a system of two work shifts of 10 hours per day throughout the years

Coal Haulage

- Coal is transported by dump trucks to the barge loading port which is generally located within close proximity of coal mining sites
- Close proximity reduces transportation costs while increasing operational efficiency





Reclamation and Rehabilitation

- Our Group reclaims land by depositing the overburden onto mined-out areas
- Rehabilitation of the reclaimed land is carried out by the spreading of topsoil on the surface of the overburden deposited and the planting of native plants

Coal Sales

- Our Group delivers and sells coal on either Free-on-Board (FOB) Barge or Mother Vessel basis

Crushing and Loading

- Coal is off-loaded from the dump trucks onto a conveyor belt which feeds it into the crusher where it is crushed according to specifications determined by customers
- Our Group owns and operates jetty, crushing and loading facilities, thus having more control and flexibility over the operations

coal reserves and resources statement

as at 31 December 2015

"Thick Coal Seams and Low Stripping Ratio of 1:3 Makes it More Effective to Mine"

	BEK Coal Mine	SDJ Coal Mine
Quality		
Total Moisture (ARB)	42%	36%
Volatile Matter	34%	41%
Ash	7.3%	5.6%
Total Sulfur	0.2%	0.1%
Reserves - Tonnes (Millions)		
Proved	3.8	33.4
Probable	7.3	9.0
Total Reserves	**11.1**	**42.4**
Resources - Tonnes (Millions)		
Measured	1.0	42.1
Indicated	6.3	14.1
Inferred	22.4	2.2
Total Resources	**29.7**	**58.4**

In 2015, our Group has not carried out any exploration activities save for the mine development and evaluation carried out in SDJ mining concession.

SDJ COAL

- extremely low sulfur content of general thermal coal
- no flue gas desulfurization greatlu reduce costa for its users
- satisfy and meet the sulfur oxides (SOX) emission regulations
- its low ash content contributes costs effective for power plant ash treatment

ESPON
SIBILITY

corporate social responsibility

"At Geo Energy, Corporate Social Responsibility forms the Core of our Overall Strategies"

At Geo Energy, corporate social responsibility ("CSR") forms the core of our overall strategies and is integral to everything we do. CSR concepts are embedded within our daily operations, allowing us to be better able to protect our people, the environment, and the local communities in which we operate. Geo Energy believes that non-financial measures are equally important in measuring our Group's success. Accordingly, we review and analyse all of our business risks and opportunities, looking beyond economic, strategic and operational factors to include social and environmental considerations. Such a risk management approach will contribute to our viability and resilience as a business over the long term.

Our Head of Operations, together with supervisors and foremen at site, oversee, monitor, plan, manage and carry out our CSR activities.

In December 2015, our Group conducted its annual risk workshop to facilitate management from various departments in identifying and prioritising the top risks affecting our Group as well as to provide counter-measures on such risks. We believe this is pertinent as our Group benefits from different solutions to remove, reduce or mitigate risks which include, *inter alia*, those relating to Occupational Health and Safety, Environment and Natural Resources Stewardship as well as Community Engagement.

OCCUPATIONAL HEALTH AND SAFETY

Geo Energy is committed to continuous improvements in health and safety standards of our operations. We seek to minimise the risk of accidents, injuries and illnesses to our employees, contractors and local communities by improving health and safety standards as well as closely monitoring our operations.

We adopt a comprehensive safety management system for the safe operation of our mines, which includes safety management plans, rules, codes of practice, manuals and procedures with which our employees are required to comply.

To ensure that our workforce understands and familiarises itself well with our health and safety rules, rehearsals incorporating many of our Group's fundamental safety procedures are carried out as often as practicably possible to inculcate and remind employees of our safety culture and procedures. Training on basic safety skills and procedures are conducted for our workforce including those employed from the local communities.

On a regular basis, we conduct internal safety checks to ensure compliance by our staff. Safety officers are stationed on-site at each of our mining sites to oversee the safety aspects of our coal production operations. They are tasked to monitor the work procedures of the employees with the aim of identifying shortfalls in our health and safety procedures. Where shortfalls arise, counter-measures are undertaken or new policies are introduced to remove the resultant risk.

Our emphasis on safety first and priority placed on the health of our workers have resulted in a relatively low level of accidents at our mines. All our employees have a mandate to achieve zero injuries and fatalities amongst our workforce. Based on our internal safety and health records to date, we are pleased to report that there were no severe injuries or fatalities in 2015.

Safety signboard at site

Fogging activity at the site's surrounding area

Environmental panel display

ENVIRONMENT AND NATURAL RESOURCES STEWARDSHIP

Since the commencement of our operations, Geo Energy has been steadfastly committed to achieving high standards of environmental management at the mines where we operate. Environmental management is viewed as another aspect of good governance which must be addressed well, in order to enhance our overall performance.

Our Group has formulated comprehensive post-mining reclamation and rehabilitation plans to manage the environment in which we carry out our mining operations. Our plans take into consideration the geological characteristics of our mining sites in order to better manage the environment. It is our Group's intent to rehabilitate land as soon as it is no longer mined rather than wait until the end of mine life. Our land reclamation activities involve the deposit of the overburden onto mined-out areas and our rehabilitation activities involve the spreading of topsoil over the surface of the overburden deposited and the planting of native plants to restore and enhance the environment.

Our environmental management strategies and goals also include effective air and water pollution control measures, proper handling and disposal of hazardous and poisonous waste, and continuous improvement of our resource efficiency. Removal of oil and other pollutants, testing of acidity level and treatment is 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 dump site(s) at the mine site to be collected and removed by third party contractors periodically. During the dry season, water trucks are deployed to spray sections of coal haulage roads (which are largely dirt roads or earth roads) located near the homes of the local communities in order to reduce dust pollution. Face masks are also distributed to local residents to help reduce their exposure to dust. Geo Energy, together with our mining contractor, regularly carry out fogging activities at the surrounding areas of our mine site to prevent the breeding of mosquitoes which may cause many diseases.

corporate social responsibility

"In 2015, We Provided Assistance to Schools in the Local Community in Which We Operate"

The Environmental Control Agency (Badan Lingkungan Hidup Daerah) ("BLHD"), the government agency responsible for implementing the Government's environmental regulations and policies, and local government agencies supervise our mining operations. BLHD coordinates its activities with various government agencies, including the Ministry of Energy and Mineral Resources. We subject our mining operations to periodic internal and external environmental audits. Our internal environmental team conducts internal environmental audits, while BLHD conducts external environmental audits. Together, we work to improve our procedures and ensure that our Group is in adherence with the required policies. In 2015, we did not receive any major formal complaints or experience any protests relating to environmental pollution by our Group.

COMMUNITY ENGAGEMENT

Geo Energy believes in creating a positive and lasting social impact on the communities around the mining sites where we operate. As we continue to care for the local communities, we are able to develop successful partnerships based on mutual understanding, trust and respect. Together, we work hand in hand to identify and evaluate the needs of the community as well as the actual and potential social consequences of our operations at every stage of the mine's life cycle. This allows us to focus our CSR efforts on improving the livelihood of these communities, in addition to protecting of the environment around the mining sites, as described above.

ECONOMIC EMPOWERMENT

Community involvement is at the cornerstone of our employment policy at our mines. We employ local workers and provide these workers with relevant training and skills development. We also seek to support and promote local businesses and economic activity by engaging them as suppliers. We currently procure mainly food supplies from local suppliers around our mine sites.

COMMUNITY ASSISTANCE

In addition to economic empowerment, we are committed to improving the general living standards of the local communities. Together with the project managers on-site, our Community Development personnel invest time and effort in building relationships with local residents. Through regular interactions with them, we are able to identify the needs of the local communities and partner with them to address those needs where practicably possible. 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 efforts include making donations in kind to local schools (including providing building materials to build/ repair school premises) as well as supporting any social or religious events of the communities.

CORPORATE GOVERNANCE REPORT

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 2015 ("2015"), the Company has generally adhered to the principles and guidelines as set out in the Code, save as otherwise explained below.

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
Dhamma Surya	Executive Director
Huang She Thong	Executive Director
Tung Kum Hon	Chief Executive Officer
Soh Chun Bin	Lead Independent Director
Ong Beng Chye	Independent Director
Lu King Seng	Independent Director
Karyono	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;

- overseeing and reviewing the management of the Group's business affairs, financial controls, performance and resource allocation; and

- establishing a framework of prudent and effective controls to assess and manage risks and safeguard shareholders' interests and the Group's assets.

The approval of the Board is required for matters such as corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, the release of the Group's quarterly and full-year results and interested person transactions of a material nature.

CORPORATE GOVERNANCE REPORT

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 Group's management (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 2015 include, amongst others:-

- briefing by the external auditors, Deloitte & Touche LLP to the AC and the Board on the developments in financial reporting and governance 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

- Seminar on "Financial Reporting Standards" organised by the external auditors, Deloitte & Touche LLP.

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.

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 meetings held in 2015 is set out below:-

		Board Committees		
	Board	**AC**	**NC**	**RC**
Number of meetings held	**4**	**4**	**1**	**1**
		Number of meetings attended		
Charles Antonny Melati	4	4	1	1
Dhamma Surya	4	4	1	1
Huang She Thong	4	4	1	1
Tung Kum Hon(1)	1	1	-	-
Soh Chun Bin	4	4	1	1
Ong Beng Chye	4	4	1	1
Lu King Seng	4	4	1	1
Karyono	4	4	1	1
Jim Rogers	4	4	1	1

Note:-

(1) Mr Tung Kum Hon joined the Group on 1 November 2015 and was appointed as Director on 1 December 2015.

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

CORPORATE GOVERNANCE REPORT

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 substantial shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision-making.

The Board comprises nine directors, of whom five (constituting more than half of the Board) are independent, namely, Mr Soh Chun Bin, Mr Ong Beng Chye, Mr Lu King Seng, Mr Karyono 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 substantial 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. With five independent directors, the Board is able to exercise independent judgment on corporate affairs and provide the Management with a diverse and objective perspective on issues.

The independence of each director is reviewed annually. 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.

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 dominate the Board's decision-making. 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 of Directors, 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 and experience, 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.

Where necessary or appropriate, 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 and oversees the overall business and general management of the Group.

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.

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 Karyono, 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, 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:-

- making recommendations to the Board on relevant matters relating to the review of board succession plans for directors, in particular, the Executive Chairman and for the Chief Executive Officer, the development of a process for evaluation of the performance of the Board, the Board committees and directors, and the review of training and professional development programs for the Board;

- making recommendations to the Board on the appointment and re-appointment of directors (including alternate directors, if applicable), taking into consideration the composition and progressive renewal of the Board and each director's competencies, commitment, contribution and performance (such as attendance, preparedness, participation and candour);

- ensuring that all directors submit themselves for re-nomination and re-appointment at regular intervals and at least once every three years;

- determining annually, and as and when circumstances require, whether a director (including an alternate director) is independent, bearing in mind paragraph 2.3 of the Code and any other salient factors;

- deciding if a director is able to 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; and

- assessing the effectiveness of the Board as a whole and its Board committees and the contribution by the Chairman and each individual director to the effectiveness of the Board.

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

CORPORATE GOVERNANCE REPORT

The Company does not have a formal process for the selection and appointment of new directors to the Board. However, if required, the Company will be able to procure search services, contacts and recommendations for the purposes of identifying suitably qualified and experienced persons for appointment to the Board.

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 Articles of Association 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	29 April 2015	–	–
Dhamma Surya	Executive Director	24 May 2010	29 April 2014	–	–
Huang She Thong	Executive Director	15 June 2010	29 April 2014	–	–
Tung Kum Hon	Chief Executive Officer	1 December 2015	–	–	Bellzone Mining Plc
Soh Chun Bin	Lead Independent Director	25 September 2012	29 April 2014	Triyards Holdings Limited ISOTeam Ltd.	Asia Fashion Holdings Limited Chosen Holdings Limited
Ong Beng Chye	Independent Director	25 September 2012	29 April 2013	Hafary Holdings Limited Heatec Jietong Holdings Ltd. Kitchen Culture Holdings Ltd. IPS Securex Holdings Ltd.	–
Lu King Seng	Independent Director	25 September 2012	29 April 2015	Green Build Technology Limited TLV Holdings Limited	–
Karyono	Independent Director	25 September 2012	29 April 2015	–	–
Jim Rogers	Independent Director	3 December 2012	29 April 2015	Spanish Mountain Gold Ltd The Zweig Fund, Inc. The Zweig Total Return Fund, Inc. First China Financial Network Holdings Limited OJSC PhosAgro	FAB Universal Corporation

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 Dhamma Surya, Mr Tung Kum Hon and Mr Ong Beng Chye will retire by rotation, at the forthcoming annual general meeting and be subject to re-election by the Company's shareholders. In addition, Mr James Beeland Rogers Jr, who is over 70 years old and whose appointment at the last annual general meeting shall expire at the forthcoming annual general meeting, shall be subject to 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.

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.

Board performance is linked to the overall performance of the Group. The Board complies with the applicable laws, and members of the Board are required to act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders.

The NC is responsible for assessing the effectiveness of the Board as a whole and the Board committees and the contribution of the Chairman and each individual director to the effectiveness of the Board. 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, risk management and internal control, and the Board's relationship with the Management. 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 its assessment of the Board's effectiveness, the NC simultaneously considers the effectiveness of the Board committees and the contribution of each individual director to the effectiveness of the Board.

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. Based on the results of the performance evaluation by the NC, the Executive Chairman may propose new members for appointment to the Board or seek the resignation of directors, in consultation with the NC.

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, the 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.

As a general rule, notices are sent to the directors 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 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 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. The company secretary also ensures that the Company complies with the requirements of the Companies Act and the SGX-ST Listing Manual.

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:-

- reviewing and recommending for endorsement by the entire Board a general framework of remuneration for the directors and key management personnel;
- reviewing and recommending for endorsement by the entire Board the specific remuneration packages for each director as well as for the key management personnel. The RC shall 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;
- reviewing and recommending to the Board the terms of renewal of the service contracts of directors; and
- reviewing the Company's obligations arising in the event of termination of the executive directors and key management personnel's contracts of services, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The members of the RC are familiar with executive compensation matters as they manage their own businesses and/or are holding other directorships. 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.

