

GEO ENERGY

The year that **Transformed** Geo Energy

GAINING
MOMENTUM
STAYING ON STRATEGY
FOR GROWTH

FORGING
NEW GROUNDS
BROADEN INVESTORS WITH ISSUANCE
OF US\$ SENIOR NOTES

RECEIVING
RECOGNITION
AN AWARD-WINNING YEAR
FOR GEO ENERGY

SGX
FTSE CHINA
INDEX

WINNER
SGX LISTED COMPANY
(Metals and Mining)

SINGAPORE
BUSINESS REVIEW

CHARLES
ANTONNY MELATI
AWARDS OF
EXCELLENCE
INDONESIAN
ENTREPRENEUR AND
EDUCATION

ANNUAL
REPORT
2017



Geo Energy Resources Limited, rated B2/STABLE by Moody's, B/STABLE by S&P and B+/STABLE by Fitch, mandated J.P. Morgan, Deutsche Bank, CITIC CLSA Securities, and BOC International as Joint Bookrunners and Joint Lead Managers in its offering of 144A/Reg S USD-denominated notes, commenced a series of fixed income investor meetings in Singapore, Hong Kong, London, New York and Boston on July 10, 2017. The offering was allocated to major institutional funds and asset management investors, with an oversubscription of more than three times at over US\$1.2 billion. (Straits Times, September 28, 2017)

Cover: 7th Avenue, New York City

Inside front cover: Capital Grille, New York City

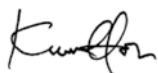
THE YEAR THAT TRANSFORMED GEO ENERGY

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ACQUIRED TBR TO BOOST RESERVES TO OVER 90 MILLION TONNES, LAYING THE GROUND FOR GROWTH IN THE IMMEDIATE YEARS AHEAD. RAISED US\$300 MILLION FROM SENIOR NOTES ISSUANCE FOR FUTURE EXPANSION AND ACQUISITION PLANS.

As we embark on an exciting 2018 ahead, we recognise 2017 as a transformational year for Geo Energy. From our SDJ mine, we achieved record revenue and profits for 2017. The acquisition of TBR lay the ground for Geo Energy to continue our strategy of growth for the immediate years ahead. We also received recognition of our performance as seen by the numerous awards received, as well as initiation of positive coverage from equity and credit analysts.

As depicted by the front and back cover pages, 2017 was the year Geo made our mark in the international market as we embarked on road shows in Hong Kong, Singapore, London, New York and Boston for the issuance of US\$300 million Senior Notes. The issuance, which was oversubscribed by more than 3 times or US\$1.2 billion, increased Geo's international profile as we saw numerous multi-billion dollar funds believing and investing in us. It also empowered Geo with the liquidity for further expansion as we embark on our acquisition plans.



MR. TUNG KUM HON
Chief Executive Officer

15 March 2018



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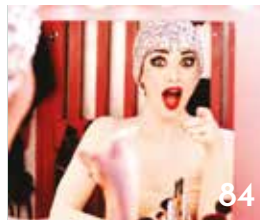
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GEO ENERGY
2017

Number of years since
establishment of GEO

9
YEARS

Number of Accolades
won in 2017

3
AWARDS

Key Markets

3
COUNTRIES

Total Coal
Concessions

4
MINES

Number of
Employees

19
SINGAPORE

165
JAKARTA AND SITE

5 Number of
years listed
on SGX
YEARS Mainboard

Total Coal Reserves

> 90
MILLION TONNES

CHAIRMAN'S STATEMENT

TEAMWORK BRINGS OUT THE BEST IN EACH OTHER AND TOGETHER WE ACHIEVE MORE



Dear Shareholders, 2017 was the year that transformed Geo Energy Resources Limited ("Geo Energy" or together with its subsidiaries, the "Group"). Geo Energy again delivered record results benefiting from our simplified business model of being a mine owner and outsourcing all our mining operations to major mining contractors.

Our low production costs business model, generated a cash profit of US\$99.9 million excluding exceptional charges in 2017 mainly from its SDJ coal mine, as it rides on the upward trend of commodity prices in 2017. Revenue and net profit were US\$316.3 million and US\$36.7 million, the highest since the Company's public listing on the SGX in 2012.

Based on the report by Kementerian Energi dan Sumber Daya Mineral (ESDM), Indonesia exported a total of 364 million tonnes in 2017 of different types of coal, out of the total production of 461 million tonnes. The growth in exports was driven by both demand and changes in government policies in China.

As at 31 December 2017, the Group had US\$265.8 million of cash and bank balances. The way we allocate that cash going forward is going to determine how much shareholder value is created through capital investment, cash returns to shareholders and our financial position strength.

The Board strongly supports the restructuring of its capital and debt structure and the issue of the US\$300 million Senior Notes due 2022 to finance the early repayment of the Group's S\$100 million Multicurrency Medium Term Note ("MTN") due on 18 January 2018 and to raise funding to expand its business.

The Board has been working together with the management to strengthen the

financial position of the Group to take on new challenges ahead as the Group expands its business going forward to be one of the major coal producers in Indonesia.

The Board also recognises the importance of cash returns to shareholders. Whilst we have not set a dividend policy, we have paid total dividends of S\$0.02 per share in 2017, representing a dividend yield of 8.7 percent based on share price of S\$0.23 as at 15 March 2018.

We have developed a risk management framework for identifying and managing risks across Geo Energy and the sustainability of our business. Given the increasing complexity in the external

"RETURNING VALUE TO SHAREHOLDERS WITH AN 8.5% DIVIDEND YIELD IN 2017."

“

I would like to express my utmost appreciation to our shareholders, customers and business partners for your great support over the years

environment we operate in, we are focusing more on understanding the macro trends that may impact our company and our industry in the future and our strategy to address them. Our aim is to generate value by focusing on assets that are sustainable, low cost and expandable.

The Board's Executive Directors have extensive experience which enable them to make significant contributions to the Board and I look forward to their continued support in our pursuit of long-term value creation for all our shareholders.

In December 2017, our Group made two key appointments that will bring to the Group strong legal and regulatory experience, as well as government knowledge to provide greater perspective and insights of the Group's operations and businesses in Indonesia.

Prof. Dr. Mohammad Mahfud, as Special Advisor to Geo Energy, had served as the Chief Justice of the Constitutional Court of Indonesia as well as the Minister of Defence of Indonesia and Prof. Dr. M. Ryaas Rasyid, as President Commissioner of SDJ and GEC, was the former Minister of Local Autonomy, the Minister of State Administrative Reform, a Member of National Parliament and a Member of Presidential Advisors in Indonesia.

On behalf of the Board, I welcome both in joining Geo Energy.

Lastly, I would like to express my utmost appreciation to our shareholders, customers and business partners for their great support over the years. I would also like to extend my heartfelt appreciation to our Board of Directors, our CEO and to all our staff for their dedication and hard work which are crucial to the success of our Group.

Thank you.

Yours Sincerely,



DATO' CHARLES ANTONNY MELATI
Executive Chairman

15 March 2018

CEO'S MESSAGE

THE SECRET TO SUCCESS IS ALWAYS TO WORK TOWARDS A HIGHER GOAL



Dear Shareholders and All. It's good to look ahead and think about what 2018 may bring us. But first, a quick look back at this year.

2017 was quite a year for all of us at Geo Energy.

2017 was the first full year of implementation of the strategy we presented to our shareholders to create value and to be a leading top coal producer in Indonesia with strong capabilities to expand our business further. We are focused on several strategic objectives: (i) generating profitability and growth in our business, (ii) reducing or maintaining our fixed cost base and creating operational leverage, (iii) strengthening our capital position, (iv) returning value to shareholders and (v) resolving our legacy issues. We have made good progress on all these fronts.

Together we have reached new heights with us recording the highest revenue and net profit of US\$316.3 million and US\$36.7 million respectively, in the last

12 months to 31 December 2017. Our coal sales for the same period was 7.7 million tonnes, close to the 8 million tonnes we had targeted for 2017, the highest recorded by the Group to-date. In 2017, our cash profit for coal mining segment averaged at US\$12.74 per tonne, generating a cash profit margin of 31.6%, which is 31.9% higher than our 2016 average cash profit of US\$9.66 per tonne.

We paid the first dividends to shareholders of S\$0.01 during the year and an interim dividend of S\$0.01 for 2017 on 5 December 2017 and the total shareholders return for 2017 was 27%. Today, our market capitalisation has increased to S\$352.3 million as of 31 December 2017 from S\$272.7million as of 31 December 2016, registering an impressive growth of 29%.

In 2017, we took significant steps to de-risk and strengthen our balance sheet and financial buffers. We successfully refinanced our S\$100 million MTN on 13 October 2017 (due on 18 January 2018) with a new issue of the US\$300 million Senior

Notes due 2022 (the "Notes") which saw more than three times oversubscription with a strong uptake and subscription of over US\$1.2 billion by major funds and asset management investors in Asia, Europe and US.

The Notes were rated B2/Stable by Moody's, B/Stable by Standard & Poor's and B+/Stable by Fitch. Although the issuance of the Notes had impacted the Group's earnings with increased finance costs in 4Q2017, we have significantly boosted our balance sheet with cash and bank balances of US\$265.8 million as at 31 December 2017. This would put us in good stead as we look to acquire additional coal mining concessions to complement our portfolio of coal mining assets as the Group pursues improved returns. Furthermore, the start of our TBR mine production in 2018 should further boost the Group's earnings, given that the performance in 2017 was contributed to mainly by our SDJ coal mine.

We also made good progress in resolving our legacy issues as the

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It's been a year of amazing announcements across the board. Of course, there's still a lot of work ahead in 2018 as we strive to achieve our goal to be one of the top 10 coal producers in Indonesia”

Group moves towards expansion into a leading top coal producer in Indonesia. Resolving these legacy issues resulted in a non-recurring loss that reduced our 2017 earnings by around US\$4.9 million. Excluding this, the Group's profit in 2017 would have been US\$41.6 million.

All these developments did not come without a fair share of less than favourable circumstances. 2017 saw coal price going up to a high of US\$46.81 but also went down to as low as US\$36.20 per tonne, but as at the date of this report, the coal price is up at US\$48.84 per tonne. Our coal mining operations in 2Q2017 and 3Q2017 and part of 4Q2017 were affected by the highest rainfall in five years in Kalimantan, with part of our mining pit flooded and sliding experienced in one of our

dumping grounds. This tested the resilience and reliability of PT Bukit Makmur Mandiri Utama (“BUMA”), our mining contractor, to continue mining under adverse conditions. Our average mining production costs increased from US\$25.44 per tonne in 2016 to US\$30.33 per tonne in 2017 partly caused by the poor weather condition and certain costs tied to increases in coal prices.

I'm proud of the work that our team, BUMA and Engelhart CTP (Singapore) Pte. Ltd. (“ECTP”) (our coal off-taker for our SDJ coal mine) are doing to make Geo Energy a Group to be recognised as a major top coal producer in Indonesia and a major mining company listed on the SGX. Today, we are included in the SGX FTSE Index and are recognised by the awards given to the Company by Singapore Business Review and the inaugural Charger Awards in recognition of the Group's performance. We were already a 3 time winner of the 2013, 2014 and 2015 Investors' Choice Awards by the Securities Investors Association (Singapore) for the most transparent company (Chemical & Resources and New Issues).

This year also marks the Company's 5th Anniversary after its IPO on 19 October 2012. We had a great celebration to mark this event and this is our saying of thank you to all our staff and our stakeholders who have supported the Group in this exciting year. I am sure that all of them enjoyed themselves in the event.

It's been a year of amazing announcements across the board. Of course, there's still a lot of work

ahead in 2018 as we strive to achieve our goal to be one of the top 10 coal producers in Indonesia.

We have signed the 2018 prepayment of US\$40 million with ECTP in December 2017 and an agreement with BUMA in March 2018 for the provision of overburden removal at the TBR mine with an estimated contract value of over US\$500 million. The first coal production of TBR is expected to be in 2Q2018. We are also in advanced stages of discussion with potential off-takers for the TBR's offtake agreement. We are currently discussing new investments and acquisition of coal assets in Indonesia to increase the Group's JORC coal reserves to more than 120 million tonnes in the coming year.

I have presented our 2018 budget to the Board. In the budget, we have budgeted an increase in the production and sale of more than what we have achieved in 2017 from our SDJ coal mine and the start of the TBR mine as well as from our new investments. It is one of the most ambitious budget of Geo Energy to-date. It is an expansion budget.

It's no secret that markets may not play along. We may be confronted by headwinds on the coal markets including higher regulatory costs and the import restrictions of our key market, China, and we must continue to align our cost structure to a leaner operating environment. China has announced cuts in imports on coal as it moves to cleaner and renewable energy sources for its power generation requirements. Notwithstanding this,

**“IF THE PLAN DOESN'T WORK,
CHANGE THE PLAN BUT NEVER
LOSE SIGHT OF THE GOAL.”**

**"WE REMAIN
COMMITTED TO
SUSTAINABLE
GROWTH AND
ENHANCING
SHAREHOLDER
VALUE."**



the overall demand for coal is expected to increase in the next 5 to 10 years with South East Asia and India being the main drivers for coal demand, as it is still the cheapest source of energy in the world.

Sustainability is becoming a critical issue for companies. While we are already managing environmental, social and governance matters as part of our daily operations at our mines, our sustainability strategy can only be improved and aligned with our belief of not just being a "coal producing" operation, but building a people business. Our new five-year sustainability performance targets comes into effect in 2018.

In short, the current circumstances may be quite challenging to work in. But no matter what the circumstances are, we must not lose sight of our priority, to be a strong and financially sustainable company that puts our stakeholders at the heart of everything we do. If the plan does not work, change the plan but never lose sight of the goal.

It's important for us to move forward as decisively and swiftly as we can in 2018. That will only be possible with the continued dedication, support and teamwork of our people and all stakeholders.

I could not be more excited about what's in store in 2018 as it also marks the 10th year Anniversary of Geo Energy since the Group was formed in 2008.

I would like to express my appreciation to our Chairman and Board of Directors for their expert guidance, support and professionalism over the years. I would also like to thank our customers, business partners, and bankers for their unrelenting support in being a part of our special journey so far. Our staff deserved special mention for their commitment, dedication and hard work, which contributed tremendously to our Group's overall performance.

Last but not least, I would like to thank our valued shareholders for their support and faith in the Company's management and their strategic directions. We will continue to strive hard to deliver our revenue and production targets in order to further enhance our shareholders' value going forward. The success of our business is derived from our values, our simplified business model, our financial strength and above all, the extraordinary people we have at Geo Energy.

I thank all of you for the opportunity to work with you in the past two years and to make it another great successful year in 2018.

Yours sincerely,

Mr. Tung Kum Hon
Chief Executive Officer

15 March 2018

FINANCIAL AND OPERATIONS REVIEW

WHAT WE DO, AND HOW WE DRIVE GROWTH TO MEET STRATEGIC OBJECTIVES

Geo Energy continues growth with another year of
record revenue and profit over 2016.

FINANCIAL AND OPERATIONS REVIEW

“2017 was the
year that transformed
Geo Energy”

Continued Focus in Generating Cash and Sustaining Growth

The Group continues its growth in 2017 with record revenue of US\$316.3 million, up by 74% from 2016, mainly attributed to the higher volume of coal shipped and increase in the average selling price of coal, as well as new revenue from coal trading and coal mining management services during the year. In 2017, the Group achieved coal sales of 7.7 million tonnes with majority of the shipment driven by sustainable strong demand in China and resilient average coal index prices of around US\$43 per tonne.

Gross profit margin strengthened from 23% in 2016 to 25% in 2017. Gross profit was approximately US\$78.4 million in 2017, an increase of 87% from 2016, reflecting the positive impact of stronger coal prices while maintaining a competitive cost base.