Remuneration for the executive directors includes a basic salary component and a variable component that is the performance bonus, based on the performance of the Group as a whole. The Company has entered into fixed-term service agreements with its Executive Chairman, Mr Charles Antonny Melati, 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 does not currently have any long-term incentive schemes. 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. During the year, the Group paid variable bonus/incentive to an Executive Director 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 and other fixed allowances, as well as a performance bonus which is based on the Group's performance and the individual's performance. Under the terms of their service agreements, Mr Charles Antonny Melati, the Executive Chairman, and Mr Dhamma Surya, the Executive Director, are entitled to receive a variable performance bonus based on the consolidated audited profit before tax of the Group in each financial year. No annual performance bonus has been paid for 2015.

CORPORATE GOVERNANCE REPORT

The level and mix of remuneration paid or payable to the directors and key management personnel for 2015 are set out below:-

Remuneration bands	Salary & CPF %	Bonus & CPF %	Director's Fee %	Other Benefits %	Total %
Directors					
S$250,001 to S$500,000					
Charles Antonny Melati(1)	90	–	–	10	100
Dhamma Surya(2)	91	–	–	9	100
Huang She Thong(1)	92	–	–	8	100
S$0 to S$250,000					
Tung Kum Hon(3)	92	8	–	–	100
Soh Chun Bin	–	–	100	–	100
Ong Beng Chye	–	–	100	–	100
Lu King Seng	–	–	100	–	100
Karyono	–	–	100	–	100
Jim Rogers	–	–	100	–	100
Key management personnel					
S$0 to S$250,000					
Darmin(2) (4)	100	–	–	–	100
Richard Kennedy Melati(1) (4)	100	–	–	–	100
Ng See Yong(1)	96	4	–	–	100
Tan Cheang Shiong	98	2	–	–	100
Junanto	95	3	–	2	100
Yanto Melati(1) (5)	98	–	–	2	100

Notes:-

(1) Mr Charles Antonny Melati, Mr Huang She Thong, Mr Richard Kennedy Melati, Mr Ng See Yong and Mr Yanto Melati are brothers.

(2) Mr Dhamma Surya and Mr Darmin are brothers.

(3) Mr Tung Kum Hon joined the Group on 1 November 2015 and was appointed as Director on 1 December 2015.

(4) Mr Darmin and Mr Richard Kennedy Melati left the employment of the Group on 31 October 2015.

(5) Mr Yanto Melati left the employment of the Group on 31 March 2015.

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 2015 amounted to approximately S$720,000.

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, whose remuneration exceeded S$50,000 during 2015:

Remuneration bands	
S$100,001 to S$150,000	Yanti Ng[(1)]
S$50,001 to S$100,000	Lim Kok Wah, Eric[(1)]

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.

Currently, the Company has not implemented any employee share schemes.

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 Business Advisory 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 set 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 2015, 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.

CORPORATE GOVERNANCE REPORT

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 satisfied with the adequacy and effectiveness of the Group's internal controls, including its financial, operational, compliance and information technology controls, and risk management systems, as at 31 December 2015.

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, Mr Lu King Seng and Mr Karyono, 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 audit plans of the external auditors and the internal auditors, including the results of the external and internal auditors' review and evaluation of the Group's system of internal controls;

- 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 Singapore financial reporting standards, 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 profit and loss statements and the balance sheets and such other information required by the SGX-ST Listing Manual, before submission to the Board for approval;

- reviewing and discussing with external and internal auditors (if any), any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;

- reviewing the co-operation given by the Management to the external auditors;

- considering the appointment and re-appointment of the external auditors;

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

- reviewing any potential conflicts of interest;

- reviewing the procedures by which employees of the Group may, in confidence, report to the chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions in relation thereto;

- 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;

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

- enquiring on 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); 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 shall 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.

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 2015 for audit and non-audit services amounted to S$349,000 and S$37,800, 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. Cases that are significant are reviewed by the AC for adequacy of investigative action and resolution. Contact details of the AC chairman have been made available to all employees. No whistle blowing reports were received in 2015.

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

CORPORATE GOVERNANCE REPORT

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 Business Advisory Services Pte. Ltd., to perform the review and test of controls of the Group's processes which is 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.

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 will ensure the adequacy and effectiveness of the internal audit function at least annually. The AC is satisfied that the internal auditors are independent and have the appropriate standing to perform their functions effectively.

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. The Company regularly conveys pertinent information, gathers views or input, and addresses shareholders' concerns. In this regard, the Company provides timely information to its shareholders via SGXNET announcements and news releases 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.

The Company does not have a formal dividend policy. The form, frequency and amount of dividends will depend on the Group's earnings, financial position, results of operations, capital needs, plans for expansion, and other factors as the Board may deem appropriate. Based on 2015 financial performance of the Group, the Board has not recommended any dividends for 2015.

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 Report 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. 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 meeting 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 Articles of Association of the Company currently allow 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 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 2015, 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 2015 or if not then subsisting, entered into since the end of the previous financial year.

20. UTILISATION OF PROCEEDS

In November 2015, the Company had applied the net proceeds of US$3.7 million from the Group's share placement in June 2015 for working capital purposes in relation to the payment of the purchase consideration pertaining to the SDJ mining concession acquisition. Accordingly, the net proceeds from the Group's share placement in June 2015 has been fully utilised.

ACCOUNTABILITY

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 2015.

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 52 to 111 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 2015, 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 when they fall due.

1 DIRECTORS

The directors of the Company in office at the date of this report are:

Charles Antonny Melati
Dhamma Surya
Huang She Thong
Soh Chun Bin
Ong Beng Chye
Lu King Seng
Karyono
James Beeland Rogers Jr
Tung Kum Hon (Appointed on 1 December 2015)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of whose objects was, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, 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 shares in, or debentures of, the Company and any of its related corporations, as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act (Chapter 50) (the "Act"), except as set out below:

	Shareholdings registered in name of director		**Shareholdings in which director is deemed to have an interest**	
	At beginning of year or date of appointment, if later	**At end of year**	**At beginning of year or date of appointment, if later**	**At end of year**
<u>Ordinary shares of the Company</u>				
Charles Antonny Melati [(a)]	91,395,406	93,345,406	–	–
Dhamma Surya [(a)]	101,810,704	101,810,704	462,326,287	453,326,287
Huang She Thong	29,825,620	29,825,620	–	–
Ong Beng Chye	190,000	400,000	–	–
Lu King Seng	300,000	300,000	–	–
James Beeland Rogers Jr [(a)]	1,700,000	3,400,000	2,000,000	2,000,000

DIRECTORS' STATEMENT

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

	Shareholdings registered in name of director		Shareholdings in which director is deemed to have an interest	
	At beginning of year or date of appointment, if later	At end of year	At beginning of year or date of appointment, if later	At end of year
Ordinary shares of PT Geo Energy Coalindo (subsidiary)				
Charles Antonny Melati	–	–	50	50
Ordinary shares of PT Mitra Riau Pratama (subsidiary)				
Charles Antonny Melati	1	1	–	–
Ordinary shares of PT Mitra Nasional Pratama (subsidiary)				
Huang She Thong	–	1	–	–
Ordinary shares of PT Sumber Bara Jaya (subsidiary)				
Huang She Thong	–	1	–	–
Ordinary shares of PT Bumi Enggang Khatulistiwa (subsidiary)				
Huang She Thong	–	1	–	–
Ordinary shares of PT Geo Mineral Trading (subsidiary)				
Huang She Thong	–	10	–	–
Ordinary shares of PT Sungai Danau Jaya (subsidiary)				
Huang She Thong	–	1	–	–
Ordinary shares of PT Karunia Mitra Berkat (subsidiary)				
Huang She Thong	–	1	–	–
Ordinary shares of PT Era Tiga Putra (subsidiary)				
Huang She Thong	–	120	–	–

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.

By virtue of Section 7 of the Act, Dhamma Surya is deemed to have interests in the shares held by the Company in all the subsidiaries of the Company at the beginning and at the end of the financial year.

DIRECTORS' STATEMENT

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

The directors' interests in the shares and options of the Company at 21 January 2016 were the same at 31 December 2015.

4 SHARE OPTIONS

(a) *Options to take up unissued shares*

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

(b) *Option exercised*

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under options*

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

5 AUDIT COMMITTEE

The members of the audit committee of the Company (the "Audit Committee") as at the date of this report are:

Ong Beng Chye	(Chairman of the Audit Committee and Independent Director)
Soh Chun Bin	(Lead Independent Director)
Lu King Seng	(Independent Director)
Karyono	(Independent Director)

The Audit Committee carries out the functions specified in Section 201B(5) of the Act. The main functions of the Audit Committee are as follows:

(i) review the audit plans of the external auditors and internal auditors, including the results of the external and internal auditors' review and evaluation of the Group's system of internal controls;

(ii) review the annual consolidated financial statements and the external auditors' report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore Financial Reporting Standards, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of management, where necessary, before submission to the board of directors (the "Board") for approval;

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

(iv) review and discuss with the external and internal auditors (if any), any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the management's response;

(v) review the co-operation given by the management to the external auditors;

DIRECTORS' STATEMENT

5 AUDIT COMMITTEE (cont'd)

(vi) consider the appointment and re-appointment of the external auditors;

(vii) review any interested person transactions falling within the scope of Chapter 9 of the Listing Manual;

(viii) review any potential conflicts of interest;

(ix) review the procedures by which employees of the Group may, in confidence, report to the Chairman of the Audit Committee, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions in relation thereto;

(x) undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee;

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

(xii) enquire on the status of the existing Qualifying Assets, as defined in the Company's prospectus dated 10 October 2012 (the "Prospectus") and determine if any of the Qualifying Assets should be removed from the QA List (as defined in the Prospectus);

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

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

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

6 INDEPENDENT AUDITORS

The independent auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Charles Antonny Melati

Tung Kum Hon

21 March 2016

INDEPENDENT AUDITORS' REPORT / TO THE MEMBERS OF GEO ENERGY RESOURCES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Geo Energy Resources Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended and a summary of significant accounting policies and other explanatory information as set out on pages 52 to 111.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT / TO THE MEMBERS OF GEO ENERGY RESOURCES LIMITED

Opinion

In our opinion, the 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 Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for year ended on that date.

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 the subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

21 March 2016

STATEMENTS OF FINANCIAL POSITION / AS AT 31 DECEMBER 2015

		Group		Company	
	Note	2015	2014	2015	2014
		US$	US$	US$	US$
ASSETS					
Current assets					
Cash and bank balances	7	12,415,628	13,339,167	8,700,645	12,875,141
Trade and other receivables	8	32,709,751	31,596,601	58,422,001	72,615,198
Deposits and prepayments	9	18,506,479	30,176,683	23,509	78,398
Inventories	10	5,417,048	4,768,975	–	–
Total current assets		69,048,906	79,881,426	67,146,155	85,568,737
Non-current assets					
Trade receivables	8	–	7,565,204	–	–
Deposits and prepayments	9	5,704,123	2,373,359	103,699	111,264
Investment in subsidiaries	11	–	–	97,554,117	72,554,117
Deferred expenditure	12	–	–	–	–
Deferred stripping costs	13	1,446,472	–	–	–
Property, plant and equipment	14	131,869,944	115,130,106	236,999	218,141
Investment properties	15	3,336,335	3,484,058	2,827,455	3,484,058
Deferred tax assets	22	3,621,698	2,998,675	175,768	–
Other non-current asset	16	123,843	132,697	123,843	132,697
Total non-current assets		146,102,415	131,684,099	101,021,881	76,500,277
Total assets		215,151,321	211,565,525	168,168,036	162,069,014
LIABILITIES AND EQUITY					
Current liabilities					
Bank borrowing	17	–	264,854	–	264,854
Trade and other payables	18	39,639,092	13,432,330	22,113,841	11,116,943
Current portion of finance leases	19	6,559,195	9,704,519	14,396	–
Income tax payable		27,257	50,009	–	49,286
Total current liabilities		46,225,544	23,451,712	22,128,237	11,431,083
Non-current liabilities					
Finance leases	19	2,848,503	2,511,662	59,856	–
Notes payable	20	69,249,789	72,807,779	69,249,789	72,807,779
Provisions	21	990,475	1,355,269	88,225	90,032
Deferred tax liabilities	22	1,780,023	3,393,411	–	106,804
Other non-current liabilities		85,962	–	–	–
Total non-current liabilities		74,954,752	80,068,121	69,397,870	73,004,615

See accompanying notes to the financial statements.