The Group generated a cash profit of US\$99.9 million, excluding exceptional charges. The Group's cash profit in 2017 increased by about US\$46.7 million from US\$53.2 million in 2016.

The completion of the US\$90 million acquisition of TBR in June 2017 boosts the Group's coal reserves to over 90 million tonnes. TBR, being adjacent to SDJ, will allow a combined mining plan that improves mining efficiency and creates synergistic effects on the Group's cost of production. The commencement of production for TBR will be a driver of growth in 2018.

The issuance of US\$300 million Senior Notes in October 2017 has strengthened cash position to US\$265.8 million as at 31 December 2017, which the Group targets to deploy for new investments and potential acquisitions of coal assets.

With the strong performance in 2017, the Group paid US\$18.6 million in dividends as returns to shareholders in 2017, representing S\$0.02 per share and a dividend yield of 8.5% at a share price of S\$0.235 as at 28 February 2018.

BUSINESS SEGMENTS

“DELIVERED IMPROVING CASH PROFITS WITH STRONGER COAL PRICES WHILE MAINTAINING A LOW COST BASE.”

Geo Energy's business segments comprise (i) Coal Mining – where it sells coal from production of its own coal mines; (ii) Coal Trading – where it purchases and sells coal from third parties; and (iii) Mining Services – where it does mining contracting and project management for mining activities conducted at third party mines. The Coal Mining business segment contributed to 98% of the Group's total revenue. The Coal Trading and Mining Management Services segments had also provided new revenue streams to the Group. The Group previously suspended its Coal Trading business in 2015 to concentrate on its Coal Mining business while the Mining Management Services business is a new business segment that focuses on advising other coal mines on mine planning and execution related services.



Coal Mining

The Group's revenue from coal mining is predominantly derived from selling coal produced at its SDJ mine to mainly ECTP, a major offtaker. Coal Mining revenue increased by 71% from US\$182.1 million in 2016 to US\$310.9 million in 2017 and with a total volume of 7.7 million tonnes sold in 2017. The cash profit for the Coal Mining segment, excluding the one-off additional mining royalties, was US\$12.74 per tonne.

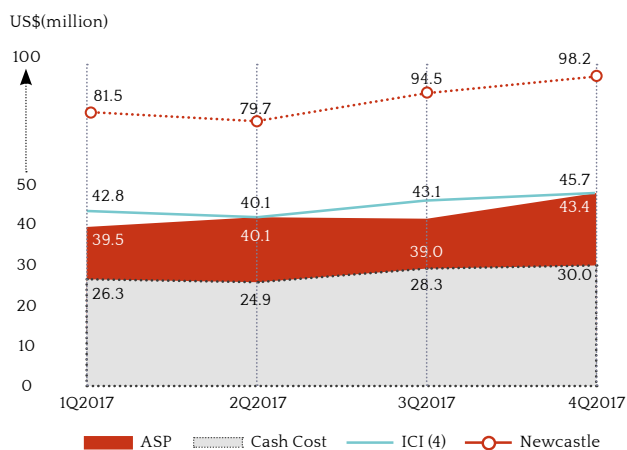
we have strong business relationships.

Mining Services

The Group entered into the business of Mining Management Services in October 2016 with a coal mining management service agreement with AJE, which holds a coal mining concession for an area that is adjacent to the Group's SDJ and TBR coal mining concession areas. The Group manages the coal mining operations at the AJE mine by appointing and supervising the coal mining services provider for the AJE mine for a fee that is benchmarked to coal sales from the AJE mine. Geo Energy began recording revenues from coal mining management in 2017 as the AJE mine only began producing and selling coal in the first quarter of 2017. In 2017, this contributed US\$3.3 million to the Group's total revenue.

Coal Trading

Coal Trading contributed US\$2.1 million to the Group's revenue. The Group procures coal at competitive prices from other coal mines that may not have access to commodity traders and coal end-customers due to their lack of scale, and on-sells such coal to commodity traders and coal end-customers with whom



FIVE-YEAR FINANCIAL HIGHLIGHTS

	2013	2014	2015	2016	2017
(US\$'million)					
Revenue	100.1	52.6	18.2	182.1	316.3
Gross profit	35.1	7.3	3.1	41.9	78.4
Gross profit margin	35.1%	13.9%	17.0%	23.0%	24.8%
EBITDA	30.5	(4.1)	(5.8)	52.8	87.6
EBITDA margin	30.5%	(7.8%)	(31.9%)	29.0%	27.7%
Profit (loss) before tax	30.5	(0.7)	(7.8)	34.7	52.3
Income tax credit (expense)	(3.0)	3.3	0.4	(11.1)	(15.6)
Profit (loss) for the year	27.5	2.7	(7.4)	23.6	36.7
Profit attributable to:					
Owners of the Company	12.6	(12.6)	(16.3)	22.2	36.7
Non-controlling interests	0.4	(0.2)	(0.3)	nm	nm
Net profit margin	12.0%	(24.1%)	(74.4%)	12.1%	11.6%
Current assets	84.7	79.9	69.0	187.5	346.4
Current liabilities	21.8	23.5	46.2	114.4	104.1
Total assets	161.5	211.6	215.2	309.1	549.9
Total liabilities	39.2	103.5	121.2	184.4	395.5
Shareholders' equity	121.7	107.7	93.7	124.4	153.1
Net asset value per share (US cents)*	10.5	9.3	7.9	10.3	11.5
Earnings per share - Diluted (US cents)**	2.4	0.3	(0.6)	2.0	2.9
Dividend paid per share (US cents)***	-	-	-	-	0.02
Return on equity	22.6%	2.5%	7.9%	19.0%	24.0%
Return on total assets	17.0%	1.3%	3.4%	7.6%	6.7%
Current ratio (times)	3.9	3.4	1.5	1.6	3.3

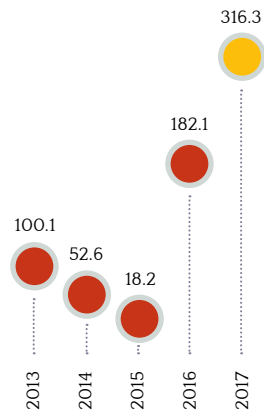
* The calculation of NAV is based on the number of ordinary shares during the year.

** The calculation for the diluted EPS is based on the weighted average number of ordinary shares in issue during the year.

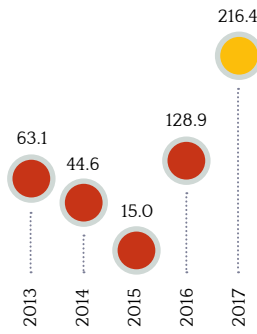
*** Numbers were translated using the 31 December 2017 exchange rate of 1.3369.

nm Not meaningful

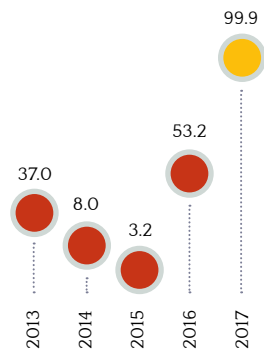
REVENUE
(US\$ MILLION)



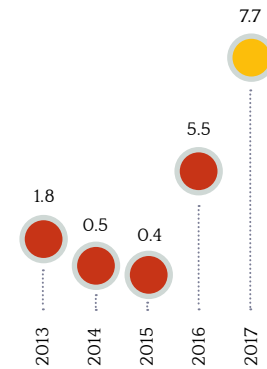
CASH COST
(US\$ MILLION)



CASH PROFIT
(US\$ MILLION)



COAL SALES
(MILLION TONNES)



**Financial Position
and Dividends**

US\$ **266** M
CASH

US\$ **19** M
DIVIDEND

US\$ **153** M
NETWORTH

**"STRONG
CASH
POSITION
OF US\$266
MILLION FOR
GROWTH AND
ACQUISITION."**

The Group ended 2017 with cash and bank balances of US\$265.8 million, an increase of US\$198.1 million for the year. This was mainly due to the proceeds from the issuance of the Senior Notes in October 2017 and receipts of coal sales, after offsetting the interest payments and early MTN redemption, payments for

TBR's acquisition, dividend payments and refundable deposits made to jetty owner to secure the right to use the jetties for coal export, operating expenses and tax.

Following the completion on the acquisition of TBR mine, the Group's property, plant and equipment increased by US\$79.1 million. Together with the increases in restricted cash deposits, deposits and prepayments and deferred tax assets, the Group's non-current assets increased by 67%. These were partially offset by the decrease in deferred stripping costs of US\$2.0 million due to amortisation.

Early redemption of MTN and subsequent issuance of Senior Notes in October 2017 caused a net increase in the Group's total liabilities by US\$211.1 million despite lower trade and other payables as a result of transfer and assignment of balances as part of the remaining purchase consideration of the TBR acquisition and decrease in advance payment received from customers.

More cash was used in working capital mainly due to higher trade receivables on sales transacted before the end of the year and refundable deposits made to jetty owners.

Revenue by Geography, 2017



China substantially contributed 91% of the Group's revenue.

	2017	2016	Change
Sales - Coal mining (million tonnes)	7.7	5.5	+40%
Revenue (US\$ million)	316.3	182.1	+74%
EBITDA (US\$ million)	87.6	52.8	+66%
Underlying net profit* (US\$ million)	47.6	20.2	+136%
Net cash generated from operating activities (US\$ million)	46.3	69.3	-33%
Cash and bank balances (US\$ million)	265.8	67.7	+293%

* Underlying net profit exclude the non-recurring exceptional charges, legacy issues and additional interest charges arising from the refinancing of the MTN during the year.

Generating profitability and growth in our business.

**“ACHIEVED
AN EBITDA
OF US\$88
MILLION AND
UNDERLYING
NET PROFIT OF
US\$48 MILLION
IN 2017.”**

Performance

The Group's underlying net profit for the year increased 136% to US\$47.6 million and revenue for 2017 increased by 74% from 2016.

The Group benefited from higher average selling price of coal and higher volume of coal shipped during the year.

Net cash generated from operating activities of US\$46.3 million was 33% lower than 2016.

Operating cash flows before movements in working capital was an inflow of US\$86.0 million, mainly due to the Group's operating profit and the non-cash items. More cash was used in working capital, mainly due to increase trade receivables on sales transacted before end of the year and refundable deposits made to jetty owners.

Cash and bank balances was US\$265.8 million, 293% higher than 2016, mainly attributed by the proceeds from the issuance of the Senior Notes in October 2017.

General and administrative expenses for the Group came in 42% higher at US\$11.6 million for 2017, mainly due to higher staff and other administrative costs as the Group expanded its operations, share-based payment expense and professional costs incurred on the acquisition of TBR.

The Group recorded a 62% lower other income of US\$3.5 million in 2017 mainly due to decrease in forex gain, one-off gain on disposal of subsidiaries and late payment interest charged to certain debtors in 2016.

Excluding these exceptional items, other income actually increased by US\$1.3 million in 2017, derived from higher interest income earned on the proceeds from issuance of the Senior Notes and marketing fee.

The Group's other expenses increased by 125% to US\$5.4 million in 2017. The increase was mainly due to increase in forex translation loss on the monetary assets (mostly intercompany receivables) held by the Company denominated in US\$, following the appreciation of S\$ against US\$, and a one-off additional assessments on mining royalties for BEK. This was partially offset by non-recurrence of expenses arising from participation in Indonesian Tax Amnesty programme and finalisation of tax assessments in 2016. To mitigate the forex losses in the future, the Company has changed its functional currency from S\$ to US\$ with effect from 1 December 2017.



**“DELIVERED
7.7 MILLION
TONNES OF
COAL FOR
RECORD
REVENUE OF
US\$316 MILLION
IN 2017.”**

The Senior Notes has resulted in the Group's finance costs to increase to US\$12.7 million, due to the additional interest expense from the Senior Notes on top of the MTN that was redeemed in October 2017.

Operations

The Group delivered 7.6 million tonnes of coal from our SDJ mine in 2017, 39% higher than in 2016, despite the unexpectedly heavy rainfall that impacted our production in the second and third quarters of 2017. On top of that, the Group also started to deliver 69,629 tonnes of 3,600 GAR coal from our BEK mine in 2017.

Market and Growth options

China has continued to be a main market for the Group's coal sales, representing 91% of total revenue. China is expected to continue to be the main market of the Group's exports of coal, due to its sustainable demand for the Group's brand of low calorific value, low ash and sulphur content coal from

Indonesia. Furthermore, coal sales to India have almost tripled in 2017. The Group shipped its first capesize vessel of coal of 153,240 tonnes from SDJ in December 2017.

Demand of growth in the use of coal as a main source of energy in South East Asia will be an upcoming market that the Group is targeting for as its next phase of market expansion. The Group is also exploring with various major offtakers on selling coal to Japan and South Korea (where there are many coal-fired power plants) to diversify its geographic revenue base.

The Group expects its near-term growth to be driven by the upcoming start of TBR. On 7 March 2018, the Group has signed an agreement with BUMA for the provision of overburden removal at TBR mine. The site preparation and overburden removal is to commence in March 2018. The development of the mine and its first coal production is expected to be in 2Q2018.

The Group is also working on new investments and acquisition of coal assets to strengthen its portfolio and drive growth in the longer-term.

2018 production guidance

The Group's total production volume in 2018 is expected to be at 11-12 million tonnes, driven mainly by the upcoming start of TBR production.



Ground breaking ceremony at TBR

ABOUT GEO ENERGY

THE YEAR THAT TRANSFORMED GEO ENERGY

Staying on strategy for growth and broadening
our investors base



Geo Energy Resources is a leading coal producer in Indonesia, with sales of around 7.7 million tonnes of coal in 2017.

Geo Energy commenced its business in 2008 as a coal mining services provider and became a listed company on the Mainboard of the SGX in 2012, under the stock code: RE4. Since then, Geo Energy has transitioned from being primarily a coal mining services provider to a coal producer that subcontracts its coal mining operations.

This transition has allowed us to change our business model from operating as a relatively small scale mining services provider in an environment of high capital expenditure and relatively low operational efficiency, with high dependence on owners of coal mining concessions, to being a low-cost coal producer with high-quality coal mining assets, working in collaboration with world-class business partners, such as BUMA, our primary coal mining services provider, and ECTP, our primary offtaker of coal produced from our SDJ mine.

Geo Energy Group currently produces coal at the SDJ mine in Tanah Bumbu, South Kalimantan. Following the completion of the acquisition of TBR in June 2017, the Group targets TBR to commence coal mining in the second quarter of 2018. Situated adjacent to each other, both mines benefit from favorable mining and geological conditions, with relatively thin layers of overburden and thick horizontal coal seams, which allow for efficient and low-cost mining. The SDJ and TBR mines have sub-bituminous, low-ash and low-sulfur coal with calorific values of around 4,200 kcal/kg, with a average stripping ratio of less than 3.5.

The Group also owns two other coal mining concessions, namely BEK and STT coal mining concessions. Both mining concessions are located in Kutai Barat, East Kalimantan. The Group commenced coal mining operations at BEK mine in February 2012 and placed it under care and maintenance in September 2014. In late 2017, mining operations has

“Engaged in coal mining businesses and trading since 2008 and constantly exploring opportunities to acquire additional coal mining concessions

recommended and the Group sold 69,629 tonnes of coal from the BEK mine. The STT coal mining concession area is currently undeveloped, with the Group in discussions with various parties on potential cooperation with regard to the development of the STT mine.

The Group subcontracts all of the coal mining, overburden removal and crushing operations and substantially all of

the hauling and barging operations, which, prior to the transformation of the business operations, comprised Geo's primary business. With the transformation of the business operations, it has allowed Geo to minimise capital expenditure and working capital requirements and focus on mine planning and supervision, as well as sales and marketing.