STATEMENTS OF FINANCIAL POSITION / AS AT 31 DECEMBER 2015

		Group		Company	
	Note	2015	2014	2015	2014
		US$	US$	US$	US$
Capital, reserves and non-controlling interests					
Share capital	23	86,170,842	82,518,674	86,170,842	82,518,674
Other reserve		14,105	14,349	–	–
Revaluation reserve	24	776,632	776,632	776,632	776,632
Translation reserve		(22,946,814)	(21,528,139)	(4,324,438)	(4,186,712)
Retained earnings (Accumulated losses)		29,718,918	45,870,836	(5,981,107)	(1,475,278)
Equity attributable to owners of the Company		93,733,683	107,652,352	76,641,929	77,633,316
Non-controlling interests		237,342	393,340	–	–
Total equity		93,971,025	108,045,692	76,641,929	77,633,316
Total liabilities and equity		215,151,321	211,565,525	168,168,036	162,069,014

See accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS / YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 US$	2014 US$
Revenue	25	22,336,428	53,107,001
Cost of sales		(21,938,760)	(55,530,433)
Gross profit (loss)		397,668	(2,423,432)
Other income	26	3,517,094	3,380,907
General and administrative expenses		(6,960,138)	(8,404,907)
Other expenses	27	(7,251,748)	(3,240,780)
Finance costs	28	(7,934,941)	(5,243,069)
Loss before income tax		(18,232,065)	(15,931,281)
Income tax credit	29A	1,644,883	3,150,959
Loss for the year	30	(16,587,182)	(12,780,322)
Loss attributable to:			
Owners of the Company		(16,306,250)	(12,578,189)
Non-controlling interests		(280,932)	(202,133)
		(16,587,182)	(12,780,322)
Loss per share	31		
- Basic (cents)		(1.39)	(1.09)
- Diluted (cents)		(1.39)	(1.09)

See accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME / YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 US$	Group 2014 US$
Loss for the year		(16,587,182)	(12,780,322)
Other comprehensive income, net of tax:			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(1,429,296)	(1,441,418)
Items that will not be subsequently reclassified to profit or loss:			
Remeasurement of defined benefit obligations	21A, 29B	154,332	(46,299)
Other comprehensive income for the year, net of tax		(1,274,964)	(1,487,717)
Total comprehensive income for the year		(17,862,146)	(14,268,039)
Total comprehensive income attributable to:			
Owners of the Company		(17,570,593)	(14,063,845)
Non-controlling interests		(291,553)	(204,194)
		(17,862,146)	(14,268,039)

See accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN EQUITY / YEAR ENDED 31 DECEMBER 2015

Group	Share capital	Other reserve	Revaluation reserve
	US$	US$	US$
	(Note 23)		(Note 24)
Balance at 1 January 2014	82,518,674	14,349	776,632
Total comprehensive income for the year:			
Loss for the year	–	–	–
Other comprehensive income for the year	–	–	–
Total	–	–	–
Transactions with owners, recognised directly in equity:			
Non-controlling interests arising from acquisition of subsidiaries	–	–	–
Balance at 31 December 2014	82,518,674	14,349	776,632
Total comprehensive income for the year:			
Loss for the year	–	–	–
Other comprehensive income for the year	–	–	–
Total	–	–	–
Transactions with owners, recognised directly in equity:			
Issue of share capital	3,740,537	–	–
Share issuance expense	(88,369)	–	–
Acquisition of asset with non-controlling interests	–	–	–
Dilution of non-controlling interests	–	(244)	–
Total	3,652,168	(244)	–
Balance at 31 December 2015	86,170,842	14,105	776,632

Company
Balance at 1 January 2014
Total comprehensive income for the year:
Loss for the year
Other comprehensive income for the year
Total
Balance at 31 December 2014
Total comprehensive income for the year:
Loss for the year
Other comprehensive income for the year
Total
Transactions with owners, recognised directly in equity:
Issue of share capital
Share issuance expense
Total
Balance at 31 December 2015

See accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN EQUITY / YEAR ENDED 31 DECEMBER 2015

Translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
US$	US$	US$	US$	US$
(20,088,782)	58,495,324	121,716,197	587,627	122,303,824
–	(12,578,189)	(12,578,189)	(202,133)	(12,780,322)
(1,439,357)	(46,299)	(1,485,656)	(2,061)	(1,487,717)
(1,439,357)	(12,624,488)	(14,063,845)	(204,194)	(14,268,039)
–	–	–	9,907	9,907
(21,528,139)	45,870,836	107,652,352	393,340	108,045,692
–	(16,306,250)	(16,306,250)	(280,932)	(16,587,182)
(1,418,675)	154,332	(1,264,343)	(10,621)	(1,274,964)
(1,418,675)	(16,151,918)	(17,570,593)	(291,553)	(17,862,146)
–	–	3,740,537	–	3,740,537
–	–	(88,369)	–	(88,369)
–	–	–	135,311	135,311
–	–	(244)	244	–
–	–	3,651,924	135,555	3,787,479
(22,946,814)	29,718,918	93,733,683	237,342	93,971,025

Share capital	Revaluation reserve	Translation reserve	Accumulated losses	Total
US$	US$	US$	US$	US$
(Note 23)	(Note 24)			
82,518,674	776,632	(3,359,822)	(1,100,388)	78,835,096
–	–	–	(374,890)	(374,890)
–	–	(826,890)	–	(826,890)
–	–	(826,890)	(374,890)	(1,201,780)
82,518,674	776,632	(4,186,712)	(1,475,278)	77,633,316
–	–	–	(4,505,829)	(4,505,829)
–	–	(137,726)	–	(137,726)
–	–	(137,726)	(4,505,829)	(4,643,555)
3,740,537	–	–	–	3,740,537
(88,369)	–	–	–	(88,369)
3,652,168	–	–	–	3,652,168
86,170,842	776,632	(4,324,438)	(5,981,107)	76,641,929

See accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS / YEAR ENDED 31 DECEMBER 2015

	Group	
	2015	**2014**
	US$	US$
Operating activities		
Loss before income tax	(18,232,065)	(15,931,281)
Adjustments for:		
Depreciation of property, plant and equipment	4,539,081	6,583,740
Loss on disposal of property, plant and equipment	1,870,526	1,987,855
Fair value loss (gain) on investment properties	244,644	(157,624)
Allowance for doubtful debts	2,408,576	30,994
Impairment loss on sale and leaseback of property, plant and equipment	930,354	–
Loss on financial asset carried at amortised cost	–	248,606
Impairment loss on deferred expenditure	–	894,013
Impairment loss on advance payment for coal	1,617,436	–
Interest expense	7,934,941	5,243,069
Interest income	(608,126)	(642,056)
Retirement benefit obligations	(69,860)	38,116
Net foreign exchange gains	(2,625,293)	(4,057,237)
Operating cash flows before movements in working capital	(1,989,786)	(5,761,805)
Trade and other receivables	572,806	(10,428,507)
Deposits and prepayments	(2,829,219)	(4,005,197)
Inventories (Note A)	(558,058)	10,201,717
Trade and other payables	25,775,250	(3,845,941)
Cash generated from (used in) operations	20,970,993	(13,839,733)
Income tax paid	(672,969)	(3,351,215)
Income tax refund	2,281,328	300,579
Retirement benefit obligation paid	(50,945)	(38,218)
Net cash from (used in) operating activities	22,528,407	(16,928,587)
Investing activities		
Interest received	972,144	240,518
Advance payments for purchase of property, plant and equipment	–	(600,542)
Purchase of property, plant and equipment (Note B)	(20,043,397)	(49,837,895)
Addition to deferred stripping costs	(1,446,472)	–
Proceeds from disposal of property, plant and equipment (Note C)	3,498,153	1,491,270
Net cash used in investing activities	(17,019,572)	(48,706,649)

CONSOLIDATED STATEMENT OF CASH FLOWS / YEAR ENDED 31 DECEMBER 2015

	Group	
	2015	2014
	US$	US$
Financing activities		
Increase in deposits pledged	(2,500,000)	(2,825,502)
Interest paid	(6,554,738)	(1,908,968)
Proceeds from issuance of shares	3,740,537	–
Transaction costs pursuant to issuance of shares	(88,369)	–
Proceeds from bank borrowing	–	8,804,000
Repayment of bank borrowings	(253,664)	(9,066,248)
Proceeds from issuance of notes payable	–	80,593,166
Transaction costs pursuant to issuance of notes payable	–	(3,915,749)
Repayment of amount due to a related party	–	(2,060,465)
Repayment of obligations under finance leases	(6,079,137)	(10,550,240)
Proceeds from sale and leaseback of property, plant and equipment (Note D)	3,648,203	–
Net cash (used in) from financing activities	(8,087,168)	59,069,994
Net decrease in cash and cash equivalents	(2,578,333)	(6,565,242)
Cash and cash equivalents at beginning of the year	10,666,464	17,814,850
Effect of exchange rate changes on the balance of cash held in foreign currencies	(666,862)	(583,144)
Cash and cash equivalents at end of the year (Note 7)	7,421,269	10,666,464

Notes to consolidated statement of cash flows:

A) During the year, the Group capitalised US$90,015 (2014 : US$Nil) of depreciation of property, plant and equipment as inventories.

B) During the year, the Group acquired property, plant and equipment amounting to US$30,169,764 (2014 : US$57,274,582) of which US$8,089,041 (2014 : US$Nil) was satisfied by assignment of the certain advance payments for purchase of coal (Note 9A), US$79,786 (2014 : US$109,957) were acquired under finance lease arrangements and US$135,311 (2014 : US$Nil) due to acquisition of additional interests in subsidiary from non-controlling shareholder (Note 11D). As at 31 December 2015, US$7,982,388 (2014 : US$7,304,019) remained unpaid and was included as part of trade and other payables (Note 18).

In addition, the Group utilised its advance payment of US$1,470,497 (2014 : US$28,034) which was paid in prior year to purchase property, plant and equipment, of which US$326,637 (2014 : US$Nil) pertained to addition in investment property during the year. The Group made advance payments of US$Nil (2014 : US$600,542) and cash payments of US$20,043,397 (2014 : US$49,837,895) to purchase the property, plant and equipment.

C) During the year, the Group disposed of property, plant and equipment for a total sale proceeds of US$3,498,153 (2014 : US$1,929,106). As at 31 December 2015, US$Nil (2014 : US$437,836) of the sale proceeds is outstanding and included as part of trade and other receivables (Note 8).

D) During the year, the Group entered into a sale and leaseback arrangement with third parties to dispose heavy equipment with carrying amount of US$3,562,241 for consideration of US$3,648,203 (Note 19). The gain on disposal US$85,962 is deferred and is presented as other non-current liabilities in the statement of financial position.

See accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS / 31 DECEMBER 2015

1 GENERAL

The Company (Registration No. 201011034Z) was incorporated in the Republic of Singapore with its principal place of business and registered office at 12 Marina Boulevard, #16-01 Marina Bay Financial Centre Tower 3, Singapore 018982.

The consolidated financial statements are presented in United States dollars to enhance the comparability of the Group's financials to other companies in the coal mining industry.

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2015 were authorised for issue by the Board of Directors on 21 March 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payments*, leasing transactions that are within the scope of FRS 17 *Leases,* and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value adjustments are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value adjustments are observable and the significance of the inputs to the fair value measurement in its entirety which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS - On 1 January 2015, the Group and Company adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

At the date of authorisation of the financial statements, the following new/revised FRSs, amendments to FRSs and improvements to FRSs that are relevant to the Group and the Company have been issued but are not yet effective:

FRS 115 *Revenue from Contracts with Customers*

FRS 109 *Financial Instruments*

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

Improvements to Financial Reporting Standards (November 2014)

Management anticipate that the adoption of the above new/revised FRSs, amendments to FRSs and improvements to FRSs in future periods is not expected to have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption, except for the following:

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. More prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

FRS 115 will take effect from financial years beginning on or after 1 January 2018. The Group is currently evaluating the potential impact of the changes in the period of initial adoption.

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) derecognition (iii) general hedge accounting (iv) impairment requirements for financial assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Key requirements for FRS 109

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss ("FVTPL"). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income ("FVTOCI"). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL is presented in profit or loss.

- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

FRS 109 will take effect from financial years beginning on or after 1 January 2018. The Group is currently evaluating the potential impact of the changes in the period of initial adoption.

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.

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 as Other Reserve.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BUSINESS COMBINATION - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with the changes in fair value being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 *Share-based Payment*; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date - and is subject to a maximum of one year from acquisition date.

The accounting policy for initial measurement of non-controlling interests is described above.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income or expense is recognised on an effective interest basis for debt instruments.

Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". These are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables when effect of discounting would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited to the profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Derecognition of financial liabilities

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

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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 consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below).

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Sale and leaseback

For sale and leaseback transaction that results in a finance lease, any excess of sales proceeds over the carrying amount of the asset is deferred and amortised over the lease term. If the sales proceeds is less than the carrying amount, the deficit will be deferred in the same manner as a profit and amortised over the lease term, unless there is an impairment in value, in which case the carrying amount is reduced to its recoverable amount.

INVENTORIES - Inventories are classified as follows:

- Coal : These are coals that are extracted from mining activities and available for sale.
- Consumables : These are goods or supplies to be either directly or indirectly consumed in the production process.
- Marketing coal : These are coals purchased with the intention to sell in the near future.

Consumables and coal inventories are stated at the lower of cost and net realisable value. The cost of coal inventories is determined using the weighted average cost method. Costs include direct material, overburden removal, mining, processing, labour incurred in the extraction process and an appropriate proportion of variable and fixed overhead costs directly related to mining activities. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

Marketing coal inventories are recorded at fair value less costs to sell. Unrealised gains and losses from changes in fair values are reported in cost of goods sold.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

DEFERRED EXPENDITURE - Expenses incurred during pre-mining services activities such as labour costs and those overhead costs incurred in mobilising the heavy equipment to the mine site are deferred in the statement of financial position and released to profit or loss as expenses when services have been rendered and revenue is recognised from the respective mining services contracts. Expenses are deferred to the extent that there is reasonable probability of recovery from the mining services rendered. When it is probable that the costs incurred or to be incurred on that mining services contract will exceed the estimated recoverable amount of the mining services contract, the expected loss is recognised as an expense in profit or loss immediately.

Deferred expenditure is reviewed at each reporting date as to whether an indication of impairment exists. If any such indication exists, the recoverable amount of the deferred expenditure is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

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

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

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

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

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

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Construction-in-progress for qualifying assets, includes borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost of assets, over the estimated useful lives of the assets using the straight-line method, on the following bases:

	Number of years
Leasehold property	Over terms of lease
Temporary housing facility	2
Jetty	4
Heavy equipment	8
Machineries	4
Motor vehicles	4
Equipment and furniture	4
Computer and software	4

Fully depreciated assets still in use are retained in the financial statements.

Mining property is classified as an asset under property, plant and equipment. Mining property include mining rights and costs transferred from mining evaluation assets once technical feasibility and commercial viability of an area of interest are demonstrable and subsequent costs to develop the mine to the production phase. The economic benefits from the assets are consumed in a pattern which is linked to the production level. These assets are depreciated on a unit-of-production basis. Depreciation starts from the date when commercial production commences.

The estimated useful lives, mining reserves, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

INVESTMENT PROPERTIES - Investment properties, which are property held to earn rentals and/or for capital appreciation, are measured initially at cost. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

CLUB MEMBERSHIP - Club membership with indefinite useful life is not amortised, is classified as other non-current asset and is stated at cost less any accumulated impairment loss.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS - At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Sale of coal

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

- the Group has transferred to the buyer the significant risks and rewards of ownership of the coal;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the coal sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Mining services

Revenue from rendering of mining services that are of a short duration is measured at the fair value of the consideration received or receivable when services are completed.

Rental services

Rental services are recognised on a straight-line basis over the term of the relevant lease.

Interest income

Interest income is accrued on a time apportionment basis, by reference to the principal outstanding and at the effective interest rate applicable.

BORROWING COSTS - Borrowing costs directly attributable to the construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

The cost of providing defined post-employment benefits is determined using the Projected Unit Credit Method. Remeasurement, comprising actuarial gains and losses, is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The retirement benefits obligation recognised in the consolidated statement of financial position represents the present value of the defined benefit obligation.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each entity within the Group are measured and presented in the currency of the primary economic environment in which the entity within the Group operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in United States dollars, which is not the functional currency of the Company and some entities within the Group. The functional currency of the Company is Singapore dollars.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements and Company's financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments are recognised in other comprehensive income and accumulated in a separate component of equity under the header of translation reserve.

SEGMENT REPORTING - An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components.

Operating segments are reported in a manner consistent with the internal reporting provided to members of management and the chief operating decision makers who are responsible for allocating resources and assessing performance of the operating segments.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in Note 2 to the financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

There are no critical judgement, apart from those involving estimation (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

<u>Useful lives of property, plant and equipment</u>

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.

<u>Depreciation of mining property</u>

The amounts recorded for depreciation as well as the recovery of the carrying value of mining property 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 process and the costs of development and production of the reserves. The carrying amounts of the Group's mining property are disclosed in Note 14 to the financial statements.

<u>Allowances for doubtful debts</u>

The policy for allowances for doubtful debts of the Company and the Group is based on the evaluation of collectibility and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness, the past collection history of each customer and on-going dealings with these parties. If the financial conditions of the counterparties were to deteriorate, resulting in impairment of their ability to make payments, additional allowances may be required.

During the year, management performed a credit evaluation process to review the recoverability of the trade and other receivables balances based on their judgement. The assessment has led to recognition for allowances for doubtful debts of US$2,408,576 (2014 : US$30,994) during the year.

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

Allowances for doubtful debts (cont'd)

In addition to the above, for certain debtors where the Group has signed conditional sales and purchase agreements subsequent to year end, as disclosed in Note 8(a), the review of the recoverability of these balances are based on the value in use of the underlying coal mines.

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

- Discount rate
- Forecasted coal prices

The future cash flows are discounted to the value in use based on the discount rate of 11% which reflects the current market assessment of the time value of money and the risks specific to the asset. No impairment has been recognised for these balances.

The carrying amounts of trade and other receivables are disclosed in Note 8 to the financial statements.

Deferred stripping costs

Certain mining costs, principally those that relate to the stripping of waste and which relate to future economically recoverable coal to be mined, are included in deferred stripping costs. These costs are deferred and subsequently taken to the cost of producing inventory by way of amortisation of deferred stripping costs. The waste to ore ratio and the remaining life of the mine are regularly assessed by the management to ensure the carrying value and rate of deferral is appropriate taking into consideration the available facts and circumstances from time to time.

The carrying amounts of the Group's deferred stripping costs are disclosed in Note 13 to the financial statements.

Impairment of advance payments for purchase of coal, deferred expenditure, deferred stripping costs and property, plant and equipment

The Group assesses annually whether its advance payments for purchase of coal, deferred expenditure, deferred stripping costs and property, plant and equipment exhibit any indication of impairment. Should there be any indicator of impairment, the Group then estimates the recoverable amount based on value in use calculations. These calculations require the use of judgement and estimates.

The carrying value of advance payments for purchase of coal, deferred expenditure, deferred stripping costs and property, plant and equipment are reviewed regularly during the financial year, taking into consideration the available facts and circumstances, and to the extent to which the capitalised value exceeds its recoverable value, the excess is provided for or written-off in the financial year in which this is determined.

Management has carried out a review of the recoverable amount of the advance payments for purchase of coal, deferred expenditure, deferred stripping costs and property, plant and equipment based on the higher of fair value less costs to sell and value in use.

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

- Discount rate
- Forecasted coal prices

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

Impairment of advance payments for purchase of coal, deferred expenditure, deferred stripping costs and property, plant and equipment (cont'd)

The future cash flows are discounted to the value in use based on the discount rate of 11% (2014 : 8.25%) which reflects the current market assessment of the time value of money and the risks specific to the asset.

As at 31 December 2015, any reasonably possible change to the key assumptions applied above is not likely to cause the recoverable amounts of advance payments for purchase of coal, deferred expenditure, deferred stripping costs and property, plant and equipment to be below the respective carrying amounts.

The assessment has led to allowance for impairment of advance payment for purchase of coal, deferred expenditure and property, plant and equipment of US$1,617,436 (2014 : US$Nil), US$Nil (2014 : US$894,013) and US$930,354 (2014 : US$Nil) respectively for the year ended 31 December 2015. No impairment has been recognised for deferred stripping costs.

The carrying amounts of the Group's advance payments for purchase of coal, deferred expenditure, deferred stripping costs and property, plant and equipment are disclosed in Notes 9, 12, 13 and 14 to the financial statements respectively.

Retirement benefit obligations

The determination of defined post-employment benefits obligation is dependent on selection of certain assumptions used by actuary in calculating such amounts. Those assumptions include among others, discount rate and salary increase rate. Actual results that differ from the Group's assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. While it is believed that the Group's assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Group's retirement benefit obligations. The carrying amounts of retirement benefit obligations are disclosed in Note 21A.

Uncertain tax positions

The Group is subject to income taxes in Singapore and Indonesia. In determining the income tax liabilities, management is required to estimate the amount of capital allowances and deductibility of certain expense ("uncertain tax positions") at each jurisdiction. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management estimate is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying amounts of the Group's and the Company's current tax and deferred tax provision are disclosed in the statement of financial position with notes where relevant.

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

Impairment of investment in subsidiaries and amounts due from subsidiaries

Management has carried out a review of the recoverable amount of the investment in subsidiaries and the amounts due from subsidiaries, having regard to the existing performance of the relevant subsidiaries and the carrying value of the net tangible assets in these subsidiaries.

Management has estimated the recoverable amount based on the higher of value in use and fair value less cost to sell. The fair value less cost to sell is determined by reference to the estimated realisable values of the net tangible assets of the subsidiaries. The assessment has led to recognition of allowance for impairment of investment in subsidiaries of US$Nil (2014 : US$394,818) and amounts due from subsidiaries of US$Nil (2014 : US$411,399) during the year.

The carrying amounts of the investment in subsidiaries and amounts due from subsidiaries are disclosed in Notes 11 and 8 to the financial statements respectively.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	US$	US$	US$	US$
Financial assets				
Loans and receivables at amortised cost (including cash and bank balances)	42,151,515	47,273,893	67,226,345	85,601,603
Financial liabilities				
Amortised cost	108,366,367	97,854,051	91,401,080	84,178,612

(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 and 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 and 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 and Company's exposure to these financial risks or the manner in which it manages and measures the risk.

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

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

The Group and Company do not hold or issue derivative financial instrument for speculative purposes. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

The Group's foreign currency exposure arises from United States dollars, Indonesia rupiah and Singapore dollars. The Company's foreign currency exposure arises mainly from United States dollars. The Group and the Company do not hedge against foreign exchange exposure as the exposure is managed primarily by using natural hedges that arise from offsetting assets and liabilities that are denominated in the same foreign currencies.

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

	Liabilities		**Assets**	
	2015	**2014**	**2015**	**2014**
	US$	US$	US$	US$
Group				
United States dollars	38,148,055	47,430,056	77,399,781	90,603,841
Indonesia rupiah	3,220,837	354,605	8,207,192	5,147,203
Singapore dollars	7,188,148	6,789,565	48,459	66,478
Company				
United States dollars	11,813,000	8,267,000	58,049,580	66,089,218
Indonesia rupiah	–	–	141,356	156,752

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 and Company's profit.

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

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

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

If the relevant foreign currency weakens by 5% against the functional currency of each Group entity, the Group's and the Company's loss for the year will increase (decrease) by:

	2015 US$	**2014** US$
Group		
United States dollars	1,962,586	2,158,689
Indonesia rupiah	249,318	239,630
Singapore dollars	(356,984)	(336,154)
Company		
United States dollars	2,311,829	2,891,111
Indonesia rupiah	7,068	7,838

If the relevant foreign currency strengthens by 5%, there would be an equal and opposite impact on the Group and Company's profit or loss shown above, on the basis that all other variables remain constant.

(ii) Interest rate risk management

The Group and Company's exposure to interest rate risk are restricted to its interest bearing bank balances and deposits, bank borrowing, finance leases and notes payable as disclosed in Notes 7, 17, 19 and 20 to the financial statements respectively.

No interest rate sensitivity was performed since the Group and Company's exposure to interest rate on their variable rate borrowing is not significant.

(iii) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group and Company. The Group and Company have adopted a policy of only dealing with creditworthy counterparties.

The Group minimises credit risk via advance payments from customers, sales secured by letters of credit, strict credit terms and regular monitoring of customers' financial standing. However, the Group may accommodate requests for delays in payments on a case by case basis for customers who have an established collection track record with the Group.

As at 31 December 2015, 47% (2014 : 65%) of the Group's revenue are derived from customers in Indonesia which represent concentration risk within this geographical location. There is concentration of credit risk as 85% (2014 : 89%) of the Group's trade receivables at the end of the financial year relate to three customers (2014 : three customers).

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

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

(iii) Credit risk management (cont'd)

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of reporting period.

The Company has an amount due from a related company which accounted for 37% (2014 : 42%) of the Company's other receivables.

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

The carrying amount of financial assets represents the maximum credit risk exposure of the Group and Company.

Further details of credit risk on trade and other receivables are disclosed in Note 8 to the financial statements.

(iv) Liquidity risk management

Liquidity risk is the risk that the Group and Company will not be able to meet its financial obligations as they fall due. The Group and Company have been able to service all its debts obligations and fund their operations through internal funds, finance leases, bank borrowings and notes payable.

The Group and Company closely monitor the working capital requirements and minimises its liquidity risk by ensuring sufficient available funds and credit lines.

Liquidity risk analysis

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial liability on the statements of financial position.

NOTES TO FINANCIAL STATEMENTS / 31 DECEMBER 2015

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

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

(iv) Liquidity risk management (cont'd)

Liquidity risk analysis (cont'd)

	Weighted average interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustment	Total
	%	US$	US$	US$	US$
Group					
2015					
Non-interest bearing	–	27,458,536	–	–	27,458,536
Finance leases (fixed rate)	4.33 to 16.82	7,528,549	3,115,777	(1,236,628)	9,407,698
Notes payable (fixed rate)	8.65	4,961,602	78,128,767	(11,590,236)	71,500,133
Total		39,948,687	81,244,544	(12,826,864)	108,366,367
2014					
Non-interest bearing	–	10,153,996	–	–	10,153,996
Finance leases (fixed rate)	5.55 to 15.00	10,449,143	2,579,384	(812,346)	12,216,181
Notes payable (fixed rate)	8.65	5,301,825	89,031,239	(19,114,044)	75,219,020
Bank borrowing (variable rate)	4.98	272,060	–	(7,206)	264,854
Total		26,177,024	91,610,623	(19,933,596)	97,854,051
Company					
2015					
Non-interest bearing	–	19,826,695	–	–	19,826,695
Notes payable (fixed rate)	8.65	4,961,602	78,128,767	(11,590,236)	71,500,133
Finance lease (fixed rate)	4.33	17,329	64,956	(8,033)	74,252
Total		24,805,626	78,193,723	(11,598,269)	91,401,080
2014					
Non-interest bearing	–	8,694,738	–	–	8,694,738
Notes payable (fixed rate)	8.65	5,301,825	89,031,239	(19,114,044)	75,219,020
Bank borrowing (variable rate)	4.98	272,060	–	(7,206)	264,854
Total		14,268,623	89,031,239	(19,121,250)	84,178,612

Non-derivative financial assets

All the financial assets of the Group and the Company in 2015 and 2014 are repayable on demand or due within one year from the end of the reporting period, except for non-current deposits as disclosed in Note 9 to the financial statements respectively.

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

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

(v) Fair value of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and financial liabilities are disclosed in the respective notes to financial statements.

(d) *Capital risk 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 structure of the Group consists of debt, which includes the bank borrowing (Note 17), finance leases (Note 19) and notes payable (Note 20), and equity attributable to owners of the Company, which comprises issued capital, reserves and retained earnings.

The capital structure of the Company consists of debt, which includes the bank borrowing (Note 17), finance lease (Note 19) and notes payable (Note 20), and equity attributable to owners of the Company, which comprises issued capital and reserves net of accumulated losses.

Management regularly monitors compliance with the financial covenants imposed by financial institutions for the facilities granted to the Group and the Company. As at the end of the reporting period, the Group and the Company are in compliance with externally imposed financial covenants requirements.

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

	Group	
	2015	**2014**
	US$	US$
Total debt	80,907,831	87,700,055
Cash and bank balances	(12,415,628)	(13,339,167)
Net debt	68,492,203	74,360,888
Equity attributable to the owners of the Company	93,733,683	107,652,352
Net debt to equity ratio	73%	69%

The Group and 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 in this note. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

6 OTHER RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Details of significant transactions between the Group and related parties, other than those disclosed elsewhere in the financial statements and the accompanying notes, are as follows:

	Group	
	2015	2014
	US$	US$
Entities controlled by the common shareholders of the Company:		
Rental services - vehicle leasing	–	(5,145)
Other income - technical services	–	(80,000)

Compensation of directors and key management personnel

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

	Group	
	2015	2014
	US$	US$
Short-term benefits	1,568,621	2,077,976
Post-employment benefits	19,488	22,384
Total	1,588,109	2,100,360

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

7 CASH AND BANK BALANCES

	Group		Company	
	2015	2014	2015	2014
	US$	US$	US$	US$
Cash on hand	2,164	13,403	262	293
Cash at banks [(a)]	7,415,207	1,185,516	6,206,024	734,600
Deposits [(b)]	4,998,257	12,140,248	2,494,359	12,140,248
Total cash and bank balances	12,415,628	13,339,167	8,700,645	12,875,141
Less: Deposit pledged [(c), (d)]	(4,994,359)	(2,672,703)	(2,494,359)	(2,672,703)
Cash and cash equivalents in the consolidated statement of cash flows	7,421,269	10,666,464	6,206,286	10,202,438

(a) The cash at banks bore an average effective interest rate of 1.25% (2014 : 1.10%) per annum.