BUMA was appointed as the coal mining services provider for the SDJ and TBR mines and for the AJE mine for which we manage. Once the coal is mined, crushed and stockpiled, it would be barged and loaded to a transshipment area at the Satui and Bunati anchorages, located on the southeastern coast of Kalimantan, approximately 15 kilometers to 17 kilometers from the STU and BIR jetties in Tanah Bumbu, South Kalimantan, for export by bulk carriers to Geo's end-customers.

Geo's customers typically arrange and pay for the transportation of coal from the transshipment area at Satui and Bunati anchorages to discharging ports designated by the end-customers. For SDJ's coal, most of it is sold to ECTP, a major commodities trader with international operations. Geo has collaborated with ECTP since the inception of the

coal production business in SDJ. In July 2016, ECTP entered into an agreement to purchase all the coal produced at the SDJ mine through the life of the mine. ECTP generally on-sells SDJ coal to end-customers, a large proportion of whom are China utility companies for use in coal-fired power plants. A similar off take arrangement is expected for the Group's TBR mine.

With the successful issuance of the US\$300 million Senior Notes in 2017, the Group is constantly exploring opportunities to acquire additional coal mining concessions to complement its portfolio of coal mining assets and are also exploring opportunities to divest stakes in its coal mining concessions as a means to collaborate with strategic partners and raise capital.

“NIMBLE AND COST COMPETITIVE BUSINESS MODEL.”

COMPETITIVE STRENGTHS

“Geo Energy’s mines produce high quality coal with attractive characteristics

Strategically located premium coal assets provide Geo Energy with significant competitive advantages

The sub-bituminous coal from the SDJ and TBR mines contain some of the lowest levels of ash, sulphur and other trace minerals of any coal traded in the global markets, and contain relatively low levels of nitrogen during combustion, which is generally considered by coal end-users to be of premium quality. SDJ and upcoming TBR coal facilitates its end-customers’ compliance with environmental regulatory requirements by blending it with other relatively lower quality coal. The low ash characteristic also reduces build-up in coal-burning boilers and thereby improves thermal efficiency. The coal is also easily stored, handled and does not need to be ground as finely as other types of coal to achieve maximum combustion. Its high surface area and volatility facilitates ignition and stable combustion. Geo Energy’s coal enjoys high demand locally and internationally, particularly from Chinese buyers, due to its characteristics that make

it ideal for blending with coal produced in China, which is characterised by high ash and high sulphur content with higher calorific values. The Group expects regulations on the ash and sulphur content of thermal coal to continue to tighten globally, increasing the relative attractiveness of its coal.

SDJ and the start of TBR also benefit from developed transportation infrastructure that is in relatively close proximity and the use of a perennial river, which together, allow for relatively low cost and undisrupted transportation of coal from the coal mines to the customers. The distance between its coal mines and the jetty is approximately 17 km. From the jetty, the coal is then transported to an anchorage point that is approximately 15 km away. Relatively short delivery cycles and uninterrupted coal delivery have enabled the Group to reduce the amount of coal inventory stockpiles, thereby reducing its inventory cost and working capital requirements.

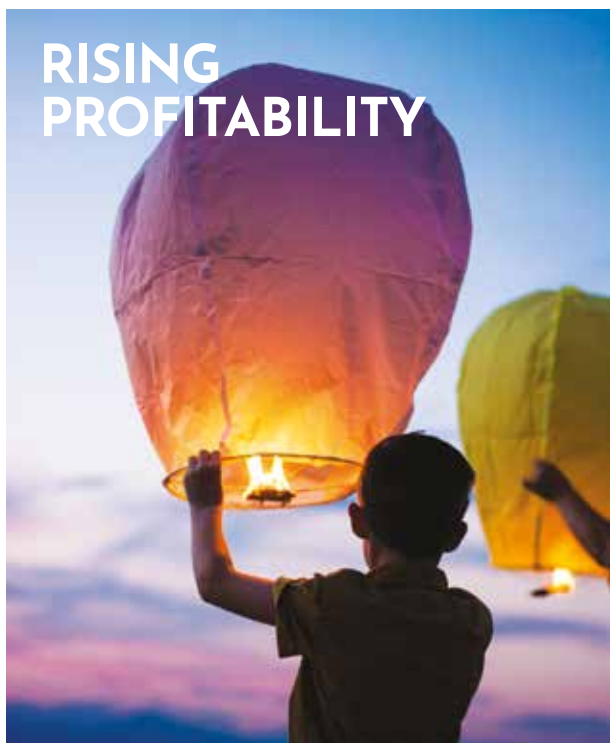
Geo Energy employs a business model that leverages the strengths of its business partners, allowing the Group to have limited operational and offtake risk as well as minimal capital expenditure requirements

Geo Energy has outsourced its mining operations for the life of the SDJ and TBR mines to BUMA. Through such arrangements, the Group is able to manage its operational risks and leverage BUMA’s deep expertise, extensive experience, scale and efficiency in coal mining operations as well as reduce its capital expenditure and working capital requirements for coal mining operations. Geo Energy maintains a relatively small workforce at its coal mines to supervise and monitor BUMA’s operations. The agreement with BUMA provides for minimum volumes of coal production, which allows it to benefit from stable coal production volumes.

Geo Energy has entered into a life of mine offtake contract with ECTP, a major

“WE RECORDED THE HIGHEST REVENUE AND NET PROFIT IN 2017.”





RISING PROFITABILITY

commodity trading house with international operations and a strong balance sheet, for coal produced from its SDJ mine. Using their global networks, ECTP markets and distributes SDJ coal to buyers from all over the world. Additionally, such offtake contracts provide for minimum annual offtake volumes, which enables the Group to secure its future coal sales and cash flows against the risk of decrease in global coal demand. The Group expects to also enter into a life of mine offtake contract with another major strategic partner for coal produced from its TBR mine. Geo Energy also established relationships with its end-customers and maintains regular dialogue to understand their

coal requirements, which provides the flexibility to supply coal directly as the Group continues to grow its business operations.

The Group believes that its business model allows it to continue to increase the scale of its business operations and to achieve its objective of being one of the largest coal producers in Indonesia.

Geo Energy's cost structure, which is one of the lowest amongst Indonesian coal producers, affords the Group scalability in the event of coal price fluctuations

Geo Energy has one of the lowest cost structures among Indonesian coal producers,

which allows it to continue increasing the scale of its business operations, even with coal price fluctuations. The Group's SDJ and TBR mines, which are adjacent to each other, benefit from favourable mining and geological conditions as well as developed transportation infrastructure that is in relatively close proximity. These allow for efficient and low-cost mining and uninterrupted transportation of coal from the coal mines to the customers. SDJ and TBR's average strip ratio of less than 3.5x is one of the lowest among Indonesian coal producers.

In addition, the combined mine plan for its SDJ and TBR mines, and the AJE mine, allows it to benefit from operational synergies and enjoy significant cost savings with respect to overburden dumping. AJE mine (which the Group manages under a coal mining management services agreement) is located next to the SDJ and TBR mines. Further, the coal reserves are located underneath a palm oil plantation and Geo Energy has entered into an agreement with the plantation owner to borrow, use, and return the land upon completion of its mining activities. Under the terms of the agreement, the plantation owner will resume use of the land for cultivation of palm oil trees, thereby lowering the expected costs required for the reforestation of exploited mining sites.

A significant proportion of the Group's mining cost is attributable to BUMA, the

"LOW AND STABLE COST STRUCTURE DRIVES BETTER MARGINS AND BUSINESS RESILIENCY."

Group's mining contractor. The coal mining services agreement with BUMA provides for fixed prices for the total tonnage of coal produced and for other services, such as overburden removal, which provides the Group with a high degree of stability on costs.

Prices per tonne of coal produced are generally fixed based on the location and terrain of the mine, the estimated strip ratio, the distance coal and overburden is to be transported and other factors affecting the third-party mining contractor's operating costs. According to Wood Mackenzie, the cash cost of the SDJ and TBR coal mines are within the lowest 5% amongst seaborne thermal coal producers on an energy-adjusted basis. Geo Energy believes that its low operating costs has enabled it to enjoy competitive and stable EBITDA margins.

Geo Energy has strong financial performance with access to capital from variety of sources

Complementing the Group's ability to generate cash flows, Geo Energy has access to

capital to further support its funding needs and growth. Geo Energy has an option to obtain prepayment from ECTP for the agreed coal sales volume in a given year. In 2017, Geo Energy has obtained another US\$40 million prepayment from ECTP for the coal sales in 2018, and has an option to obtain prepayment for future coal sales. Geo Energy has maintained good relationships with various banks. The successful issuance of the US\$ Senior Notes has broadened its investor base to include multi-billion international funds. It will allow the Group



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Access to capital through a variety of sources, providing further downside protection to its strong financial position

to tap on this market in the future should it require further funding.

Geo Energy has high standards of corporate governance and are led by a deeply-experienced management team

Geo Energy's management team has more than 50 years of combined experience in the coal industry, trading, mining, and operating mines, accounting, financial and treasury management, and mergers and acquisitions.

Geo Energy believes that its management team was instrumental in transitioning its business model in 2015, from operating as a relatively small scale mining services provider in an environment of high capital expenditure and relatively low operational efficiency, with high dependence on owners of coal mining concessions, to being a low-cost coal producer with high-quality coal mining assets.

Geo Energy has been listed on the mainboard of the SGX since 2012, and maintains high corporate governance standards in compliance with the Listing Rules of the SGX. Members of the Board of Directors have the appropriate competencies, and a majority are independent directors. In addition, Geo Energy's Audit Committee and Remuneration Committee fully comprise independent

directors. Stemming from its high standards in corporate governance, Geo Energy was runner-up in the 2013, 2014 and 2015 Investor Choice Awards by the Securities Investors Association (Singapore) for the "Most Transparent Company (Chemical & Resources and New Issues)," and it won the 2017 Listed Companies Award, for the metals and mining category, from the Singapore Business Review.

“
Award-winning SGX-listed firm with strong governance and deeply experienced management

BUSINESS STRATEGY

The main elements of Geo Energy's business strategy include the following:

Continue to extract value from its existing coal mines
Geo Energy believes that being one of the lowest-cost coal producers in Indonesia positions it to benefit from a rising coal price environment, while allowing it to remain profitable in lower coal price environments. Geo Energy intends to continue to extract value from its existing coal mines by:

Mining existing reserves in SDJ and TBR concession areas while controlling cost and capital expenditures.
Geo Energy expects to be able to formulate more efficient mine plans for both coal mines, as a whole, to take into account current and projected demand for and sales of the Group's coal products, as well as the

volume and quality of its coal reserves. Geo Energy believes that this would allow it to maintain efficient and low-cost mining at the SDJ and TBR mines and maintain its cash margins while incurring minimal capital expenditure.

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

Geo Energy has enjoyed a strong partnership with BUMA since the commencement of its SDJ mine. BUMA aided in the development of its mine plans and has provided the Group with satisfactory mining services that has allowed it to achieve strong operational and financial performance. Geo Energy intends to maintain its close relationship with BUMA in the future. Besides, the Group has also enjoyed a strong relationship with ECTP, its coal offtaker of SDJ coal. ECTP owns the right to market and distribute substantially all SDJ coal in the international

markets. Geo Energy still intends to maintain its strong relationship with ECTP and has plans to diversify its customer base by entering into a life of mine offtake contract with another offtaker for the coal produced from the TBR mine and expand direct sales efforts.

Continue to actively monitor and execute on attractive opportunities to optimise its asset portfolio

Geo Energy is constantly exploring opportunities to acquire additional coal mining concessions to complement its portfolio of coal mining assets and is also exploring opportunities to divest stakes in its coal mining concessions as a means to collaborate with strategic partners and raise capital.

To scale up business and transform into a top coal producer in Indonesia, Geo Energy intends to replicate its asset light business model. Geo Energy intends to replicate the success it saw over the acquisition of

TBR by monitoring potential acquisition opportunities and may also invest in value-adding businesses that meet its acquisition criteria:

- **Brownfield or producing coal asset that would begin production within six months, with minimum capital expenditure requirements.** Geo Energy believes this approach minimises uncertainty and enables immediate realisation of cash flows.
- **Attractive and unique asset characteristics with significant competitive advantage.** Geo Energy believes that coal assets with attractive characteristics and competitive advantages over other coal assets will provide more resilience against any adverse movement in coal price.
- **Potential synergy with existing assets.** When assessing potential acquisition targets, Geo Energy determines any

“PRUDENT ACQUISITION CRITERIA ENABLE GEO TO RAPIDLY GROW INTO A TOP COAL PRODUCER.”

potential synergy between the target and existing assets, which will create additional value for both new and existing business.

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



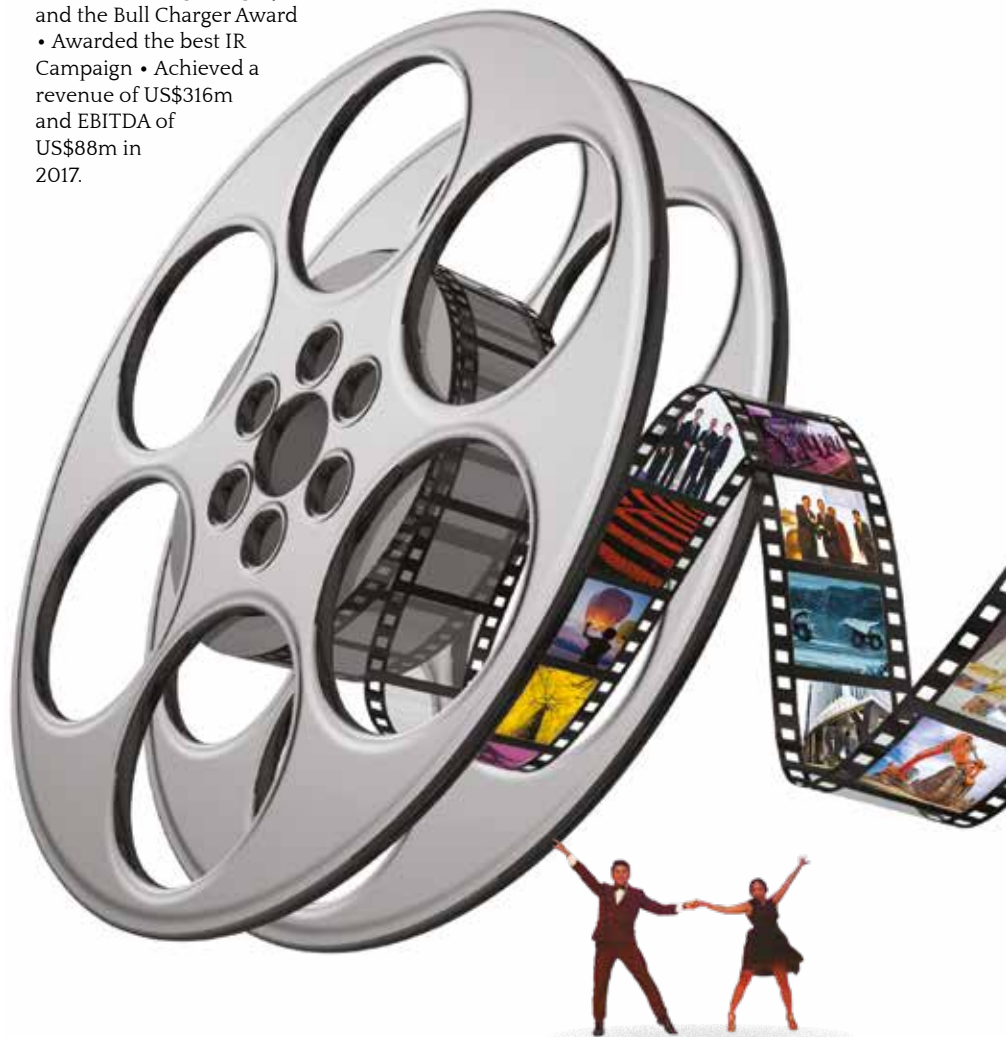
THE MILESTONES OF GEO ENERGY

"EMBRACE THE JOURNEY."