(b) The deposits bore effective interest rate ranging from 0.20% to 1.15% (2014 : 1.15% to 4.00%) per annum.

(c) As at 31 December 2015, the Group and Company pledged a deposit of US$2,494,359 (2014 : US$2,672,703), for purpose of securing the Group and Company's coupon payment obligations for the notes payable (Note 20).

(d) As at 31 December 2015, the Group pledged a deposit of US$2,500,000 (2014 : US$Nil) for purpose of securing the Group's land use right from a third party.

8 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	US$	US$	US$	US$
Current assets:				
Trade receivables from:				
- Third parties [a]	24,081,499	18,025,421	–	–
Less: Allowance for doubtful debt [d]	(1,681,379)	(29,610)	–	–
	22,400,120	17,995,811	–	–
Other receivables comprise of:				
- Subsidiaries (Note 5)	–	–	53,612,141	67,143,412
Less: Allowance for doubtful debt [d]	–	–	(368,983)	(395,365)
	–	–	53,243,158	66,748,047
- Third parties	2,187,667	1,723,984	–	–
Less: Allowance for doubtful debt [d]	(735,783)	–	–	–
	1,451,884	1,723,984	–	–
- Entities controlled by the common shareholders of the Company (Note 6)	–	80,000	–	80,000
- Goods and Services Tax ("GST") receivables	490,288	328,875	–	–
- Prepaid income tax	3,187,699	5,680,780	–	–
- Refundable deposits in relation to the conditional acquisition of mining concessions	2,000,000	2,000,000	2,000,000	2,000,000
- Refundable payment to secure the rights to use and purchase jetty facilities	3,141,356	3,156,752	3,141,356	3,156,752
- Interest receivables	38,404	630,399	37,487	630,399
Total	32,709,751	31,596,601	58,422,001	72,615,198
Non-current assets:				
Trade receivables from:				
- Third parties [a]	–	7,565,204	–	–

The credit period granted to customers is generally up to 60 days (2014 : 60 days). No interest is charged on the outstanding balances.

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

8 TRADE AND OTHER RECEIVABLES (cont'd)

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

	Group		Company	
	2015	2014	2015	2014
	US$	US$	US$	US$
Not past due and not impaired	519,133	20,133,232	–	–
Past due but not impaired [b]	21,145,204	5,398,173	–	–
	21,664,337	25,531,405	–	–
Impaired receivables - individually assessed [c]	2,417,162	59,220	–	–
Less: Allowance for doubtful debt [d]	(1,681,379)	(29,610)	–	–
	735,783	29,610	–	–
Total trade receivables, net	22,400,120	25,561,015	–	–

(a) Included in this balance is an amount of US$Nil (2014 : US$16,648,990) which is under instalment plans. Movement in trade receivables under instalment plans are as follows:

	Group		Company	
	2015	2014	2015	2014
	US$	US$	US$	US$
Amount placed under instalment plans	16,648,990	16,886,495	–	–
Less: Loss recognised on financial asset carried at amortised cost charged to profit or loss (Note 27)	–	(248,606)	–	–
Add: Interest income on financial asset carried at amortised cost credited to profit or loss (Note 26)	201,278	–	–	–
Less: Payment received	(951,333)	–	–	–
Exchange differences	238,356	11,101	–	–
Less: Rescission of instalment plans [*]	(16,137,291)	–	–	–
	–	16,648,990	–	–
Less: Non-current portion	–	(7,565,204)	–	–
Current portion	–	9,083,786	–	–

(*) The instalment plans with certain debtors were rescinded during the year. Subsequent to year end, the Group has signed conditional sale and purchase agreements with these debtors where the Group may, upon fulfilment of certain conditions by the debtors, acquire coal mining concessions from the debtors' related corporations in exchange for the settlement of debts (Notes 36A and 36B).

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

	Group		Company	
	2015	2014	2015	2014
	US$	US$	US$	US$
< 3 months	1,291,487	3,133,848	–	–
3 months to 6 months	2,805,242	1,571,265	–	–
> 6 months to 12 months	806,780	–	–	–
> 12 months	16,241,695	693,060	–	–
	21,145,204	5,398,173	–	–

8 TRADE AND OTHER RECEIVABLES (cont'd)

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

Included in the Group's trade receivables are debtors with a carrying amount of US$21,145,204 (2014 : US$5,398,173) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

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

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	US$	US$	US$	US$
At beginning of year	29,610	–	395,365	–
Allowance for doubtful debt charged to profit or loss (Note 27)	2,408,576	30,994	–	411,399
Exchange differences	(21,024)	(1,384)	(26,382)	(16,034)
At end of year	2,417,162	29,610	368,983	395,365

The Group's trade receivables that are determined to be impaired at the end of the reporting period relate to debtors that have defaulted on payments.

These trade and other receivables are not secured by any collateral or credit enhancements.

9 DEPOSITS AND PREPAYMENTS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	US$	US$	US$	US$
Current assets:				
Prepayments	2,481,099	2,714,277	23,509	78,398
Advance payments for purchase of coal [a] [d]	17,603,255	27,462,406	–	–
Less: Impairment loss on advance payment for purchase of coal charged to profit or loss (Note 27)	(1,617,436)	–	–	–
Exchange differences	39,561	–	–	–
	16,025,380	27,462,406	–	–
Total	18,506,479	30,176,683	23,509	78,398
Non-current assets:				
Deposits [b]	704,123	782,576	103,699	111,264
Prepayment [c]	5,000,000	–	–	–
Advance payments for purchase of property, plant and equipment	–	1,590,783	–	–
Total	5,704,123	2,373,359	103,699	111,264

9 DEPOSITS AND PREPAYMENTS (cont'd)

(a) During the year, the Group assigned its rights to certain advance payments for purchase of coal amounting to US$8,089,041 (2014 : US$Nil) to satisfy the purchase consideration for the acquisition of property, plant and equipment.

(b) Included in this balance is deposits of US$574,893 (2014 : US$627,414) for the Group, made to the relevant government authorities to ensure fulfilment of compliance in respect of reclamation and rehabilitation obligations (Note 21B).

(c) This represents payment made by the Group in the current year to a third party for prepayment of land use right.

(d) Subsequent to year end, the Group has signed conditional sale and purchase agreements with certain debtors where the Group may, upon fulfilment of certain conditions by the debtors, acquire coal mining concessions from the debtors' related corporations in exchange for the settlement of debts, amounting to US$14,014,639 (Notes 36A and 36B).

10 INVENTORIES

	Group	
	2015	**2014**
	US$	US$
Coal, at cost	4,590,362	3,591,499
Consumables, at cost	826,686	1,177,476
Total	5,417,048	4,768,975

11 INVESTMENT IN SUBSIDIARIES

	Company	
	2015	**2014**
	US$	US$
Unquoted equity shares, at cost	82,833,551	57,833,551
Less: Allowance for impairment	(394,818)	(394,818)
	82,438,733	57,438,733
Deemed investment [(a)]	15,115,384	15,115,384
	97,554,117	72,554,117

(a) The amount is stated at cost as it is deemed to be part of the Company's equity investment in the subsidiary.

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11 INVESTMENT IN SUBSIDIARIES (cont'd)

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 2015 %	2014 %
Geo Coal International Pte. Ltd. [a]	Coal trading/Singapore	100	100
PT Geo Energy Coalindo [b] [c]	Investment holding/Indonesia	99.00	99.00
Borneo International Resources Pte. Ltd. [a] [d] [f]	Investment holding/Singapore	100	66.00
Held by PT Geo Energy Coalindo			
PT Mitra Riau Pratama [b] [c]	Rental of equipment/Indonesia	98.99	98.99
PT Mitra Nasional Pratama [b] [c]	Mining/Indonesia	98.01	98.01
PT Sumber Bara Jaya [b] [c]	Mining/Indonesia	98.90	98.90
PT Geo Mineral Trading [b] [c]	Coal trading/Indonesia	98.90	98.90
Held by PT Sumber Bara Jaya			
PT Bumi Enggang Khatulistiwa [b] [c]	Mining/Indonesia	98.88	98.88
Held by Borneo International Resources Pte. Ltd.			
PT Era Tiga Putra [c] [d] [e]	Investment holding/Indonesia	99.00	65.34
Held by PT Era Tiga Putra			
PT Karunia Mitra Berkat [c] [d] [e]	Investment holding/Indonesia	98.97	65.08
Held by PT Karunia Mitra Berkat			
PT Sungai Danau Jaya [b] [c] [d] [f]	Mining/Indonesia	98.96	65.07

Notes

(a) Audited by Deloitte & Touche LLP, Singapore.

(b) Audited by Osman Bing Satrio and Eny, Indonesia (a member firm of Deloitte & Touche Tohmatsu).

(c) Under the Indonesian Company Law, a limited liability company incorporated in Indonesia is required to have a minimum of two shareholders. As a result, certain subsidiaries are held by a non-controlling interest party.

(d) During the year ended 31 December 2015, the Group acquired additional interests in the subsidiary from its non-controlling shareholder (Note 35).

(e) Not audited as deemed not material to the Group.

(f) The Group has pledged the shares of the subsidiaries to secure the advances received from a customer (Note 18).

There were no significant restrictions on the Company or its subsidiaries' ability to access or use the assets and settle the liabilities of the Group.

There are no subsidiaries that have non-controlling interests that are material to the Group.

12 DEFERRED EXPENDITURE

	Group	
	2015	**2014**
	US$	US$
Cost:		
At beginning of year	1,389,276	1,417,884
Exchange differences	(136,461)	(28,608)
At end of year	1,252,815	1,389,276
Accumulated amortisation:		
At beginning of year	535,185	546,206
Exchange differences	(52,569)	(11,021)
At end of year	482,616	535,185
Allowance for impairment:		
At beginning of year	854,091	–
Impairment loss charged to profit or loss (Note 27)	–	894,013
Exchange differences	(83,892)	(39,922)
At end of year	770,199	854,091
Carrying amount:		
At end of year	–	–
At beginning of year	–	871,678

In 2014, the Group made an impairment loss of US$894,013 after considering the feasibility of performing the mining services and likelihood of recovery of these deferred expenditure incurred in connection with the mining services contracts. The impairment loss was recognised in profit or loss and included in the line item other expenses (Note 27).

13 DEFERRED STRIPPING COSTS

	Group	
	2015	**2014**
	US$	US$
Cost:		
At beginning of year	–	–
Addition	1,446,472	–
At end of year	1,446,472	–

14 PROPERTY, PLANT AND EQUIPMENT

	Leasehold property	Temporary housing facility	Jetty	Heavy equipment
	US$	US$	US$	US$
Group				
Cost:				
At 1 January 2014	–	391,851	849,781	48,333,044
Additions [(a)]	–	19,157	–	154,720
Disposals	–	(93,056)	–	(6,338,890)
Reclassification	–	31,167	–	–
Exchange differences	–	(5,998)	(17,146)	(699,058)
At 31 December 2014	–	343,121	832,635	41,449,816
Additions [(b)] [(c)]	1,299,115	–	–	–
Disposals	–	–	–	(7,047,163)
Exchange differences	(30,229)	(9,269)	–	(3,898,997)
At 31 December 2015	1,268,886	333,852	832,635	30,503,656
Accumulated depreciation:				
At 1 January 2014	–	49,793	88,519	8,922,116
Depreciation	–	112,827	217,889	4,818,873
Disposals	–	(31,872)	–	(2,593,306)
Exchange differences	–	(4,620)	(11,516)	(279,401)
At 31 December 2014	–	126,128	294,892	10,868,282
Depreciation	21,337	82,507	208,159	3,582,445
Disposals	–	–	–	(2,386,300)
Exchange differences	(445)	(3,787)	–	(1,121,641)
At 31 December 2015	20,892	204,848	503,051	10,942,786
Impairment loss recognised in the year ended 31 December 2015 and balance at 31 December 2015	–	–	–	930,354
Carrying amount:				
At 31 December 2015	1,247,994	129,004	329,584	18,630,516
At 31 December 2014	–	216,993	537,743	30,581,534

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	Machineries US$	Motor vehicles US$	Equipment and furniture US$	Computer and software US$	Mining property US$	Construction-in-progress US$	Total US$
	2,289,134	3,082,273	663,836	595,246	30,972,037	47,090	87,224,292
	66,799	1,094	41,357	12,066	56,861,164	118,225	57,274,582
	(49,884)	(25,775)	(26,421)	(74,189)	–	(19,750)	(6,627,965)
	–	–	–	115,605	–	(146,772)	–
	(46,943)	(61,088)	(22,095)	(14,951)	(625,050)	1,207	(1,491,122)
	2,259,106	2,996,504	656,677	633,777	87,208,151	–	136,379,787
	–	159,429	184,533	40,202	28,486,485	–	30,169,764
	(330,067)	(1,072,123)	(30,396)	(18,157)	–	–	(8,497,906)
	(76,476)	(257,774)	(50,685)	(40,241)	–	–	(4,363,671)
	1,852,563	1,826,036	760,129	615,581	115,694,636	–	153,687,974
	1,266,769	1,870,420	247,855	224,009	5,242,910	–	17,912,391
	446,169	442,316	155,041	137,757	252,868	–	6,583,740
	(40,137)	(20,604)	(6,556)	(18,529)	–	–	(2,711,004)
	(43,691)	(56,570)	(12,450)	(10,122)	(117,076)	–	(535,446)
	1,629,110	2,235,562	383,890	333,115	5,378,702	–	21,249,681
	274,370	102,285	149,198	118,780	90,015	–	4,629,096
	(292,204)	(841,746)	(29,813)	(17,000)	–	–	(3,567,063)
	(56,943)	(190,149)	(31,219)	(19,854)	–	–	(1,424,038)
	1,554,333	1,305,952	472,056	415,041	5,468,717	–	20,887,676
	–	–	–	–	–	–	930,354
	298,230	520,084	288,073	200,540	110,225,919	–	131,869,944
	629,996	760,942	272,787	300,662	81,829,449	–	115,130,106

14 PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) In 2014, the additions to mining property of US$56,861,164 pertained to acquisition of a new mining concession through the acquisition of Borneo International Resources Pte. Ltd. (Note 35).