2012 Raised S\$94m in IPO proceeds and listed on the mainboard of SGX 19th October 2012 • Commencement of BEK's production. **2013** Entered into mining services contracts and mining cooperation agreements for two concessions and signed additional working blocks • Awarded runner-up of the 14th SIAS Investors' Choice Awards. **2014** Established S\$300m MTN Programme and issued S\$100m 7% Fixed Rate Notes due 18 January 2018 • Acquired 66% stake in SDJ mining concession • Awarded runner-up of the 15th SIAS Investors' Choice Awards. **2015** Entered into life of mine mining services cooperation agreement with BUMA for SDJ • First offtake agreement with ECTP for minimum of 1.5 million tonnes of coal • Completed acquisition of remaining 34% stake in SDJ and commenced SDJ production in December 2015. **2016** Geo Energy completed transformation into a low cost coal producer • Achieved record quarterly

net profit in 4Q16 – highest since IPO • Clinched life of mine coal offtake agreement with ECTP worth over US\$1.6b. **2017** Completed the acquisition of TBR mining concession • Won SBR Listed Companies Award 2017, Metals & Mining Category and the Bull Charger Award • Awarded the best IR Campaign • Achieved a revenue of US\$316m and EBITDA of US\$88m in 2017.

• Admitted as part of FTSE ST China Index • Successfully priced US\$ Notes Offering for US\$300m at 8% coupon due 4 October 2022. **2018** Entered into life of mine Mining Services cooperation agreement with BUMA for TBR.



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Won SBR Listed Companies Award 2017, Metals & Mining Category and the Bull Charger Award. Awarded the best IR Campaign. Achieved a revenue of US\$316m and an EBITDA of US\$88m in 2017





COAL INDUSTRY

Coal is a widely distributed natural resource that is produced in many countries worldwide, and is vital for developing countries as they are amongst the cheapest source of energy to support its growth requirements. Wood Mackenzie expects demand for seaborne thermal coal to increase from an estimated 928 million tonnes in 2016 to 979 million tonnes in 2025 (0.6% compound annual growth rate (CAGR)), with the majority of growth derived from increased coal demand in Asia, mainly by large developing economies in the region, particularly India (growing from 158 million tonnes in 2016 to 251 million tonnes in 2025 (CAGR 2.7%)) and Southeast Asia (growing from 75 million tonnes in 2016 to 160 million tonnes by 2025 (CAGR 7.2)), to require significant volumes of coal to support their power generation requirements and allow for ongoing industrialisation and electrification. Global seaborne export supply of thermal coal is expected to increase in line with demand through to 2025, with Indonesia well-placed to service the export markets due to its proximity and resulting freight advantage to key markets in Asia.¹

Coal Prices (2017 and outlook for 2018 and beyond)

In 2017, the market saw the Indonesian Coal Index (ICI) price for 4,200 GAR coal going up to a high of US\$46.81 but also went down to as low as US\$36.20 per tonne, with a full year average price of US\$42.91 per tonne. This was US\$10.84 higher than 2016's average price of US\$32.07, signifying an increase of 34%.

For the thermal coal market outlook 2018 and beyond, Coal Marketing Specialist, Dr. Lars Schernikau believe that the market has entered a new period of higher commodity prices, maybe even a small new commodity boom. Coal prices are likely to remain high, significantly above marginal cost of production for most producers.²

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Attractive characteristics of Indonesian coal address regional demand





Demand for Thermal Coal

China is currently one of the main markets for Indonesia's coal and is expected to remain among the key buyers in the long term. In October 2017, China reduced thermal coal imports as a result of government restrictions at several ports. Despite these policy changes, thermal coal imports in October 2017 still outperformed thermal coal imports in October 2016 by 9%. Furthermore, the Chinese government has now started to ease the import restrictions in an effort to address Chinese domestic coal price surges.³ The market expects China to continue with regulatory adjustments to maintain a balance in coal prices.

- 1 Wood Mackenzie, Indonesian coal industry summary report, 04 July 2017
- 2 Steam Coal Outlook 2018 & Beyond, Dr. Lars Schernikau, Coal Asia Dec 20 - Jan 20, 2018
- 3 Argus Coal Daily International. Issue 17-232, 29 November 2017

The International Energy Agency (IEA) believes that Southeast Asia's (SEA) needs for cheap energy will drive demand through 2040, despite retirement of coal-fired power plants in other regions of the world. The IEA predicts that 100 GW of new coal-fired power generation capacity is expected to be built by 2040, an increase of about 160 GW from current levels. 40% of this new capacity will be built in Indonesia. Vietnam is the second largest consumer of coal in Southeast Asia after Indonesia, and will become the region's largest coal importer by 2040.⁴ Argus Consulting Services has also forecasted SEA imports to grow stronger over the coming years, with gains mainly driven by countries such as Philippines, Vietnam and Thailand, as coal-fired capacity continues to expand.⁵

⁴ International Energy Agency, World Energy Outlook 2017

⁵ Argus Seaborne Thermal Coal Outlook, Issue 17-11, 7 November 2017





“China is currently one of the main markets for Indonesia’s coal and is expected to remain in the long term

Indonesian Coal Exports

Indonesia is currently, and will remain, the largest supplier of thermal coal into the seaborne market. However, Wood Mackenzie believe that Indonesian penetration of seaborne thermal coal markets has peaked. There will be some modest export growth to 2025, but it will be followed by long-term decline as increasingly production is consumed domestically.⁶

According to government statistics agency, BPS, Indonesia coal exports for 2017 is on track for about 385 million tonnes for the year, an increase of 4.3% from 2016. The increase of exports in 2017 came in spite of the prolonged monsoon season and above average rainfall in Kalimantan, Indonesia, which was a major hindrance on coal production. Producers expect a stronger production for 2018 if the weather permits.⁷

At the same time, there is expected to be an increase in demand for Indonesia’s domestic consumption, with an expected annual growth in demand of 8 to 10 million tonnes. Based on the Indonesia Government’s plans, approximately 21 GW in additional coal-fired capacity will be added over the next 5 years, and 31.9 GW over the next 10 years.⁸

Indonesia’s real GDP growth came in at 5.2% in 4Q17, while investment growth came in at a robust 7.3%, a positive sign for the outlook. DBS Group Research maintains their forecasts at 5.3% and 5.4% for 2018 and 2019, respectively. The big lift to overall investment growth came from the machinery/equipment component, which is an encouraging sign of an upswing in the investment cycle within the commodity sectors.⁹

⁶ Wood Mackenzie, Indonesian coal industry summary report, 04 July 2017

⁷ Argus Coal Daily International, Issue 17-232, 29 November 2017

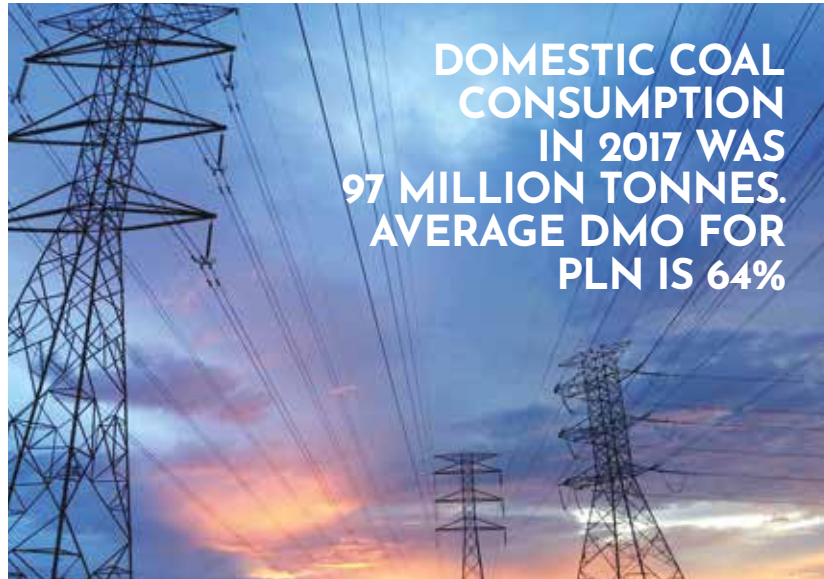
⁸ PwC, Coaltrans Asia 2017, Powering the Nation: From Coal to Power, Bali, 15 May 2017

⁹ DBS Flash Indonesia: An investment-led GDP growth, 5 February 2018

COAL INDUSTRY

South East Asia (SEA) Market

In India and SEA, the development of coal fired power plants will remain one of the easiest and most cost effective ways to achieve these goals for at least the next ten years, thereby ensuring coal demand growth. While the developed economies of China, Japan and Korea provide a base level of coal demand, the emerging economies of SEA, including Indonesia's domestic consumption, provide upside demand potential. Indonesia, being a cheap and close producer of thermal coal, is well placed to gain market share. Geo Energy produces high quality low rank coal, which is increasingly in demand given that higher environmental concern promotes a need for increased high quality, low sulfur and low ash coals in India and SEA.¹⁰



PLN: PT PLN Persero

Domestic Market Obligation (DMO), Indonesia

The new coal-price cap enforced by the Indonesian government on 12 March may drive coal exports towards the seaborne market, as the local coal-price cap may represent a discount of up to a 50% on seaborne market prices. Coal miners are forced to supply coal to the state-owned electricity company PLN at a maximum of \$43 a tonne for coal with 4,500 – 6,000 kcal/kg.¹¹ Currently, Geo Energy does not have any DMO.

¹⁰ Wood Mackenzie, Indonesian coal industry summary report, 04 July 2017

¹¹ Bloomberg Intelligence, Indonesia Coal Policy, 16 March 2018



“Coal will be the mainstay to fuel growing economics. China, India and South East Asia are experiencing high growth resulting in rapidly growing demand for electricity

BOARD OF DIRECTORS

OUR LEADERS HAVE INVALUABLE
EXPERIENCE IN THE INDUSTRY

EXECUTIVE DIRECTORS

Charles Antonny Melati ⁰¹, Founder & Chairman
Tung Kum Hon ⁰², Group Chief Executive Officer
Dhamma Surya ⁰³, Founder
Huang She Thong ⁰⁴, Founder



CHARLES ANTONNY MELATI ⁰¹

Mr. Melati oversees the overall strategic directions and expansion plans for the growth and development of the Group. He was an entrepreneur in the property development, hotel industry and engaged in the manufacture of cast polypropylene for flexible food packaging in Jakarta, Indonesia.

He was also involved in the setting up and operations of tug and barge business in Singapore and Indonesia.

TUNG KUM HON ⁰²

Mr. Tung is responsible for the overall business and general management of the Group. He is an independent director of his former company, Tien Wah Press Holding (listed on Bursa Saham Malaysia and a

subsidiary of a SGX company, New Toyo International Holdings Ltd). Prior to that, he was a special assistant to the executive chairman of New Toyo.

His previous experience includes serving as executive director and CEO of Bellzone Mining Plc (AIM), Group chief operating officer of a Hong Kong multinational group, the executive director and chief financial officer of Shanghai Asia Holdings Ltd (listed on SGX) and chief operating officer of Bintang Melawar Group, Malaysia.

He has over 15 years of experience in public accountancy, business advisory and transaction services with PwC Hong Kong and Malaysia, and KPMG Singapore. He is a Certified Public Accountant, Chartered Accountant and a member of the Singapore Institute of Directors.

DHAMMA SURYA ⁰³

Mr. Surya is responsible for the business and general management of the Group's Jakarta office and mining operations.

He was an entrepreneur in the property development and construction industry in Indonesia, a contractor cum household maintenance services business and worked with various business associates in constructing and developing shophouses and houses in Indonesia.

HUANG SHE THONG ⁰⁴

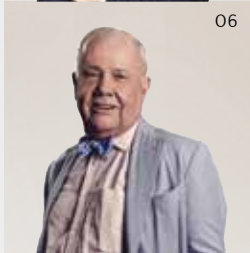
Mr. Huang oversees the business developments and sales targets of the Group as well as set overall trading strategy for the Group. He was a sole proprietor, operating a furniture store, mini market and hotelier in Indonesia and graduated from the Australian School of Tourism and Hotel Management with an Advanced Diploma of Hospitality Management in 2001.

INDEPENDENT DIRECTORS

Soh Chun Bin ⁰⁵, Lead Independent Director
James Beeland Rogers Jr ⁰⁶
Ong Beng Chye ⁰⁷
Lu King Seng ⁰⁸
Karyono ⁰⁹



05



06



07



08



09

SOH CHUN BIN ⁰⁵

Mr. Soh has more than 16 years of experience in law and corporate finance and specialises in capital markets and mergers and acquisitions. He currently leads the Corporate Commercial Practice Group of Fortis Law Corporation.

He began his career as a corporate lawyer and was one of the pioneering lawyers at Stamford Law (now known as Morgan Lewis Stamford) during its inception in the early 2000s. In 2012 he left the legal profession to act as the chief executive of several companies (including listed companies), before returning to practice law in 2017. 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.

He graduated from the National University of Singapore with a Bachelor of Law (Honours) in 1999.

JAMES BEELAND ROGERS JR ⁰⁶

Mr. Rogers is the author of seven books and is a globally renowned financial commentator as well as a successful international investor.

He is currently the Chairman of Beeland Interests, Inc. and holds several companies directorships.

In 1998, he started the Rogers International Commodity Index to track the value of commodities consumed in the global economy, ranging from agricultural to energy and

"SETTING THE TONE FOR A STRONG SUSTAINABILITY CULTURE."

metal products. He obtained a Bachelor's degree in History from Yale University in 1964 and a second Bachelor's degree in Philosophy, Politics and Economics from Balliol College, Oxford University in 1966.

ONG BENG CHYE ⁰⁷

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

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

LU KING SENG ⁰⁸

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

He has more than 20 years of commercial and audit experience in London, Singapore and Malaysia with Deloitte & Touche, Ernst & Young, Arthur Andersen, Price Waterhouse and KMPG where he led audit engagements in various companies, assisting companies with, inter alia, initial public offerings and due diligence reviews in connection with proposed mergers and acquisitions. He is a Fellow Member of the Association of Certified Chartered Accountants, a non-practising member of the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors. He graduated from Emile Woolf London and obtained a professional qualification from the Association of Certified Chartered Accountants in 1995.

KARYONO ⁰⁹

Mr. Karyono has more than 20 years of experience in the coal mining industry including mining engineering academia. He was previously a Head of the Engineering, (where he managed the mine geology, mine plan and survey department), a senior mine engineer, a mine project coordinator, a mine engineering superintendent, a geotechnic, a mine planner and a technical and ventilation engineer with major mining companies in Indonesia, including BUMA, where he was extensively involved in the monitoring and planning of mine operations and design, as well as mine rehabilitation. He was also a lecturer in the Mining Engineering study programme, Chief of the chemistry laboratory, Division Head of Administration and Student Affairs and Assistant Dean of the Engineering Faculty of Universitas Islam Bandung.

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

“
Our leaders
are invaluable
to the Group
in driving
growth to
meet strategic
objectives.”

KEY MANAGEMENT

EXPERIENCED MANAGEMENT TEAM

**"MORE THAN
50 YEARS OF
COMBINED
EXPERIENCE IN THE
COAL INDUSTRY,
ACCOUNTING
AND CORPORATE
FINANCE."**



▲ **Ng See Yong**, Head of Corporate and Human Resource

NG SEE YONG

Group's Head, Corporate and Human Resource

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

◀ From left to right (1st Row)

Eric Lim, Marketing Manager
Kenneth Wee, Finance Manager

From left to right (2nd Row)

Adam Tan, Investment Director
Vilia Susilo, Senior Accountant
Cynthia Lim, Finance Manager

KEY MANAGEMENT



▲ From left to right

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

of PT Tri Ayu Lestari, which operates the Miracle Aesthetic Clinic in Batam, Indonesia.

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

JUNANTO

Group's Head, Marketing

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



▲ From left to right (1st Row)

Deni Kusmayadi, Head of Legal
Hendika Pradonggo, Head of Operations
Kenneth Wee, Finance Manager

From left to right (2nd Row)

Djohan Sutjiawan, Legal Executive
Yuliana, Finance Controller
Aylie Tjhai, Marketing Manager

KEY MANAGEMENT

ADAM TAN

Investment Director

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

He has more than 7 years of experience in investments, private equity and corporate finance, having led and completed various debt and capital markets transactions. During the course of his career, he has also completed numerous acquisition deals in the petrochemical, commodities, infrastructure and real estate sectors. He graduated with Honours from the National University of Singapore with a Bachelor's degree in Business Administration.

▼ From left to right

Kwa Kim Lian, Tax Manager

Wong Pin Hong, Human Resource Executive

Vilia Susilo, Senior Accountant

Adam Tan, Investment Director



▲ From left to right

Cynthia Lim, Finance Manager

Agustini, Accounting Manager

Philip Hendry, Chief Financial Officer

PHILIP HENDRY

Chief Financial Officer

Mr. Hendry joined the Group in March 2018. He brings extensive international financial, accounting and operational leadership experience to the Group. He was formerly Bumi Armada Berhad's country manager & business controller responsible for managing its Singapore financial performance along with US\$3 billion offshore projects. Previously, he was the Senior Director – Finance and Accounting of Chicago Bridge & Iron managing multiple energy projects in international locations. He has more than 18 years of experience in regional finance leadership roles working in the United States, Indonesia and Singapore encompassing oil & energy as well as shipping, transportation and logistics industries. During his career, he has spearheaded numerous financial transformation and successfully overseen statutory and financial management of multiple businesses and projects. He has worked in major multinational companies including United Parcel Service, Chicago Bridge & Iron, and AMEC Foster Wheeler. He obtained his Bachelor's degree in Finance & Accounting from University of Washington and Masters in Business Administration in Finance & Accounting from Seattle University in Washington, USA.

THE GEO'S STRUCTURE TO SUCCESS

THE ACHIEVEMENTS OF AN ORGANISATION ARE THE RESULTS OF HOW WE ORGANISE OURSELVES

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

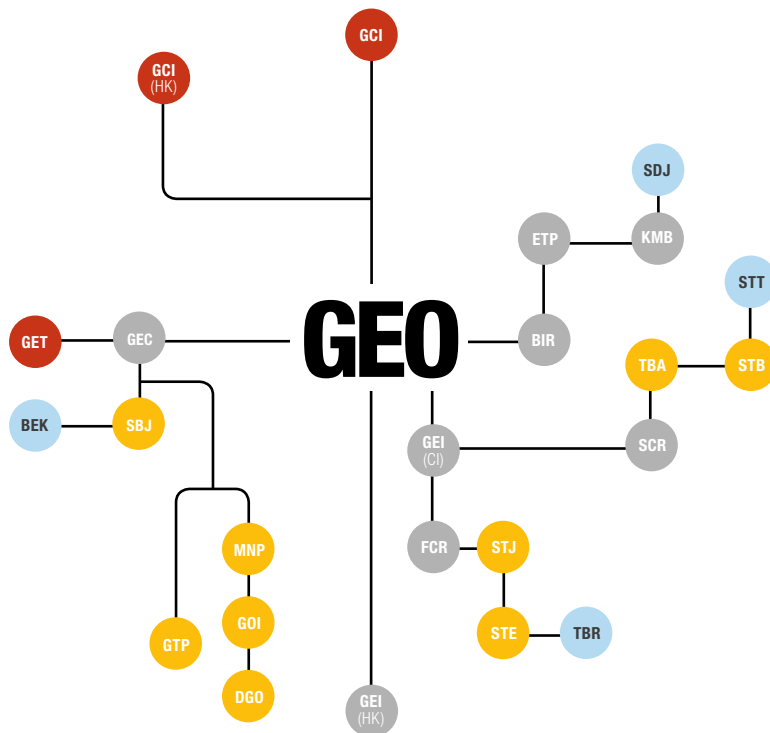
more empowered to be self-starters and be involved directly in all aspects of the business.

The Group's corporate structure is set out in accordance to its business type, namely: Coal Trading, Coal Mining, and Others. The Group does its coal trading activities through Geo Coal International

Pte Ltd, which is under the Global Traders Programme by IE Singapore. It also has a trading company incorporated in Hong Kong, Geo Coal International (HK), which is currently dormant but was pre-emptively set up to give the Group flexibility as an additional option through which to conduct its coal trading activities, if required.

The Group's coal mining assets are held by separate companies for flexibility of corporate actions, such as offtake arrangements and joint venture opportunities. (Having the coal mining assets held by separate entities also has the purpose of managing risk inherent to business operations.)

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



- Coal Trading
- Investment Holding
- Coal Mining
- Others

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

MNP - PT Mitra Nasional Pratama
 BIR - Borneo International Resources Pte. Ltd.
 ETP - PT Era Tiga Putra
 KMB - PT Karunia Mitra Berkas
 SDJ - PT Sungai Danau Jaya
 GEI(CI) - Geo Energy Investments Ltd. (Cayman Island)
 FCR - Fortune Coal Resources Pte. Ltd.
 GOI - PT Geo Online Indonesia

DGO - PT Deli Global Oase
 STJ - PT Satui Jasabara
 STE - PT Satui Energi
 SCR - STT Coal Resources Pte. Ltd.
 TBR - PT Tanah Bumbu Resources
 TBA - PT Tunas Bara Abadi Tolindo
 STB - PT STT Tunas Bara
 STT - PT Surya Tambang Tolindo

CORPORATE INFORMATION

FOSTERING STRONG RELATIONSHIPS
WITH OUR PARTNERS, BANKERS AND
OTHER PROFESSIONAL ADVISORS

**“LEVERAGING
ON THE
STRENGTHS
OF OUR
PARTNERS.”**

BOARD OF DIRECTORS

Charles Antonny Melati
(Executive Chairman)

Tung Kum Hon
(Executive Director &
Chief Executive Officer)

Dhamma Surya
(Executive Director)

Huang She Thong
(Executive Director)

Soh Chun Bin
(Lead Independent Director)

Ong Beng Chye
(Independent Director)

Lu King Seng
(Independent Director)

James Beeland Rogers Jr
(Independent Director)

Karyono
(Independent Director)

AUDIT COMMITTEE

Ong Beng Chye (Chairman)

Soh Chun Bin

Lu King Seng

Karyono

REMUNERATION COMMITTEE

Lu King Seng (Chairman)

Soh Chun Bin

Ong Beng Chye

NOMINATING COMMITTEE

Soh Chun Bin (Chairman)

Ong Beng Chye

Lu King Seng

Karyono

Charles Antonny Melati

Dhamma Surya

REGISTERED OFFICE

12 Marina Boulevard #16-01
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: +65 6702 0888
Fax: +65 6702 0880

COMPANY SECRETARY

Lee Wei Hsiung
Loo Choon Keow

INVESTOR RELATIONS

Financial PR
4 Robinson Road
#04-01 The House of Eden
Singapore 048543

INDEPENDENT AUDITORS

Deloitte & Touche LLP
6 Shenton Way
OUE Downtown 2 #33-00
Singapore 068809
Partner-in-charge:
Ronny Chandra (since 2016)
(Public Accountants and Chartered
Accountants)

INTERNAL AUDITORS

PricewaterhouseCoopers Risk Services Pte Ltd
7 Straits View
One Marina East Tower
Singapore 018936

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

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

LAWYERS

Sidley Austin LLP
Allen & Gledhill LLP
Ali Budiardjo, Nugroho, Reksodiputro
Aptus Law Corporation LLC
Morgan Lewis Stamford

PRINCIPAL BANKERS

Singapore

United Overseas Bank Limited
Bank of China
Oversea-Chinese Banking Corporation Limited
Malayan Banking Berhad
Standard Chartered Bank
PT Bank Mandiri (Persero) Tbk
CIMB Bank Berhad
The Bank of Tokyo-Mitsubishi UFJ, Ltd

Indonesia

PT.Bank Mandiri (Persero) Tbk
Permata Bank
Bank of Tokyo-Mitsubishi UFJ, Ltd.
PT.Bank Negara Indonesia (Persero) Tbk.
OCBC NISP
ICBC
Standard Chartered Bank

US\$ SENIOR NOTES

Joint Lead Managers

J.P. Morgan
Deutsche Bank AG
BOC International
CLSA Singapore Pte Ltd

Trustee

BNY Mellon



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

CORPORATE GOVERNANCE

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

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

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

Statement of Compliance

The Board of Directors of the Company (the "Board") confirms that for the financial year ended 31 December 2017 ("2017"), the Company has adhered to the principles and guidelines as set out in the Code, save as otherwise explained below in relation to certain guidelines of the code.

1. THE BOARD'S CONDUCT OF ITS AFFAIRS

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

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

Charles Antonny Melati	Executive Chairman
Tung Kum Hon	Chief Executive Officer and Executive Director
Dhamma Surya	Executive Director
Huang She Thong	Executive Director
Soh Chun Bin	Lead Independent Director
Ong Beng Chye	Independent Director
Lu King Seng	Independent Director
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 (eg. environmental and social factors);
- overseeing and reviewing the management of the Group's business affairs, financial controls, performance and resource allocation;
- establishing a framework of prudent and effective controls to assess and manage risks and safeguard shareholders' interests and the Group's assets;
- identifying the key stakeholder groups and recognising that their perceptions affect the Company's reputation; and
- setting the Company's values and standards (including ethical standards) and ensuring that obligations to shareholders and other stakeholders are understood and met.

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

final dividends and other return to shareholders and interested person transactions of a material nature.

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

Directors have the opportunity to meet with the 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 2017 and 2018 to-date include, amongst others:

- training provided by the external auditors, Deloitte & Touche LLP, to the Audit Committee and the Board on the tax updates in Indonesia as well as key changes in transfer pricing regulations;
- 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;
- training/seminar organised by ISCA on "Annual Update for Financial Reporting Standards 2017", "Preparation and Presentation of Consolidated Financial Statements in the Singapore context", "Directors' Duties and the Relationship with Ethics" and "Corporate Tax Planning"; and
- audit committee seminar organised by the Singapore Institute of Directors on "Rebooting Corporate Governance" which highlighted the latest developments on the Code new accounting standards and convergence to the International Financial Reporting Standards

and ways to raise the transparency of corporate disclosure.

There was no new director appointed in 2017. Newly appointed directors will receive a formal letter explaining their duties and responsibilities, and will undergo orientation and be briefed on the business and governance practices of the Group as well as industry-specific knowledge. The Company funded the training of its directors.

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

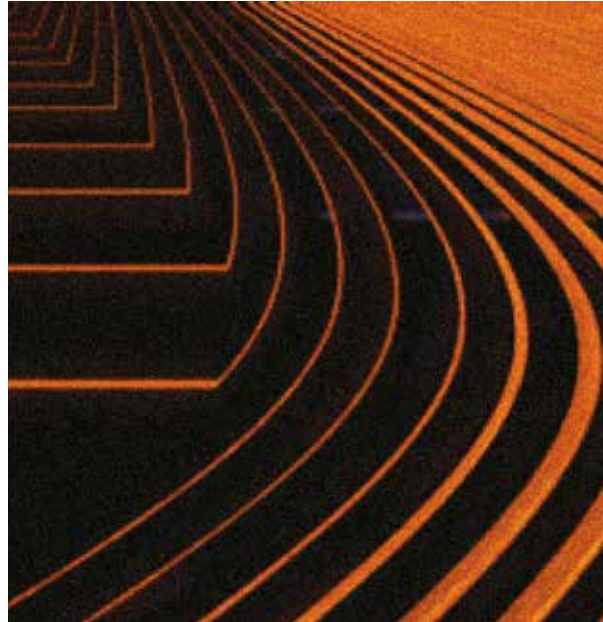
The Board meets on a regular basis and ad-hoc Board meetings are convened when they are deemed necessary. The number of Board and Board Committee meetings held in 2017 is set out below:

	Board	Board Committees		
		AC	NC	RC
Number of meetings held	6	4	1	1
Number of meetings attended				
Charles Antonny Melati	5	N/A	1	N/A
Tung Kum Hon	6	N/A	N/A	N/A
Dhamma Surya	4	N/A	1	N/A
Huang She Thong	5	N/A	N/A	N/A
Soh Chun Bin	6	4	1	1
Ong Beng Chye	6	4	1	1
Lu King Seng	6	4	1	1
Karyono	6	4	1	N/A
Jim Rogers	5	N/A	N/A	N/A
N/A - Not Applicable				
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.				



STANDING TALL AND BEING FIRM ON OUR VALUES

WE COMMIT TO MAINTAINING A HIGH STANDARD OF CORPORATE GOVERNANCE



Appropriate core competencies and diversity of experience enable the Board for effective leadership

2. BOARD COMPOSITION AND GUIDANCE

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

The Board comprises 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 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director’s independent business judgment with a view to the best interests of the Company. 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 by the NC. Each independent director is required to complete a checklist annually to confirm his independence based on the guidelines as set out in the Code. The independence of any director who has served on the Board beyond nine years from the date of his first appointment will be subject to more rigorous review, taking into account the need for progressive refreshing

of the Board. As of the date of this report, there is no independent director who has been appointed for more than nine years from the date of his first appointment.

The Board has examined its size and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Company, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board committees. There is no individual or small group of individuals who dominate the Board’s decision-making. In addition, the Board’s policy is to take into account diversity when identifying persons for appointment to the Board. The Board noted that gender diversity on the boards of directors is also one of the recommendations under the Code to provide an appropriate balance and diversity. Although there is currently no female director appointed to the Board, the Board does not rule out the possibility of appointing a female director if a suitable candidate is nominated for the Board’s consideration.

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

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

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

3. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

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

between the Management, the Board and the shareholders.

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

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

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

4. BOARD MEMBERSHIP

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

The NC comprises Mr. Soh Chun Bin, Mr. Ong Beng Chye, Mr. Lu King Seng, Mr. 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 a substantial shareholder of the Company, and is not directly associated with, any substantial shareholder of the Company.