(b) Included in this balance is the addition to mining property of US$25,000,000 pertaining to acquisition of additional interests in Borneo International Resources Pte. Ltd. from non-controlling shareholder (Note 35).

(c) The Group's leasehold property is located at The Suites Tower, 17th Floor Jl. Boulevard Pantai Indah Kapuk No. 1 Kav OFS, Jakarta, Indonesia, for the use as office space for the Indonesian subsidiaries and the unexpired lease term of the leasehold property is 17 years.

Management has carried out a review of the recoverable amount of the property, plant and equipment based on the higher of fair value less costs to sell and value in use. The assessment has led to an allowance of impairment of certain heavy equipment of US$930,354 (2014 : US$Nil) during the year based on their fair value less costs to sell. The fair value less costs to sell is based on recent market prices of assets with similar age and obsolescence. The impairment loss has been recognised in profit or loss and included in the line item other expenses (Note 27).

	Motor vehicle	Equipment and furniture	Computer and software	Total
	US$	US$	US$	US$
Company				
Cost:				
At 1 January 2014	–	383,499	26,388	409,887
Exchange differences	–	(15,773)	(1,084)	(16,857)
At 31 December 2014	–	367,726	25,304	393,030
Additions	159,429	602	2,406	162,437
Exchange differences	(3,919)	(24,553)	(1,751)	(30,223)
At 31 December 2015	155,510	343,775	25,959	525,244
Accumulated depreciation:				
At 1 January 2014	–	64,977	15,050	80,027
Depreciation	–	95,587	6,547	102,134
Exchange differences	–	(6,398)	(874)	(7,272)
At 31 December 2014	–	154,166	20,723	174,889
Depreciation	5,320	119,749	3,237	128,306
Exchange differences	(136)	(13,348)	(1,466)	(14,950)
At 31 December 2015	5,184	260,567	22,494	288,245
Carrying amount:				
At 31 December 2015	150,326	83,208	3,465	236,999
At 31 December 2014	–	213,560	4,581	218,141

The carrying amount of the Group's heavy equipment and motor vehicles includes assets acquired under finance leases amounting to US$16,758,270 (2014 : US$21,863,630) (Note 19).

The carrying amount of the Company's motor vehicles includes assets acquired under finance leases amounting to US$150,326 (2014 : US$Nil) (Note 19).

14 PROPERTY, PLANT AND EQUIPMENT (cont'd)

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

	Group	
	2015	2014
	US$	US$
Charged to profit or loss (Note 30)	4,539,081	6,583,740
Capitalised as inventory	90,015	–
	4,629,096	6,583,740

15 INVESTMENT PROPERTIES

	Group		Company	
	2015	2014	2015	2014
	US$	US$	US$	US$
At fair value				
At beginning of year	3,484,058	3,475,513	3,484,058	3,475,513
Additions	326,637	–	–	–
Change in fair value (Notes 26 and 27)	(244,644)	157,624	(435,243)	157,624
Exchange differences	(229,716)	(149,079)	(221,360)	(149,079)
At end of year	3,336,335	3,484,058	2,827,455	3,484,058

These include the following related to investment properties classified under Level 3 of the fair value hierarchy:

	Group		Company	
	2015	2014	2015	2014
	US$	US$	US$	US$
(Loss) gain from fair value adjustments included in profit or loss	(244,644)	157,624	(435,243)	157,624

The Group and Company's investment properties are held under leasehold interests.

Fair value measurement of the Group's investment properties

As at the end of the reporting period, the fair value of the Group's investment properties have been determined on the basis of valuation carried out by independent valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The valuation was arrived using direct market comparison method (2014 : direct market comparison method).

During the year, in evaluating the fair value of investment properties, the highest and best use of the property is their current use. There has been no change to the valuation technique during the year. Management has also considered the fair value of investment properties based on latest available information on the arms-length transactional price for the relevant properties.

15 INVESTMENT PROPERTIES (cont'd)

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 10 Anson Road, #20-16, International Plaza, Singapore 079903				
31 December 2015	–	–	2,827,455	2,827,455
31 December 2014	–	–	3,484,058	3,484,058
Investment property located at The Suites Tower, 17th Floor Jl. Boulevard Pantai Indah Kapuk No. 1 Kav OFS, Jakarta 14470				
31 December 2015	–	–	508,880	508,880
31 December 2014	–	–	–	–

	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity
International Plaza Gross floor: 219 sq.m	Direct market comparison method. The key input is the adjusted market price.	Adjusted market price: Approximate US$12,911 per sq.m	There is no indication that any slight change in the adjusted market price would result in significant higher or lower fair value measurement.
The Suites Gross floor: 270 sq.m	Direct market comparison method. The key input is the adjusted market price.	Adjusted market price: Approximate US$1,885 per sq.m	There is no indication that any slight change in the adjusted market price would result in significant higher or lower fair value measurement.

The property rental income from the investment property located at International Plaza, which is leased out under operating lease, amounted to US$124,650 (2014 : US$135,427). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment property amounted to US$28,500 (2014 : US$30,593). As at 31 December 2014, the investment property at International Plaza was pledged to secure banking facilities as disclosed in Note 17 to the financial statements.

16 OTHER NON-CURRENT ASSET

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

17 BANK BORROWING

	Group and Company	
	2015	2014
	US$	US$
Bank loan	–	264,854
Less: Amount due for settlement within 12 months (shown under current liabilities)	–	(264,854)
Amount due for settlement after 12 months	–	–

In 2014, the bank loan bore an interest rate of 4.98% per annum.

The bank loan was repayable in 60 monthly instalments commencing December 2010 and has been fully repaid in December 2015.

In 2014, the Group's bank facilities were secured by:

(i) legal mortgage over the Company's investment property (Note 15);

(ii) a pledge over cash balance in the escrow account;

(iii) undertaking to secure payment obligation from a subsidiary and a key management personnel; and

(iv) a corporate guarantee by the Company for all the monies owing.

As at 31 December 2015, the Group had available US$Nil (2014 : US$15,000,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

18 TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	US$	US$	US$	US$
Trade payables due to:				
- Third parties	2,654,120	1,646,721	–	–
Other payables comprise of:				
- Third parties	145,277	23,946	110,115	14,884
- Subsidiaries (Note 5)	–	–	11,232,489	967,000
- Value-Added Tax ("VAT") payables	1,027,048	290,496	32,057	10,964
- Withholding tax payables	14,459	80,765	4,745	–
- Advances from customers [(a)]	8,888,705	495,832	–	–
- Deposits received [(b)]	15,030,366	32,537	40,134	43,004
- Accrued purchase consideration for acquisition of asset (Note 35)	7,982,388	7,300,000	7,982,388	7,300,000
- Accrued interest on notes payable (Note 20)	2,250,344	2,411,241	2,250,344	2,411,241
- Accrued expenses	1,646,385	1,150,792	461,569	369,850
Total	39,639,092	13,432,330	22,113,841	11,116,943

18 TRADE AND OTHER PAYABLES (cont'd)

The credit period on purchases is up to 30 days (2014 : 30 days). No interest is charged on the outstanding balances.

(a) Included in this balance is advance payment of US$7,650,000 (2014 : US$Nil), received by the Group pursuant to coal sales contract with a third party. As at the end of the reporting period, the balance was secured by:

(i) a pledge over share capital of subsidiaries (Note 11);

(ii) a corporate guarantee by the Company; and

(iii) a personal guarantee by a director of the Company.

(b) Included in this balance is refundable deposit received of US$15,000,000 (2014 : US$Nil) by the Group, as a performance guarantee provided by a third party for the provision of overburden removal and coal hauling services.

19 FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2015	**2014**	**2015**	**2014**
	US$	US$	US$	US$
Group				
Amounts payable under finance leases:				
Within one year	7,528,549	10,449,143	6,559,195	9,704,519
In the second to fifth year inclusive	3,115,777	2,579,384	2,848,503	2,511,662
Total	10,644,326	13,028,527	9,407,698	12,216,181
Less: Future finance charges	(1,236,628)	(812,346)	NA	NA
Present value of lease obligations	9,407,698	12,216,181	9,407,698	12,216,181
Less: Amount due for settlement within 12 months (shown under current liabilities)			(6,559,195)	(9,704,519)
Amount due for settlement after 12 months			2,848,503	2,511,662
Company				
Amounts payable under finance leases:				
Within one year	17,329	–	14,396	–
In the second to fifth year inclusive	64,956	–	59,856	–
Total	82,285	–	74,252	–
Less: Future finance charges	(8,033)	–	NA	NA
Present value of lease obligations	74,252	–	74,252	–
Less: Amount due for settlement within 12 months (shown under current liabilities)			(14,396)	–
Amount due for settlement after 12 months			59,856	–

The Group leased certain of its heavy equipment and motor vehicles under finance leases. The finance lease term is up to 60 months (2014 : 36 months) with an effective interest rates ranging from 4.33% to 16.82% (2014 : 5.55% to 15.00%) per annum. Interest rates for 75% (2014 : 62%) of the finance leases are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All finance leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

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19 FINANCE LEASES (cont'd)

The Company leased its motor vehicle under finance lease. The finance lease term is up to 60 months (2014 : Nil month) with an effective interest rates of 4.33% (2014 : Nil%) 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.

During the year, the Group entered into a sale and leaseback arrangement with third parties to dispose heavy equipment with carrying amount of US$3,562,241 for consideration of US$3,648,203. The gain on disposal US$85,962 is deferred and is presented as other non-current liabilities in the statement of financial position.

The fair values of the Group's lease obligations approximate their carrying amounts.

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

20 NOTES PAYABLE

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

The notes payable is unsecured and listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company has pledged a deposit of US$2,494,359 (2014 : US$2,672,703) for the purpose of securing the Company's coupon payment obligations during the term of the notes payable (Note 7).

The notes payable was recorded at amortised cost net of transaction costs of US$3,915,749 in 2014. Such expenses were amortised over the life of the notes payable by charging the expenses to profit or loss and increasing the net carrying amount of the notes payable with the corresponding amounts.

	Group and Company	
	2015	**2014**
	US$	US$
Nominal value of notes payable issued	80,593,166	80,593,166
Transaction costs [(a)]	(3,915,749)	(3,915,749)
At date of issue	76,677,417	76,677,417
Cumulative interest accrued	9,698,984	3,286,725
Cumulative interest paid	(5,077,830)	–
Exchange differences	(9,798,438)	(4,745,122)
Total	71,500,133	75,219,020
Interest payable within one year included in other payables (Note 18)	(2,250,344)	(2,411,241)
Liability (non-current) at end of year	69,249,789	72,807,779

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

Management has estimated the fair value of the notes payable at 31 December 2015 to be approximately US$56,549,092 (2014 : US$71,953,344) based on price obtained from bank's publication as at 31 December 2015. The fair value measurement is classified under Level 2 of the fair value hierarchy.

There are no transfers between Level 1 and Level 2 of the fair value hierarchy during the year.

21 PROVISIONS

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

	Group		Company	
	2015	2014	2015	2014
	US$	US$	US$	US$
Retirement benefit obligations (Note A)	538,894	943,344	–	–
Provision for rehabilitation (Note B)	363,356	321,893	–	–
Provision for reinstatement costs (Note C)	88,225	90,032	88,225	90,032
	990,475	1,355,269	88,225	90,032

(A) RETIREMENT BENEFIT OBLIGATIONS

	Group	
	2015	2014
	US$	US$
Present value of unfunded obligations	538,894	943,344
Changes in the present value of the defined obligations:		
Opening defined benefit obligations	943,344	902,340
Employee benefits expense (Note 30)	(69,860)	38,116
Remeasurement, (credited) charged to other comprehensive income:		
- Actuarial (gains) losses from changes in financial assumptions	(52,785)	59,404
- Actuarial (gains) losses from experience adjustment	(151,824)	2,328
Benefits paid	(50,945)	(38,218)
Exchange differences	(79,036)	(20,626)
Closing defined benefit obligations	538,894	943,344
Employee benefits expense comprised of:		
Current service cost	439,896	683,808
Past service cost	(578,983)	(720,803)
Interest cost	69,227	75,111
Total	(69,860)	38,116

The Group's subsidiaries recognised defined post-employment benefits in accordance with the Republic of Indonesia Labor Law No. 13 year 2003. No funding has been made to the defined benefit scheme.

The actuarial valuation of present value of the defined benefit obligation was carried out at 31 December 2015 and 2014 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.

21 PROVISIONS (cont'd)

(A) RETIREMENT BENEFIT OBLIGATIONS (cont'd)

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	Valuation at	
	2015	**2014**
Discount rate per annum	9.00%	8.25%
Expected rate of salary increases per annum	10%	10%
Mortality rate *	100% TMI 3	100% TMI 3
Disability rate	5% TMI 3	5% TMI 3
Resignation rate	5% per annum until age 35 then decrease linearly to 0% at age 55 years	5% per annum until age 35 then decrease linearly to 0% at age 55 years
Normal retirement age	55 years	55 years

* Standard Ordinary Mortality table in Indonesia ("TMI")

Sensitivity analysis was not performed on each of the significant actuarial assumption, in view that the changes in the actuarial assumptions are not expected to be material.