“ Award-winning company and management compliant with SGX governance requirements ”



“ Audit and Remuneration Committees fully comprise Independent Directors

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

- make recommendations to the Board on relevant matters relating to:
 - (a) the review of board succession plans for directors, in particular, the executive chairman and for the chief executive officer;
 - b) the development of a process for evaluation of the performance of the Board, its Board committees and directors;
 - c) the review of training and professional development programs for the Board; and
 - d) the appointment and re-appointment of directors (including alternate directors, if applicable).
- important issues to be considered as part of the process for the selection, appointment and re-appointment of directors include composition and progressive renewal of the Board and each director's competencies, commitment, contribution and performance (eg. attendance, preparedness, participation and candour) including, if applicable, as an independent director. All directors should be required to submit themselves for re-nomination and re-appointment at regular intervals and at least once every three years;
- determine annually, and as and when circumstances require, whether a director (including an alternate director) is independent, bearing in mind the



circumstances set forth under SGX requirements and any other salient factors;

- when a director has multiple board representations, he must ensure that sufficient time and attention is given to the affairs of the Company. The NC should decide 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. Guidelines should be adopted that address the competing time commitments that are faced when directors serve on multiple boards. The Board should determine the maximum number of listed company board representations which any director may hold;
- assess and determine the independence status of the independent directors;
- vigorously review the independence status of any independent director serving the Board beyond nine years from the date of his first appointment;
- assess the effectiveness of the Board as a whole and its Board committees to the effectiveness of the Board; and
- decide how the Board's performance may be evaluated and propose objective performance criteria. Such performance criteria, which allow for comparison with industry peers, should be approved by the Board and address how the Board has enhanced long-term shareholder value. These performance criteria should not be changed from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the onus should be on the Board to justify this decision.

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.

With respect to the selection and appointment of new directors to the Board, the Company procures search services, contacts and recommendations for the purposes of identifying suitably qualified and experienced candidates. The NC reviews

the resume of the candidates, interviews the short-listed candidates and recommends the most suitable candidate(s) to the Board for approval.

Board appointments are made by way of a board resolution after the NC has, upon reviewing the resume of the proposed director and conducting appropriate interviews, recommended the appointment to the Board. Pursuant to the 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	-	-
Tung Kum Hon	Chief Executive Officer	1 November 2015	28 April 2016	Tien Wah Press Holdings Berhad	Bellzone Mining Plc
Dhamma Surya	Executive Director	24 May 2010	28 April 2016	-	-
Huang She Thong	Executive Director	15 June 2010	28 April 2017	-	-
Soh Chun Bin	Lead Independent Director	25 September 2012	28 April 2017	Triyards Holdings Limited ISOTeam Ltd.	Chosen Holdings Limited
Ong Beng Chye	Independent Director	25 September 2012	28 April 2016	Hafary Holdings Limited Heatec Jietong Holdings Ltd. Kitchen Culture Holdings Ltd. IPS Securex Holdings Ltd. CWX Global Limited (fka Loyz Energy Limited)	-
Lu King Seng	Independent Director	25 September 2012	29 April 2015	TLV Holdings Limited	Green Build Technology Limited
Karyono	Independent Director	25 September 2012	28 April 2017	-	-
Jim Rogers	Independent Director	3 December 2012	28 April 2016	Spanish Mountain Gold Ltd Virtus Total Return Fund Inc. (fka The Zweig Fund, Inc.) Virtus Global Dividend & Income Fund Inc. (fka The Zweig Total Return Fund, Inc.) Sinofortune Financial Holdings Limited (fka First China Financial Network Holdings Limited) Crusader Resources Limited (Australia) Duff & Phelps Select Energy MLP Fund Inc.	-

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. Charles Antonny Melati, Mr. Dhamma Surya and Mr. Lu King Seng who will retire by rotation, at the forthcoming annual general meeting and 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 "Directors' Statement" section of this Annual Report.

The Company has no alternate directors on its Board.



5. BOARD PERFORMANCE

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

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

The NC is responsible for assessing the effectiveness of the Board as a whole and the Board committees. To-date, the NC does not require the assistance of an external facilitator in relation to the assessment process. The NC has established a review process and proposed objective performance criteria set out in assessment checklists which are approved by the Board. The NC assesses

the Board's effectiveness as a whole by completing a Board Assessment Checklist, which takes into consideration factors such as the Board's structure, conduct of meetings, corporate strategy and planning, risk management and internal control, recruitment and evaluation, compensation, financial reporting and communication with shareholders. The Board adopts performance objectives and criteria which align with shareholder interest and allow for comparison with industry peers such as return on assets, return on equity, return on investment and total shareholder return as well as the Company's share price performance over a period of time. The performance criteria are not subject to changes from year to year. Nonetheless, where circumstances deem it necessary for any of the criteria to be changed, the Board will justify such changes.

In carrying out its assessment of the Board's effectiveness, the NC simultaneously considers

“ Timely, consistent disclosure to shareholders ”

the effectiveness of the Board committees by completing Board Committees' evaluation forms respectively.

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

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

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

6. ACCESS TO INFORMATION

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

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

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

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

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

7. PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

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

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

- review and recommend to the Board a general framework of remuneration for the Board and key management personnel;
- review and recommend to the Board the specific remuneration packages for each director as well

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

- review and recommend to the Board the terms of renewal of the service contracts of directors;
- review whether executive directors and key management personnel should be eligible for benefits under long-term incentive schemes, and evaluate the costs and benefits of long-term incentive schemes;
- review the Company's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC should aim to be fair and avoid rewarding poor performance; and

Trust, honesty, transparency and accountability are the building blocks of a positive reputation and the foundation of any relationship.

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

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

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

8. LEVEL AND MIX OF REMUNERATION

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

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

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

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

The Company is proposing share-based incentive schemes for approval by its shareholders at the Company's extraordinary general meeting to be convened on 23 April 2018. The proposed schemes are intended to further incentivise performance of executive directors and key management personnel (other than major shareholders) and align the interests of non-executive directors with the interests of the shareholders of the Company. The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the executive directors and key management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company, as the realisation of potential legal action by the Company would deter them from committing such wrongdoing. During the year, the Group paid variable bonus/incentive to the executive directors, chief executive officer and key management personnel, as well as the mandatory THR allowance to its staff in Indonesia, which is a labour allowance that must be paid by an employer before a religious holiday.

9. DISCLOSURE ON REMUNERATION

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



The Company has established a performance-based remuneration system for executive directors and key management personnel that is flexible and responsive to the market, comprising a base salary, other fixed allowances, together with benefits in kind, as well as a performance

bonus which is based on the Group's performance and the individual's performance. Mr. Charles Antonny Melati, the executive chairman, and Mr. Tung Kum Hon, the chief executive officer and executive director, are entitled to receive a performance bonus based on the audited consolidated profit

before tax of the Group in each financial year. The foregoing performance condition was chosen having regard to the nature of the business, structure and requirement of the Group. There was annual performance bonus paid for 2017 as the performance condition was met during the financial year.

The level and mix of remuneration paid or payable to the directors and key management personnel for 2017 are set out below:

Remuneration bands	Salary & CPF %	Bonus & CPF %	Director's Fee %	Other Benefits %	Total %
Directors					
S\$ 1,750,000 to S\$ 2,000,000					
Tung Kum Hon	31	32	–	37	100
S\$ 1,250,000 to S\$ 1,500,000					
Charles Antonny Melati ¹	42	54	–	4	100
S\$ 500,000 to S\$ 750,000					
Dhamma Surya	67	28	–	5	100
Huang She Thong ¹	67	29	–	4	100
S\$ 0 to S\$ 250,000					
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					
Ng See Yong ¹	70	30	–	–	100
Junanto	64	35	–	1	100
Chan Cheng Fei	85	15	–	–	100
Tan Sheng Hua, Adam	67	33	–	–	100

Note:

¹ Mr. Charles Antonny Melati, Mr. Huang She Thong and Mr. Ng See Yong are brothers.

S\$ – Singapore dollars

The aggregate remuneration (including CPF contributions thereon and bonus) paid to the top four key management personnel of the Group (who are not directors of the Company or the chief executive officer) in 2017 amounted to approximately S\$ 904,016.

“
Transparency
and trust
forge strong
bonds

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

Save for the above key management personnel and the following employees, there was no employee of the Group who was an immediate family member of a director or the chief executive officer, and whose remuneration exceeded S\$50,000 during 2017:

Remuneration bands

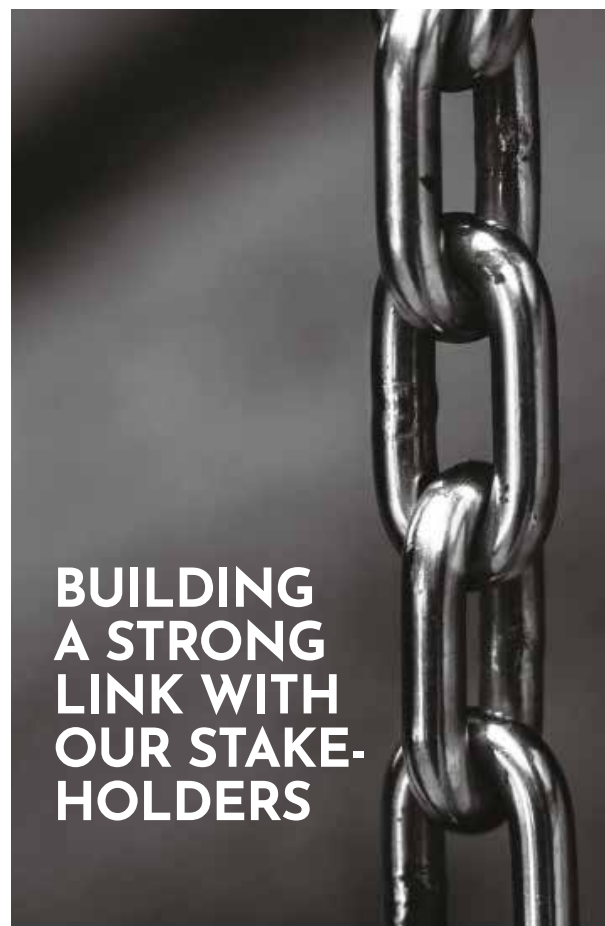
S\$ 150,001 to S\$ 200,000	Yanti Ng ¹ , Lim Kok Wah, Eric ¹
S\$ 100,000 to S\$ 150,000	Ruddy Tan ²

Note:

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

The Company did not grant or pay any termination, retirement or post-employment benefits to its directors, chief executive officer or other key management personnel in 2017.

“
The currency
of leadership is
transparency



**BUILDING
A STRONG
LINK WITH
OUR STAKE-
HOLDERS**

10. ACCOUNTABILITY

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

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

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

11. RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

The Management has formed an Enterprise Risk Management ("ERM") Working Group to devise and implement an ERM framework, in consultation with the Company's internal auditors, PricewaterhouseCoopers Risk Services Pte. Ltd. The ERM Working Group, together with the business and corporate executive heads, identifies the operational, financial and compliance risks faced by the Group and sets out the appropriate mitigating actions and monitoring mechanisms to respond to these risks and changes within the Group and the external business environment. The ERM framework is designed to

manage the Group's risks and is approved by the Board, taking into consideration the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives. On an on-going basis, the ERM Working Group reviews all significant control policies and procedures, and highlights all significant matters to the Board and the AC. In December 2017, the ERM Working Group conducted an annual risk workshop to assist the Management in identifying and prioritising the top risks affecting the Group as well as to provide counter-measures for the risks identified.

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

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

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



regarding the effectiveness of the Group's risk management and internal controls.

Based on the ERM framework and internal controls established and maintained by the Group, the work performed by the internal and external auditors, and reviews performed by the Management and the AC, the Board, with the concurrence of the AC, is of the opinion that the risk management and internal control systems in place as at 31 December 2017 are adequate and effective to address in all material respects the financial, operational, compliance and information technology risks within the current scope of the Group's business operations.

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

“ It is not only what we do, but also what we do not do, for which we are accountable ”

“The keys to success are self-definition, transparency, authenticity and accountability”

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 annual consolidated financial statements and the external auditors’ report on those financial statements, and discussing any significant adjustments, major risk areas, changes in accounting policies, compliance with Financial Reporting Standards in Singapore, concerns and issues arising from their audits, including any matters which the auditors may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval;
- reviewing the periodic consolidated financial statements comprising the statements of comprehensive income and statements of financial position and such other information required by the SGX-ST Listing Manual, before submission to the Board for approval;

- reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company’s financial performance;
- reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company’s risk management and internal control systems, including financial, operational, compliance and information technology controls (such review can be carried out internally of with the assistance of any competent third parties);
- reviewing the adequacy and effectiveness of the Company’s internal audit function at least annually;
- reviewing the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors;
- making recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- meeting with the external auditors, and with the internal auditors, in each case without the presence of the Company’s Management, at least annually;
- reviewing the policy and arrangements by which employees of the Group and any other persons may, in confidence, raise concern to the chairman of the AC about possible improprieties in matters of financial reporting or other matters. AC should ensure that there are arrangements in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken. To disclose



the existence of a whistle-blowing policy in the Annual Report and disseminate the procedures and channel for raising such concerns;

- ensuring robust internal controls to mitigate the Group internal controls weaknesses and to oversee the annual internal audit procedures and follow up of the audit findings;
- reviewing the audit plans of the external auditors and internal auditors, and the results of the external and internal auditors' review and evaluation of the Group's system of internal controls;
- approving the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced;
- reviewing any interested person transactions falling within the scope of Chapter 9 of the SGX-ST Listing Manual;
- reviewing any potential conflicts of interest;
- approving internal control procedures and arrangements for all interested person transactions;
- reviewing and recommending hedging policies and instruments, if any, to be implemented by the Company to the Board;
- enquiring the status of the existing Qualifying Assets (as defined in the Company's prospectus dated 10 October 2012 (the "Prospectus")) and determining if any of the Qualifying Assets should be removed from the QA List (as defined in the Prospectus);
- reviewing and approving the Promoter Interest Register (as defined in the Prospectus);



BEING TRANSPARENT

- undertaking such other reviews and projects as may be requested by the Board, and reporting to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- undertaking generally such other functions and duties as may be required by law or the SGX-ST Listing Manual, and by such amendments made thereto from time to time.

The AC 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.

During the year, the AC reviewed the financial statements of the Group before the announcement of the Group's quarterly and full-year results. In the process, the AC reviewed the key areas of management's estimates and judgement applied for key financial issues including revenue recognition, impairment testing, provisioning policies, critical accounting policies and any other significant matters that might affect the integrity of the financial statements. The AC also considered the report from the external auditors, including their findings on the significant risks

“Honesty, integrity, and accountability are the values which are the hallmark of a successful company”

and audit focus area. Significant matters that were discussed with management and the external auditors have been included as Key Audit Matters ("KAMs") in the audit report for the financial year ended 31 December 2017. Refer to pages 91 to 93 of the Annual Report.

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

During the year, the AC considered and approved the 2017 Audit Plan and the 2017 Internal Audit ("IA") Plan. In addition, the AC reviewed the adequacy of internal control procedures, Interested Person Transactions and the issues raised in IA reports. It also considered the reappointment of the external auditors as well as their remuneration.

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

The fees paid by the Company to the external auditors in 2017 for audit and non-audit services amounted to S\$985,250 and S\$13,800, 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. Anonymous disclosures will be accepted and anonymity honoured. Cases that are significant are reviewed by the AC for adequacy of investigative action and resolution. The outcome of each investigation is reported to the AC. Contact details of the AC chairman have been made available to all employees. No whistle blowing reports were received in 2017.

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

13. INTERNAL AUDIT

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

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

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

The internal auditors report directly to the chairman of the AC. The AC reviews and approves the annual internal audit plans, and reviews the scope and results of the internal audit performed by the internal auditors. The AC reviews the adequacy and effectiveness of the internal audit function annually. The AC is satisfied that the internal auditors are independent and

have the appropriate standing to perform their functions effectively. Based on its latest review, the AC is satisfied that the internal audit function then in place is adequate and effective bearing in mind that improvement to such function is an on-going process taking into account the prevailing scope of the Group's operations and business environment.