(B) PROVISION FOR REHABILITATION

	Group	
	2015	**2014**
	US$	US$
At beginning of the year	321,893	282,619
Interest accretion charged to profit or loss (Note 28)	41,463	42,915
Exchange differences	–	(3,641)
At the end of the year	363,356	321,893

This represents net present value of the costs expected to be incurred for rehabilitation of mining property. Management uses a discount rate of 15% (2014 : 15%).

As at 31 December 2015, deposits of US$574,893 (2014 : US$627,414) are made to the relevant government authorities to ensure fulfilment of compliance in respect of reclamation and rehabilitation obligations (Note 9).

(C) PROVISION FOR REINSTATEMENT COSTS

	Group and Company	
	2015	**2014**
	US$	US$
At beginning of the year	90,032	89,422
Interest accretion charged to profit or loss (Note 28)	4,311	4,461
Exchange differences	(6,118)	(3,851)
At the end of the year	88,225	90,032

21 PROVISIONS (cont'd)

(C) PROVISION FOR REINSTATEMENT COSTS (cont'd)

This represents net present value of the costs expected to be incurred for reinstating the leased office premises. Management uses a discount rate of 5% (2014 : 5%).

22 DEFERRED TAX

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

	Retirement benefit	Tax losses	Accelerated tax depreciation	Total
	US$	US$	US$	US$
Group				
At 1 January 2014	(227,538)	(929,757)	3,414,225	2,256,930
Charged (Credited) to profit or loss (Note 29A)	349	(2,776,901)	919,598	(1,856,954)
Credited to other comprehensive income (Note 29B)	(15,433)	–	–	(15,433)
Exchange differences	5,264	115,530	(110,601)	10,193
At 31 December 2014	(237,358)	(3,591,128)	4,223,222	394,736
Charged (Credited) to profit or loss (Note 29A)	19,758	(1,773,157)	(308,911)	(2,062,310)
Credited to other comprehensive income (Note 29B)	50,277	–	–	50,277
Exchange differences	21,639	157,777	(403,794)	(224,378)
At 31 December 2015	(145,684)	(5,206,508)	3,510,517	(1,841,675)

	Accelerated tax depreciation	Tax losses	Total
	US$	US$	US$
Company			
At 1 January 2014	48,078	–	48,078
Charged to profit or loss	63,165	–	63,165
Exchange differences	(4,439)	–	(4,439)
At 31 December 2014	106,804	–	106,804
Credited to profit or loss	(97,205)	(185,463)	(282,668)
Exchange differences	(4,642)	4,738	96
At 31 December 2015	4,957	(180,725)	(175,768)

NOTES TO FINANCIAL STATEMENTS / 31 DECEMBER 2015

22 DEFERRED TAX (cont'd)

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset) for statement of financial position purposes:

	Group		Company	
	2015	2014	2015	2014
	US$	US$	US$	US$
Deferred tax liabilities	1,780,023	3,393,411	–	106,804
Deferred tax assets	(3,621,698)	(2,998,675)	(175,768)	–
	(1,841,675)	394,736	(175,768)	106,804

At the end of the financial year, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is US$18,294,000 (2014 : US$33,382,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

23 SHARE CAPITAL

	Group and Company			
	2015	2014	2015	2014
	Number of ordinary shares		US$	US$
At beginning of year	1,157,050,891	1,157,050,891	82,518,674	82,518,674
Issuance of shares for cash [(a)]	28,000,000	–	3,652,168	–
At end of year	1,185,050,891	1,157,050,891	86,170,842	82,518,674

(a) On 18 June 2015, the Company issued 28,000,000 new ordinary shares pursuant to the placement agreement dated 21 April 2015 for a net cash consideration of US$3,652,168.

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

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

24 REVALUATION RESERVE

The property revaluation reserve arises on the revaluation of leasehold property prior to its reclassification to investment property in 2013. Where revalued leasehold property is sold, the portion of property revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to the retained earnings. The revaluation reserve is not available for distribution to the Company's shareholders.

25 REVENUE

	Group 2015 US$	Group 2014 US$
Sale of coal:		
- Coal extracted from mining activities	–	3,342,710
- Coal trading	12,406,732	26,326,166
Mining services	6,356,943	22,977,048
Rental services	3,572,753	461,077
Total	22,336,428	53,107,001

26 OTHER INCOME

	Group 2015 US$	Group 2014 US$
Foreign exchange gain - net	2,575,546	2,361,350
Interest income [(a)]	608,126	642,056
Rental income - investment property	124,650	135,427
Fair value gain on investment property (Note 15)	–	157,624
Others	208,772	84,450
Total	3,517,094	3,380,907

(a) This includes interest income on financial assets carried at amortised cost of US$201,278 (2014 : US$Nil).

27 OTHER EXPENSES

	Group 2015 US$	Group 2014 US$
Loss on disposal of property, plant and equipment - net	1,870,526	1,987,855
Allowance for doubtful debt (Note 8)	2,408,576	30,994
Impairment loss on sale and leaseback of property, plant and equipment	930,354	–
Impairment loss on advance payment for purchase of coal (Note 9)	1,617,436	–
Loss on financial asset carried at amortised cost (Note 8)	–	248,606
Impairment loss on deferred expenditure (Note 12)	–	894,013
Fair value loss on investment properties (Note 15)	244,644	–
Others	180,212	79,312
Total	7,251,748	3,240,780

28 FINANCE COSTS

	Group	
	2015	**2014**
	US$	US$
Interest expense on:		
- Notes payable	6,412,259	3,286,725
- Finance leases	1,469,170	1,783,445
- Bank borrowings	7,738	125,523
Imputed interest on:		
- Provisions (Notes 21B and 21C)	45,774	47,376
Total	7,934,941	5,243,069

29 INCOME TAX CREDIT

A) Income tax recognised in profit or loss

	Group	
	2015	**2014**
	US$	US$
Income tax:		
- Current tax	60,039	24,732
- Under (Over) provision in prior years	357,388	(1,318,737)
Deferred tax (Note 22)		
- Current	(3,571,451)	(2,536,726)
- Under provision in prior years	1,509,141	679,772
Income tax credit	(1,644,883)	(3,150,959)

Domestic income tax for Singapore incorporated companies is calculated at 17% (2014 : 17%) of the estimated assessable loss for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Majority of the Company's subsidiaries operate in Indonesia and hence, they are subject to Indonesian tax law. In accordance to the Indonesian tax law No. 36/2008, the fourth amendment of tax law No. 7/1983 on income taxes, the corporate tax rate is set at 25% (2014 : 25%).

29 INCOME TAX CREDIT (cont'd)

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

The total credit for the financial year can be reconciled to the accounting loss as follows:

	Group	
	2015	2014
	US$	US$
Loss before income tax	(18,232,065)	(15,931,281)
Tax at statutory rate of 25% (2014 : 25%) *	(4,558,016)	(3,982,820)
Tax effect of expenses that are not deductible in determining taxable profit	718,488	214,150
Tax effect of income that are not taxable in determining taxable profit	(136,995)	(284,107)
Tax exemption	–	(13,798)
Tax effect of unrecognised tax losses	284,143	1,590,771
Effect of different tax rates of companies operating in other jurisdictions	180,968	(36,190)
Adjustments recognised in the current year in relation to current and deferred tax of prior years	1,866,529	(638,965)
Income tax credit	(1,644,883)	(3,150,959)

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

At the end of the financial year, no deferred tax has been recognised by the Group in respect of US$7,215,572 (2014 : US$6,079,000) of unutilised tax losses due to unpredictability of future profit streams, of which the amount will expire within five years of initial recognition.

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

	Group	
	2015	2014
	US$	US$
Deferred tax:		
- Remeasurement of defined benefit obligations (Note 22)	50,277	(15,433)
Total deferred tax on components of other comprehensive income	50,277	(15,433)

30 LOSS FOR THE YEAR

This has been arrived at after charging (crediting):

	Group	
	2015	**2014**
	US$	US$
Directors' remuneration	1,021,320	1,142,055
Employee benefits expense (including directors' remuneration)	5,148,942	9,370,291
Costs of defined contribution plans (included in employee benefits expense)	176,726	285,651
Costs of defined benefit plans (included in employee benefits expense) (Note 21A)	(69,860)	38,116
Cost of inventories recognised as expense	11,662,037	29,733,646
Depreciation of property, plant and equipment (Note 14)	4,539,081	6,583,740
Audit fees paid/payable to:		
- Auditors of the Company	139,278	149,350
- Other auditors	113,888	127,282
Non-audit fees paid/payable to:		
- Auditors of the Company	27,496	70,222

31 LOSS PER SHARE

Basic and diluted earnings per share for the financial year ended 31 December 2015 is calculated based on the loss for the year attributable to owners of the Company of US$16,306,250 (2014 : US$12,578,189) divided by the weighted average number of shares issued of 1,172,163,220 (2014 : 1,157,050,881).

32 SEGMENT INFORMATION

For the purpose of resource allocation and assessment of segment performance, the Group's chief operating decision makers have focused on the business operating units which in turn, are segregated based on their services. This forms the basis of identifying the segments of the Group under FRS 108.

Operating segments are aggregated into a single reportable operating segment if they have similar economic characteristic, such as long-term average gross margins, and are similar in respect of nature of services and process, type of customers, method of distribution, and if applicable, the nature of the regulatory environment.

The Group's reportable segments under FRS 108 are therefore as follows:

<u>Segment</u>		<u>Principal activities</u>
Coal production	-	Sale of coal extracted from operating the Group's coal mines.
Coal trading	-	Purchase of coal from third parties with the intention to sell in the near future.
Mining services and others	-	Mining contracting and equipment rental services.

Segment revenue represents revenue generated from external and internal customers. Segment results represent the profit earned from each segment after allocating costs directly attributable to a segment as well as those that can be allocated on a reasonable basis. This is the measure reported to the chief operating maker for the purpose of resource allocation and assessment of segment performance.

32 SEGMENT INFORMATION (cont'd)

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.

	Coal production	Coal trading	Mining service and others	Eliminations	Unallocated	Total
	US$	US$	US$	US$	US$	US$
31 December 2015						
Revenue						
External revenue	–	12,406,732	9,929,696	–	–	22,336,428
Inter-segment revenue	–	–	9,511	(9,511)	–	–
Total revenue	–	12,406,732	9,939,207	(9,511)	–	22,336,428
Segment results	–	744,521	(346,853)	–	–	397,668
Allocated amounts:						
Other income	–	–	201,278	–	–	201,278
Other expenses	(26,702)	(2,522,937)	(4,306,882)	–	–	(6,856,521)
Unallocated amounts:						
Other income						3,315,816
General and administrative expenses						(6,960,138)
Other expenses						(395,227)
Finance costs						(7,934,941)
Loss before income tax						(18,232,065)
Income tax credit						1,644,883
Loss for the year						(16,587,182)
Other segmental information						
Depreciation of property, plant and equipment	–	–	3,721,799	–	817,282	4,539,081
Net loss on disposal of property, plant and equipment	–	–	1,900,155	–	(29,629)	1,870,526
Allowance for doubtful debt	26,702	905,501	1,476,373	–	–	2,408,576
Impairment loss on sale and leaseback	–	–	930,354	–	–	930,354
Impairment loss on advance payment for purchase of coal	–	1,617,436	–	–	–	1,617,436
Interest income on financial asset carried at amortised cost	–	–	(201,278)	–	–	(201,278)
Fair value loss on investment properties	–	–	–	–	244,644	244,644

32 SEGMENT INFORMATION (cont'd)

	Coal production US$	Coal trading US$	Mining service and others US$	Eliminations US$	Unallocated US$	Total US$
31 December 2014						
Revenue						
External revenue	3,342,710	26,326,166	23,438,125	–	–	53,107,001
Inter-segment revenue	–	–	956,320	(956,320)	–	–
Total revenue	3,342,710	26,326,166	24,394,445	(956,320)	–	53,107,001
Segment results	(4,643,801)	(227,274)	2,447,643	–	–	(2,423,432)
Allocated amounts:						
Other expenses	(30,994)	–	(1,142,619)	–	–	(1,173,613)
Unallocated amounts:						
Other income						3,380,907
General and administrative expenses						(8,404,907)
Other expenses						(2,067,167)
Finance costs						(5,243,069)
Loss before income tax						(15,931,281)
Income tax credit						3,150,959
Loss for the year						(12,780,322)
Other segmental information						
Depreciation of property, plant and equipment	963,817	–	5,167,617	–	452,306	6,583,740
Loss on disposal of property, plant and equipment	–	–	–	–	1,987,855	1,987,855
Allowance for doubtful debt - trade	30,994	–	–	–	–	30,994
Impairment loss on deferred expenditure	–	–	894,013	–	–	894,013
Loss on financial asset carried at amortised cost	–	–	248,606	–	–	248,606
Fair value gain on investment property	–	–	–	–	(157,624)	(157,624)

32 SEGMENT INFORMATION (cont'd)

Geographical segments

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

	Revenue	
	2015	2014
	US$	US$
Based on location of customer:		
Republic of Indonesia	10,564,787	34,397,077
People's Republic of China	–	15,012,713
Republic of Singapore	11,771,641	3,112,087
Republic of Korea	–	468,648
Republic of Switzerland	–	116,476
Total	22,336,428	53,107,001

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

	Non-current assets	
	2015	2014
	US$	US$
Republic of Indonesia	138,588,297	124,067,952
Republic of Singapore	3,188,297	3,834,896
Total	141,776,594	127,902,848

Major customer information

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

	Coal production		Coal trading		Mining services and others	
	2015	2014	2015	2014	2015	2014
	US$	US$	US$	US$	US$	US$
Customer						
Top 1st	–	–	9,539,047	–	–	15,208,494
Top 2nd	–	1,514,476	635,090	7,449,239	6,704,885	–
Top 3rd	–	–	2,232,594	8,456,745	–	–
Top 4th	–	–	–	232,531	2,175,124	7,359,162
Top 5th	–	–	–	6,555,967	–	–

33 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	Group	
	2015	**2014**
	US$	US$
Minimum lease payments under operating leases recognised as an expense in the financial year	607,521	701,636

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	
	2015	**2014**	**2015**	**2014**
	US$	US$	US$	US$
Within one year	366,478	583,838	357,012	431,685
In the second to fifth year inclusive	783,604	183,399	783,604	179,869
Total	1,150,082	767,237	1,140,616	611,554

Operating lease payments represents rentals payable by the Group for lands, office premises and staff accommodations, and by the Company for its office premise. The average lease term of the office premises and staff accommodations range from one to three years and rentals are fixed throughout the lease term.

For the leases of land prior to 31 December 2012, there are certain discrepancies relating to the execution of the land lease agreements. Some land lease agreements were not executed by the registered owners of the land, certain payments were not made to the registered owners and some of the registered owners are deceased. As a result, there may be causes of action challenging the validity of the leases which may require monetary compensation. In light of these discrepancies, a shareholder of the Company, Master Resources International Limited, has provided a blanket indemnification to a subsidiary in the Group against any claims, losses or damages suffered in relation to any causes of action arising from the execution of the land lease agreements.

For the lease of office premise, the Company sublet to a subsidiary for 35 months and rental is fixed throughout the sublease term. The Company expect to receive future minimum sublease payments under non-cancellable sublease of US$24,422 (2014 : US$88,971).

The Group as lessor

The Company leases out its investment property. At the end of the reporting period, the Group and Company has contracted with tenant for the following future minimum lease payments:

	Group and Company	
	2015	**2014**
	US$	US$
Within one year	91,098	130,149
In the second to fifth year inclusive	–	97,612
Total	91,098	227,761

34 COMMITMENT

At the end of the year, the capital expenditure contracted for but not recognised in the consolidated financial statements is as follows:

	Group	
	2015	**2014**
	US$	US$
Commitment for purchase of property, plant and equipment	–	155,008

35 ACQUISITION OF ASSET

During the year ended 31 December 2014, the Company acquired 66% equity interest in Borneo International Resources Pte. Ltd., which owns a mining concession through its subsidiary, for a consideration of US$56,861,164 (Note 14) including transaction costs of US$1,861,164. The transaction was determined by management to be an acquisition of asset rather than business combination as defined in FRS 103 *Business Combinations*. The outstanding balance payable of US$7,300,000, which was included in trade and other payables (Note 18) as at 31 December 2014, has been fully repaid during the year.

During the year ended 31 December 2015, the Company further acquired the remaining 34% equity interest in Borneo International Resources Pte. Ltd. from the non-controlling shareholder, for a consideration of US$25,000,000 (Note 14). The transaction was determined by management to be an acquisition of asset rather than business combination as defined in FRS 103 *Business Combinations*. As at 31 December 2015, the balance of US$7,982,388 remained outstanding and included in trade and other payables (Note 18).

36 EVENTS AFTER REPORTING PERIOD

A) On 29 February 2016, the Company entered into conditional sale and purchase agreement (the “Proposed Acquisition”) to acquire shares of PT Parisma Jaya Abadi (“PJA”), which holds a coal mining concession, from Sunrise Wealth Success Limited (“SWS”). Upon completion of the Proposed Acquisition, the Company will hold an effective interest of 79.97% in PJA.

The total consideration payable for the Proposed Acquisition is US$18,000,000. Under the terms of the Proposed Acquisition, the Company shall have the right to:

(i) set-off any outstanding amounts against any amount due from SWS to the Company;

(ii) assign any debt; or

(iii) make payment in such other form as both parties may agree.

36 EVENTS AFTER REPORTING PERIOD (cont'd)

B) On 4 March 2016, the Company entered into conditional sale and purchase agreement (the "Proposed Acquisition") to acquire shares of PT Cahaya Lembusuana ("CLS"), which holds a coal mining concession, from Alliance Joy Ltd ("AJ"). Upon completion of the Proposed Acquisition, the Company will hold an effective interest of 99.46% in CLS.

The total consideration payable for the Proposed Acquisition is US$13,000,000. Under the terms of the Proposed Acquisition, the Company shall have the right to:

(i) set-off any outstanding amounts against any amount due from AJ to the Company;

(ii) assign any debt; or

(iii) make payment in such other form as both parties may agree.

C) On 16 February 2016, the Company granted an Option to Purchase ("OTP") the investment property located at 10 Anson Road, #20-16, International Plaza, Singapore 079903 to a third party (the "Purchaser") for a total consideration of US$2,827,455.

As at date of this report, the OTP has been exercised and the purchase is expected to be completed within three months.

D) On 8 March 2016, the Group incorporated a subsidiary, PT Geo Tebo Power Inti, in Indonesia, with issued and paid-up capital of IDR12,000,000,000. The Company's subsidiary, PT Geo Energy Coalindo, holds 99.92% of the capital of the subsidiary.

STATISTICS OF SHAREHOLDINGS / AS AT 15 MARCH 2016

Issued and fully paid-up capital	:	S$109,509,762
Number of issued shares	:	1,185,050,891
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share
Treasury shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	4	0.11	201	0.00
100 – 1,000	26	0.73	21,654	0.00
1,001 – 10,000	960	26.93	7,767,340	0.66
10,001 – 1,000,000	2,529	70.94	163,799,880	13.82
1,000,001 AND ABOVE	46	1.29	1,013,461,816	85.52
TOTAL	3,565	100.00	1,185,050,891	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	229,191,938	19.34
2	KGI FRASER SECURITIES PTE. LTD.	130,846,696	11.04
3	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	118,000,000	9.96
4	DB NOMINEES (SINGAPORE) PTE LTD	73,579,096	6.21
5	OCBC SECURITIES PRIVATE LIMITED	70,211,900	5.92
6	MAYBANK KIM ENG SECURITIES PTE. LTD.	54,046,500	4.56
7	MASTER RESOURCES INTERNATIONAL LIMITED	50,000,000	4.22
8	ABN AMRO NOMINEES SINGAPORE PTE LTD	41,492,730	3.50
9	UOB KAY HIAN PRIVATE LIMITED	36,802,400	3.11
10	RHB SECURITIES SINGAPORE PTE. LTD.	29,374,000	2.48
11	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	28,079,808	2.37
12	PHILLIP SECURITIES PTE LTD	25,438,300	2.15
13	RAFFLES NOMINEES (PTE) LIMITED	13,089,551	1.10
14	CIMB SECURITIES (SINGAPORE) PTE. LTD.	12,325,064	1.04
15	TAN SONG KAR	8,950,146	0.76
16	NOMURA SINGAPORE LIMITED	6,477,000	0.55
17	BANK OF SINGAPORE NOMINEES PTE. LTD.	6,150,080	0.52
18	DBS NOMINEES (PRIVATE) LIMITED	6,056,800	0.51
19	LAU HOOI KHENG	5,880,000	0.50
20	HL BANK NOMINEES (SINGAPORE) PTE LTD	5,310,000	0.45
	TOTAL	951,302,009	80.29

STATISTICS OF SHAREHOLDINGS / AS AT 15 MARCH 2016

SUBSTANTIAL SHAREHOLDINGS

(As recorded in the Register of Substantial Shareholders as at 15 March 2016)

Name of Shareholder	Direct Interest (No. of Shares)	%	Deemed Interest (No. of Shares)	%
Master Resources International Limited[(1)]	453,326,287	38.25	–	–
Dhamma Surya[(2)]	101,810,704	8.59	453,326,287	38.25
Charles Antonny Melati[(3)]	93,345,406	7.88	–	–
Heah Theare Haw	73,117,196	6.17	–	–

Notes:-

(1) 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%), Dhamma Surya ((24.0%), Huang She Thong (12.6%), Richard Kennedy Melati (12.6%), Ng See Yong (12.6%), Yanto Melati (12.6%) and Darmin (6.0%). All of the foregoing shareholders are also directors of Master Resources.

(2) The Company's Executive Director, Dhamma Surya, holds 24.0% of the shares in Master Resources. As such, Dhamma Surya is deemed to be interested in the 453,326,287 Shares held by Master Resources by virtue of Section 7 of the Companies Act (Chapter 50). In addition, Dhamma Surya has provided and undertaking, guaranteeing the obligations of Charles Antonny Melati under an agreement to grant a call option to James Beeland Rogers Jr 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 provision.

(3) 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.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information available to the Company as at 15 March 2016, approximately 36.25% 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 (the "**AGM**") of Geo Energy Resources Limited (the "**Company**") will be held at Shenton Room, M Hotel, 81 Anson Road, Singapore 079908, on Thursday, 28 April 2016 at 10.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS

Resolution 1

1. To receive and adopt the audited accounts for the financial year ended 31 December 2015, together with the Directors' Statement and the Independent Auditors' Report.

Resolution 2

2. To re-elect Mr Tung Kum Hon, who is retiring pursuant to Article 97 of the Company's Articles of Association and who, being eligible, is offering himself for re-election as a Director.

Resolution 3

3. To re-elect Mr Dhamma Surya, who is retiring pursuant to Article 91 of the Company's Articles of Association and who, being eligible, is offering himself for re-election as a Director.

Resolution 4

4. To re-elect Mr Ong Beng Chye, who is retiring pursuant to Article 91 of the Company's Articles of Association and who, being eligible, is offering himself for re-election as a Director.

   *Mr Ong Beng Chye will, upon re-election as a Director, remain as a member of the Audit Committee and the Board considers him to be independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**").*

Resolution 5

5. To re-elect Mr James Beeland Rogers Jr, whose appointment shall expire at the AGM and who, being eligible, offers himself for re-election as a Director.
   [See Explanatory Note (i)]

Resolution 6

6. To approve the payment of Directors' fees of S$375,000 for the financial year ending 31 December 2016, to be paid half-yearly in arrears (FY2015 : S$375,000).

Resolution 7

7. To re-appoint Deloitte & Touche LLP as the Company's auditors and to authorise the Directors to fix their remuneration.

8. To transact any other ordinary business that may be properly transacted at an annual general meeting.

AS SPECIAL BUSINESS

Resolution 8

9. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution, with or without modifications:-

   "<u>Authority to allot and issue shares</u>

   That pursuant to Section 161 of the Companies Act, Chapter 50, the Articles of Association and the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:-

NOTICE OF ANNUAL GENERAL MEETING

(A) (i) allot and issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(B) (notwithstanding that this authority may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this authority was in force,

provided that:-

(1) the aggregate number of shares to be issued pursuant to this authority (including shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below) ("**Issued Shares**"), of which the aggregate number of shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 20% of the total number of Issued Shares;

(2) (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 (1) above, the percentage of Issued Shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this authority is given, after adjusting for:-

(i) new shares arising from the conversion or exercise of any convertible securities;

(ii) new shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this authority is given, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(iii) any subsequent bonus issue, consolidation or sub-division of shares;

(3) in exercising the authority conferred by this Resolution, the Directors 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 Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) this 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."
[See Explanatory Note (ii)]

BY ORDER OF THE BOARD

Vincent Lim
Company Secretary
Singapore
13 April 2016

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Note:

(i) Ordinary Resolution 5 is to re-elect Mr James Beeland Rogers Jr, who is over 70 years old, as a Director. His appointment at the last AGM shall expire at the forthcoming AGM.

(ii) Ordinary Resolution 8 is to empower the Directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, with a sub-limit of 20% for issues other than on a pro-rata basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time Ordinary Resolution 8 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities, (b) new shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time Ordinary Resolution 8 is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and (c) any subsequent bonus issue, consolidation or sub-division of shares. Such authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company.

Notes:

(i) Unless otherwise permitted under the Companies Act Chapter 50 of Singapore (the "**Companies Act**"), a member of the Company entitled to attend and vote at the AGM may appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

(ii) Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies.

(iii) A member 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 member.

(iv) If the member is a corporation, the instrument appointing the proxy must be executed under its common seal or signed by its duly authorised officer or attorney.

(v) The duly executed instrument appointing a proxy or proxies must be deposited at Geo Energy Resources Limited c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding the AGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM 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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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**"), and (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.

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GEO ENERGY RESOURCES LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 201011034Z)

ANNUAL GENERAL MEETING
PROXY FORM

IMPORTANT:

1. For investors who have used their CPF monies to buy shares in the capital 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.
2. This Proxy Form is therefore not valid for use by such CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them. Such CPF investors should contact their respective agent banks if they have any queries regarding their appointment as proxies.

I/We ______________________________ (Name), NRIC/Passport Number ______________________

of ____ (Address)

being a shareholder/shareholder(s) 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 both of the persons 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 ("**AGM**") of the Company to be held at Shenton Room, M Hotel, 81 Anson Road, Singapore 079908, on Thursday, 28 April 2016 at 10.00 a.m., and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the AGM and at any adjournment thereof.

No.	Resolutions relating to:	For	Against
1.	Audited accounts for financial year ended 31 December 2015 and Reports of the Directors and the Independent Auditors and Statement of Directors		
2.	Re-election of Mr Tung Kum Hon as a Director		
3.	Re-election of Mr Dhamma Surya as a Director		
4.	Re-election of Mr Ong Beng Chye as a Director		
5.	Re-election of Mr James Beeland Rogers Jr as a Director		
6.	Approval of Directors' fees of S$375,000 for financial year ending 31 December 2016		
7.	Re-appointment of Deloitte & Touche LLP as auditors		
8.	Authority to allot and issue shares		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the resolution as set out in the Notice of AGM. Alternatively, if you wish to exercise your votes both for and against the resolution, please indicate the number of shares in the respective spaces provided.)

Dated this ____________ day of ________________ 2016

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature(s) of Shareholder(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:-

1. Unless otherwise permitted under the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), a member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

2. Where a member appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form.

3. A member 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 member.

4. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this proxy form shall be deemed to relate to all the shares held by you.

5. This proxy form duly executed must be deposited at Geo Energy Resources Limited c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time set for the AGM.

6. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.

7. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.

8. The Company shall be entitled to reject a proxy form which 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 shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

9. By submitting this proxy form, a member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 April 2016.

GEO ENERGY RESOURCES LIMITED
www.geocoal.com

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