14. SHAREHOLDER RIGHTS

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

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

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

“ Doing the right thing is more important than doing things right ”



15. COMMUNICATION WITH SHAREHOLDERS

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

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

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

The Company does not have a formal dividend policy as any declaration and payment for dividends depends on, *inter alia*, the Group's earnings, financial position, results of operations, capital needs, plans for expansion, and other factors as the Board may deem appropriate. The Company has paid a tax-exempt (one-tier) final cash dividend of S\$0.01 per share on 30 May 2017 and



a tax-exempt (one-tier) interim cash dividend of S\$ 0.01 per share on 5 December 2017.

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. All directors including the Chairman of the Board are required to attend the general meetings of the Company. The Company's external auditors are also present to assist the Board

in addressing any relevant queries from shareholders. The Company also ensures that there are separate resolutions at general meetings on each distinct issue. Minutes of general meetings, including relevant substantial comments or queries from shareholders relating to the agenda of the 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 does not currently employ electronic polling as it is not presently cost effective to do so. The Company shall put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages after the conclusion of the AGM.

The Company is proposing a new constitution for approval by its shareholders at the

Company's extraordinary general meeting to be convened on 23 April 2018. The proposed new constitution would contain, *inter alia*, provisions on absentia voting at general meetings of shareholders.

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 2017, 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 2017 or if not then subsisting, entered into since the end of the previous financial year.

COAL RESERVES

A PORTFOLIO OF 4 COAL ASSETS WITH TOTAL RESERVES OVER 90 MILLION TONNES

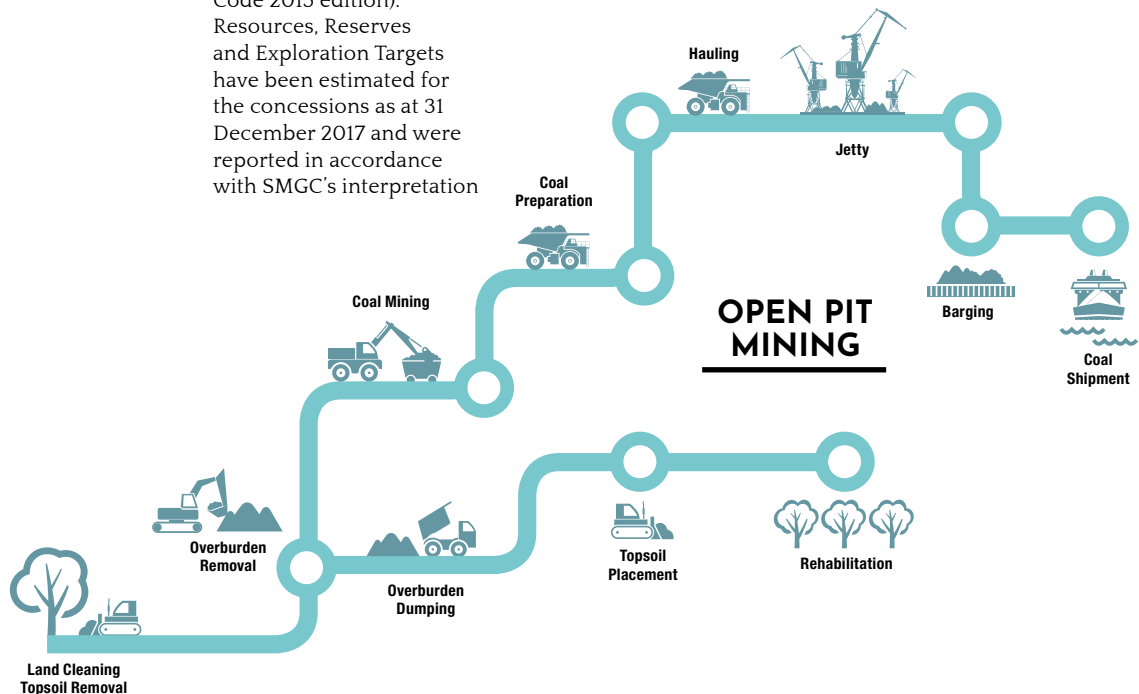
SMG Consultants (SMGC) was commissioned to prepare an Independent Qualified Person's Report (IQPR) for SDJ, TBR, BEK and STT. The Technical Assessment has been prepared in accordance with SMGC's interpretation of the Australasian Code for Reporting of Technical Assessments and Valuations of Mineral Assets (VALMIN Code 2015 edition). Resources, Reserves and Exploration Targets have been estimated for the concessions as at 31 December 2017 and were reported in accordance with SMGC's interpretation

of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code).

Coal Reserves are the same as Ore Reserves as described in the 2012 JORC Code, which is defined as the economically mineable part of the Measured and/or Indicated Mineral

Resource. Coal Reserves are subdivided into Proved and Probable to reflect the confidence of the underlying Resource data and confidence in the application of modifying factors.

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



(Perhimpunan Ahli Pertambangan Indonesia) and a member of IAGI (Ikatan Ahli Geologi Indonesia). Mr. Whitchurch is employed by and is a director of SMGC. Mr. Whitchurch has over 35 years of experience in the mining industry with significant experience in technical reviews, audits and due diligence assessment of mining assets. Mr. Kim Knerr (Principal Mining Engineer) has 28 years of experience in open cut mining operations in globally and with

delivering strategic results in the minerals industry. Mr. Joyanta Chakraborty (Senior Mining Engineer) has over 15 years of experience in the planning and mining of coal deposits. Mr. Abdullah Dahlan (Principal Geologist) has over 19 years of experience in the coal and gold mining industries. Each is a member the Australasian Institute of Mining and Metallurgy and has had sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration

and to the activity which each is undertaking to qualify as a Competent Person as defined in the 2012 JORC Code.

Mr. Keith Whitchurch has confirmed that the information disclosed in this section has been fully and accurately extracted from the IQPR.

The full IQPR reports are available on SGXNET and our website and hard copies can be furnished to shareholders upon request.

A. Concessions Details

Coal Mines	Location	License, Expiry Date	Area	Type of Mine	History
SDJ	Tanah Bumbu, South Kalimantan	IUP Operasi Produksi, 29 May 2022	235.5 ha	Open pit	Production commenced in December 2015 and delivered the first shipment to China in January 2016. The Group sold 7.7 million tonnes of coal from SDJ in 2017.
TBR	Tanah Bumbu, South Kalimantan	IUP Operasi Produksi, 11 January 2022	489.1 ha	Open pit	Completion of acquisition in June 2017. In March 2018., the Group has signed an overburden removal agreement with BUMA to commence ground breaking and coal production.
BEK	Kutai Barat, East Kalimantan	IUP Operasi Produksi, 4 April 2031	4,570 ha	Open pit	The coal mine was put in care and maintenance in 2014 but has since restarted operations in late 2017.
STT	Kutai Barat, East Kalimantan	IUP Operasi Produksi, 26 October 2032	4,600 ha	Exploration	The concession is greenfield and no production has commenced.

“Strategically located premium coal assets with low-ash and low-sulfur, highly in demand for blending purposes

OUR 2 MAIN OPERATING MINES - SDJ & TBR

OUR SDJ & TBR MINES HAVE A TOTAL COAL OF OVER 80 MILLION TONNES, WITH A CV OF AROUND 4,200 GAR.

B. Reserves and Resources

These estimates have been reported in accordance with SMGC's interpretation of the 2012 JORC Code and are stated as at 31 December 2017.

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

Category	Mineral Type	Gross Attributable to License ¹		Net Attributable to Issuer ⁴			Remarks
		Tonnes (millions)	Grade	Tonnes (millions)	Grade	Change from previous update ² (%)	
TOTAL COAL: 33.4 MILLION TONNES							
Reserves ⁵							
Proved	Coal	24.2	Sub-bituminous Rank C	23.9	Sub-bituminous Rank C	- 13.88%	Changes due to production adjustment
Probable	Coal	8.8	Sub-bituminous Rank C	8.7	Sub-bituminous Rank C	- 4.35%	
Total	Coal	33	Sub-bituminous Rank C	32.7	Sub-bituminous Rank C	- 11.53%	
Resources ^{3 & 5}							
Measured	Coal	25.5	Sub-bituminous Rank C	25.2	Sub-bituminous Rank C	- 2.30%	Changes due to production adjustment
Indicated	Coal	10.2	Sub-bituminous Rank C	10.1	Sub-bituminous Rank C	-1.92%	
Inferred	Coal	0.3	Sub-bituminous Rank C	0.3	Sub-bituminous Rank C	-0.00%	
Total	Coal	36	Sub-bituminous Rank C	35.6	Sub-bituminous Rank C	- 2.17%	

Note:

- 1 License refers to SDJ Production Operation IUP.
- 2 Previous coal reserves and resources estimates were reported as at 31 December 2016.
- 3 Resources are inclusive of reserves.
- 4 The results presented are rounded to reflect the accuracy of the estimates. Minor discrepancies are due to rounding and are not considered material by SMGC.
- 5 Reserves and resources are reported in accordance with SMGC's interpretation of the JORC Code 2012 Edition.

COAL RESERVES

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

Category	Mineral Type	Gross Attributable to License ¹		Net Attributable to Issuer ⁴		Remarks	
		Tonnes (millions)	Grade	Tonnes (millions)	Grade	Change from previous update ² (%)	
TOTAL COAL: 47.2 MILLION TONNES							
Reserves ⁵							
Proved	Coal	40.0	Sub-bituminous Rank C	39.5	Sub-bituminous Rank C	0.00%	No change
Probable	Coal	3.2	Sub-bituminous Rank C	3.2	Sub-bituminous Rank C	0.00%	
Total	Coal	43.2	Sub-bituminous Rank C	42.7	Sub-bituminous Rank C	0.00%	
Resources ^{3 & 5}							
Measured	Coal	48.4	Sub-bituminous Rank C	47.8	Sub-bituminous Rank C	0.00%	No change
Indicated	Coal	6.7	Sub-bituminous Rank C	6.6	Sub-bituminous Rank C	0.00%	
Inferred	Coal	1.3	Sub-bituminous Rank C	1.3	Sub-bituminous Rank C	0.00%	
Total	Coal	56.4	Sub-bituminous Rank C	55.7	Sub-bituminous Rank C	0.00%	

Note:

- 1 License refers to TBR Operation IUP.
- 2 Previous coal reserves and resources estimates were reported as at May/March 2016, respectively.
- 3 Resources are inclusive of reserves.
- 4 The results presented are rounded to reflect the accuracy of the estimates. Minor discrepancies are due to rounding and are not considered material by SMGC.
- 5 Reserves and resources are reported in accordance with SMGC' interpretation of the JORC Code 2012 Edition.

“SDJ and TBR are high quality coal assets with their low-ash and low-sulfur characteristics driving demand locally and internationally”

OUR OTHER MINE - BEK

THE COAL MINE HAS RESTARTED OPERATIONS IN LATE 2017 AND SOLD 69,629 TONNES OF COAL

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

Category	Mineral Type	Gross Attributable to License ¹		Net Attributable to Issuer ⁴		Remarks
		Tonnes (millions)	Grade	Tonnes (millions)	Grade	Change from previous update ² (%)
TOTAL COAL: 12.2 MILLION TONNES						
Reserves⁵						
Proved	Coal	8.1	Lignite Rank A	8.0	Lignite Rank A	-4.71%
Probable	Coal	2.0	Lignite Rank A	2.0	Lignite Rank A	+33.33%
Total	Coal	10.1	Lignite Rank A	10.0	Lignite Rank A	+1.0%
Resources^{3 & 5}						
Measured	Coal	11.3	Lignite Rank A	11.2	Lignite Rank A	-18.12%
Indicated	Coal	7.2	Lignite Rank A	7.1	Lignite Rank A	-29.41%
Inferred	Coal	6.0	Lignite Rank A	5.9	Lignite Rank A	-44.95%
Total	Coal	24.5	Lignite Rank A	24.2	Lignite Rank A	-29.80%

Note:

- 1 License refers to BEK Production Operation IUP.
- 2 Previous coal reserves and resources estimates were reported as at 31 December 2016.
- 3 Resources are inclusive of reserves.
- 4 The results presented are rounded to reflect the accuracy of the estimates. Minor discrepancies are due to rounding and are not considered material by SMGC.
- 5 Reserves and resources are reported in accordance with SMGC' interpretation of the JORC Code 2012 Edition.

“Total reserves of 10.1 million tonnes of thermal coal measuring an average calorific value in excess of 3,400 GAR



“Thick coal seams and low strip ratio, effective to mine

Coal Quality							
	Relative Density	Total Sulphur	Volatile Matter	Inherent Moisture	Total Moisture	Ash	GAR
	arb (t/m ³)	adb (%)	adb (%)	adb (%)	adb (%)	adb (%)	arb (kcal/kg)
SDJ	1.25	0.20	41.2	15.6	35.9	4.6	4,101
TBR	1.27	0.20	39.6	19.2	34.5	3.8	4,270
BEK	1.24	0.23	34.2	31.1	42.9	6.8	3,448

A full phased Life of Mine (LOM) plan in consultation with the on-board mining contractor, PT Bukit Makmur Mandiri Utama (BUMA) was reviewed by SMGC, together with the physical quantities and built a preliminary financial model using the cost and revenue assumptions to check for the financial viability of the same in the current context. It is observed that the current mine plan is valid and can be used for the basis of the current Reserve estimation. SMGC has adopted the pit design, subject to cross checks, from the current mine plan as a basis of the

open cut economic mining limits for its current Reserves estimation process.

Resources are based upon estimated in situ density values assessed using the Preston-Sanders method. Sufficient relative density data was available to allow modelling of density for all estimated seams. A minimum thickness cut-off 0.30 metres was set for the area, as it is considered unlikely that any seams thinner than this would be extracted during future mining. All Resources were limited to the concession boundary.

Note:

adb: Air dried basis

GAR: Gross as received

arb: Air received basis



C. Economic Analysis

SMGC has constructed an economic model for SDJ and TBR (SDP) and BEK to confirm that it is economically feasible after the application of all modifying factors. Using the capital costs, operating costs and sales price assumptions combined with the Reserves, the financial model showed to be economically feasible.

SDP are operating mines with a detailed short-term mine plan that extends to a Life of Mine (LOM) at varying levels of engineering from operational down to pre-feasibility commensurate with geological certainty. Modifying factors are based

on actual operating expenses. Capital and operating costs were then estimated in real terms for the life of the SDP project. Operating cost estimates were based on actual costs where available, existing contracts for the site and typical costs for coal mines in Kalimantan. All major infrastructure for the SDP project is already in place and only minor capital items are expected during the remaining mine life. An allowance per hectare has been allowed for mine closure at the end of the life of mine.

SMGC is in the opinion that the coal from the concessions are readily marketable. Given price

“Close proximity to anchorage point and relatively low strip ratio put SDJ and TBR amongst the most cost competitive mines

volatility, SMGC has assumed a flat forward price curve based on the Indonesian benchmark coal price adjusted for the annual scheduled Calorific Values. SMGC has relied on sensitivity analysis to test the boundaries of reasonable variations in forward coal prices. The operating cost type are (i) variable contractor; (ii) variable owner; (iii) fixed; and (iv) royalties and government costs. The Indonesian government has regulated benchmark prices for coal and other minerals to serve as the floor price for government royalty calculations for preventing transfer pricing.



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

Parameter	Value		Unit	Description
	SDP ¹	BEK		
Waste mined	279.6	68.9	Mbcm	Total waste mine over life of mine including rehandle
Coal produced	80.6	10.5	Mt	Total coal produced over life of mine
Stripping ratio	3.5	6.5	bcm:t	Average stripping ratio of deposits (excludes rehandle)
Maximum production	14.0	0.8	Mtpa	Maximum production rate achieved over LOM
Years of production	7	14	Years	Number of years of coal production
Average CV (gar)	4,227	3,448	kcal/kg	Average gross as received CV of coal produced
Average coal price	50.14	27.60	USD/t	Average coal price received (real term)
Average operating cost	34.05	25.28	USD/t	Average operating cost over LOM FOB vessel
Total LOM capital expenditure	3.9	7	USD million	All capital expenditure except ongoing replacement
Discount rate (nominal after tax)	6.2%	6.2%	% (nominal)	Considered equivalent to a real discount rate of 4.1% at an assumed inflation rate of 2.0%
Discount rate (real after tax)	4.1%	4.1%	% (real)	Calculated from nominal discount rate using fisher equation
Royalty rate	5.0%	3.0%	% of revenue	IUP – barging and transshipment costs have been subtracted from revenue
Corporate tax rate	25%	25%	% of earnings	Indonesian corporate tax rate
Rate of inflation	2.0%	2.0%	% per annum	Used to convert between real and nominal cash flows and applied to operating costs over the life of mine
Discount applied to inferred coal	0%	0%	%	Discount applied to cash flows attributable to inferred coal in the mining schedule

Note:

1 SDJ and TBR

“
Over 90 million tonnes of coal to be produced over life of mine

“
Further upside
for Geo Energy
with potential
1-25 million
tonnes of high
CV coal in STT

E. Exploration Target – PT Surya Tambang Tolindo (STT)

These exploration target estimates have been reported in accordance with SMGC's interpretation of the 2012 JORC Code and are stated as at 31 December 2017.

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

Note:

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

STT has no mine plan and no economic analysis as it is reported as an Exploration Target only. Current exploration drilling is adequate to determine the initial seam structure in the Middle area. There are still some outcrops not intersect by the current boreholes in

the east area which needs to be targeting by drilling in the future. No outcrop drilling has been completed in the west area, this should be preceded by surface mapping. This area is very prospective and appears to be covered by the coal bearing formation.

SUSTAINABILITY AT GEO ENERGY

THE CORE OF OUR OVERALL STRATEGY

We protect our people, the environment
and the communities

SUSTAINABILITY AT GEO ENERGY

WORKING TO CREATE SUSTAINABLE VALUE, DELIVERING LONG-TERM SOCIAL AND ECONOMIC BENEFITS THAT DO NOT LEAVE A LEGACY OF DEPENDENCE.

Message from the Board

At Geo Energy, sustainability and corporate social responsibility form the core of our overall strategy. We believe in creating a positive and lasting social impact on the communities. We protect our people, the environment, and the local communities.

Our journey to the sustainability and corporate social responsibility reporting is not something new to us. We are committed to create long-term shareholder, customer and employee values by creating a strategy aimed toward the environment and taking into consideration every dimension of how a business operates in the social, cultural, and economic environment. We publish our sustainability report annually, and our inaugural report will be published in the second quarter of 2018. Our sustainability reporting is based primarily on the Global Initiative's Standards (GRI), and in conformity with the SGX reporting requirements.

Management Structure

An effective governance structure was established to ensure that the Group's sustainability risks and issues are managed effectively. The Enterprise Risk Management (ERM) Working Group devise, implement and maintain an ERM framework. The Board of Directors and CEO maintain oversight over the various material sustainability issues that the Group faces.

ERM Working Group comprised of the CFO, Investment Director, and various business head across the Group and ably supported by all our staff where a Group-wide sustainability workshop and self-assessment exercise is carried out to identify, assess and discuss on the various material risks that the Group currently or potentially faces.

Material Issues

A materiality assessment was undertaken to identify Geo Energy's material environmental, social and governance (ESG) issues, which the materiality assessment was based on GRI Standards and AA1000's

recommended guidelines.

The assessment was supported by an independent sustainability consultant and involved stakeholder engagement survey, internal workshops, peer reviews, and the evaluation of the environmental impact of Geo Energy's mining operations. The materiality of issues was based on the potential risk and impact to Geo Energy's business and external stakeholders.

Protecting Our People

We emphasise on health and safety of our people – our employees, contractors and local communities. We are committed to continuous improvements in health and safety standards of

“
We contribute to the economic development of local communities and countries we do business with

Board of Directors
CEO
ERM Working Group consisting of Business Head

Involving

Corporate Governance and fair Practices
Compliance to Policies & Procedures, laws and regulations
Stakeholder Engagement
CSR activities
Community Involvement & Development

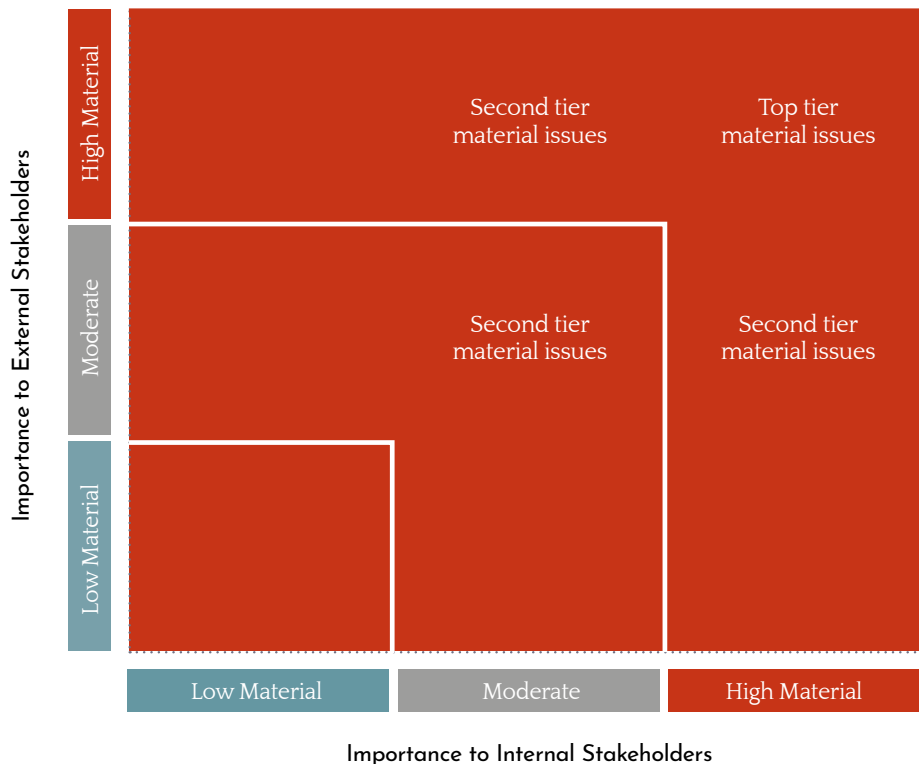
our operations, including minimising the risk of accidents, injuries and illnesses. We adopt a comprehensive safety management system for our mining operations, which includes safety management plans, rules, codes of practice, manuals and procedures with which our people are required to comply. We conduct training on basic safety skills and procedures for our workforce including those employed from the local communities, and we

stationed safety officers on-site on each of our mining concessions to monitor the work procedures of the employees with the aim of identifying shortfalls in our health and safety procedures. All our employees have a mandate to achieve zero injuries and fatalities amongst our workforce.

Protecting the Environment

We aim to focus on avoiding and preventing where possible, otherwise

“Sustainability is about ecology, economy and equity



PROTECTING THE ENVIRONMENT



mitigating and remediating the environmental effects as much as we can. Environmental stewardship and management is very important to our relationships with local communities, regulators and others. We consider environmental management as part of overall good governance. Our environmental management strategies and goals include effective air and water pollution control measures, proper handling and disposal of hazardous and poisonous waste, and continuous improvements of our resource efficiency.

We have, together with BUMA (our business partner), formulated a comprehensive post-mining reclamation and rehabilitation plan to manage the environment in which we carry out our mining operations. This takes into consideration the geological

characteristics of our mining sites in order to better manage the environment. We plan 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 land 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.

Removal of oil and other pollutants, testing of acidity level and treatment are carried out before the disposal of waste water. Other types of waste such as used oil, scrap metal and worn tyres are brought to designated dump sites at the mine site to be collected and removed by third party

contractors periodically. 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 distributed to local residents to help reduce their exposure to dust. We also regularly carry out fogging activities at the surrounding areas of the mine site to prevent the breeding of mosquitoes which may cause diseases.

Our mining operations are subjected to periodic internal and external environmental audits, includes the government agency BLHD (The Environmental Control Agency), who is responsible for implementing the government's environmental regulations and policies. BLHD, together with other

“
Minimising
the disruption
to the
environment
and the
communities

“
Together
we create
long-term
shareholder,
customer and
employee value
by creating a
strategy aimed
toward the
environment,
society, culture
and economy

local government agencies such as the Ministry of Energy and Mineral Resources, supervise our mining operations. In 2017, we did not receive any major formal complaints relating to environmental pollution by our Group.

Community Engagement

We believe in creating a positive and lasting social impact on the communities around the environment 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 the environment around the mining sites, as described above.

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 activities by continuously engaging them as suppliers. We currently procure mainly food supplies from local suppliers around our mine sites.

In addition to economic empowerment, we are committed to improving the general living standards of the local communities. Our Community Development personnel invest time and effort in building relationships with local residents 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





“Empowering the local community with job opportunities, education and other engagements

with investors, regular meetings and feedback from contractors, offtakers and service providers, regular monthly management meetings and the Employee Feedback Scheme (EFS) with employees and regular meetings with representatives of local communities to discuss plan to assist and mutually beneficial the local communities.

providing building materials to build/repair school premises) as well as supporting any social or religious events of the communities.

In June 2017, our staff members from the corporate office in Jakarta visited Yayasan Rumah Piatu Muslimin, one of the orphanage in the Central of Jakarta. This orphanage is committed to accommodate, nurture and educate orphans for free and help these children to live independently. Donations were made to the orphanage in the form of basic necessities, such as rice, eggs, cooking oil and sugar, among other things.

As part of our ongoing CSR efforts, our Singapore team and Jakarta colleagues have participated in the Run for Hope (RFH) 2018. This charity run was organised by National Cancer Centre and various organisations to raise awareness and support for cancer research. We also encouraged our employees' family members to join the run for bonding of relationship among each other.

Our basis remain unchanged in which we build relationships and local knowledge, engage with communities and develop programmes that reflect mutually agreed priorities as well as to build relationships that secure community support for our work.

Stakeholder Engagement

Close collaboration with stakeholders is crucial to our success as a coal producer and support us in addressing sustainability challenges. We maintain open and honest dialogue with different stakeholders to identify and prioritise sustainability issues.

Stakeholder relations, including engagement with employees, business partners, investors, media and local communities where we operate, are managed by departments at the corporate level as well as our investor relations team. Such engagement inclusive of periodic roadshow presentations and analysts briefings

Best Practice Reporting

We committed to being a sustainable and responsible low cost Indonesian coal producer, with a sustainability strategy that is aligned with its belief of not just being producing coal business, but a building people business.

We uphold a high standard of transparency and corporate governance as it is important that we grow, improve and remain accountable to our communities, stakeholders and shareholders.

We seek to take a proactive stance towards sustainability and we focus our efforts on the things that matter most.

NEWS & MEDIA

AN AWARD-WINING YEAR FOR GEO ENERGY

Embracing openness and building relationships
with the investment community



HIGHLIGHTS

Summary of events of Geo Energy's transformational year that builds a platform for growth

April

- > Notice of book closure and dividend payment dates for the final tax-exempt (one-tier) dividend of S\$0.01 per ordinary share



May

- > Participated in SIAS Corporate Connect Seminar – an interactive platform for retail investors to gain deeper insights into the various sectors and corporates as well as offers an opportunity for corporates to meet both existing and prospective retail shareholders

- > Commencement of consent solicitation exercise in relation to the Group's S\$100 million 7% Notes due January 2018 issued under the S\$300 million MTN Programme

June

- > Received overwhelming Noteholders' support, with more than 75% votes in favour of the Consent Solicitation exercise that commenced in May. This will allow Geo Energy to have the flexibility to refinance the S\$100 million Notes issued under the S\$300 million MTN Programme, and optimise the Group's capital structure
- > Completion of the acquisition of 100% shareholding interest in Fortune Coal Resources Pte. Ltd. for the TBR coal mining concession in South Kalimantan and issuance of 117 million ordinary shares as part of the consideration



New York City



“

Strengthening our international profile with the Senior Notes issuance

July

- > Proposed issue of U.S. Dollar-denominated fixed rate senior notes due 2022.
- > Roadshow for the USD senior notes to Hong Kong, Singapore, London, New York and Boston

September

- > Geo Energy joined the FTSE ST China Index
- > Proposed issue by Geo Coal International Pte. Ltd. of U.S. Dollar-denominated fixed rate Senior Notes due 2022 unconditionally and irrevocably guaranteed by Geo Energy Resources Limited and certain of its subsidiaries
- > Successfully priced of US\$ 300 million Senior Notes at the coupon rate of 8.0% which due in 2022 with the rating of B2/Stable, B/Stable and B+/Stable by rating agencies



London



Hong Kong

October

- > Listing of US\$ 300 million in aggregate principal amount of 8.0% Senior Notes due 2022 on the SGX-ST
- > Exercise of call option in relation to the S\$100 million 7.0 % notes due 2018 comprised in series 001 issued by Geo Energy Resources Limited pursuant to its S\$300 million MTN programme

November

- > Notice of book closure and dividend payment dates for the interim tax-exempt (one-tier) dividend of S\$0.01 per ordinary share

December

- > Entered into prepayment supplement of US\$40 million with ECTP for year 2018

March 2018

- > Signed an agreement with BUMA for the provision of a overburden removal at its TBR mine with a value worth of more US\$500 million

GEO ENERGY





MEDIA COVERAGE

Getting our message across to a wider audience to build investors confidence in the company's vision to deliver Shareholders' value

US\$ Senior Notes due 2022

The Business Times, September 2017

Geo Energy's US\$300 million notes offering was more than three times oversubscribed.

The fixed rate senior notes due 2022, with a total order book of more than US\$1.2 billion, have a coupon rate of 8%. The issuing of the fixed rate senior notes will help optimise and refinance the group's capital structure. JP Morgan, Deutsche Bank, CITIC CLSA Securities and BOC International were joint bookrunners and joint lead managers for the issuance.



Nomura - Credit commentary on the new bond

View Geo Energy's credit as a buy-and-hold name given the risk factors and Nomura will change this view should Geo Energy be able to ramp up its operation over time on a sustainable basis.

Citibank - The asset benchmark research 2017 Asian G3 bond benchmark review

Fair value on the new 5NC3 bonds to be 7.5-7.75%. It shows that Geo is willing to pay up and lock in funding while the coal environment is supportive and as it seeks to expand.

The Straits Times

Geo Energy's US\$300 million bond issue was more than 3 times oversubscribed.

Standard Chartered - Initiate coverage on the new bond

"High risk, high return." Geo's bond is trading very wide of other Indonesian coal credits. Standard Chartered sees fair value at 7.5%.

Phillip Capital - Initiation of coverage

"More offtakes to take off." Recommending a Buy position with a target price of S\$0.45, an upside of 66.7%.

KGI - Initiation of coverage

"Well-positioned to power Asia's growth." Recommending a Buy position with a target price of S\$0.36, an upside of 44.6%.

The Edge

Geo Energy kept at 'buy' on expanding war chest. Phillip Securities Research is keeping its 'buy' call with an unchanged target price of 44 cents.

"WE HAVE REACHED NEW HEIGHTS RECORDING THE HIGHEST REVENUE."

Geo Energy pays dividend as earnings rise, eyes another acquisition.

The Edge, November 2017



From its all-time low of 9.2 cents on 1 Aug 2016, Geo Energy's share price has recovered to 26.5 cents on 16 November 2017. Even at this elevated level, the interim dividend it has declared this year represents a yield of 3.8%. The stock is also still trading at just five times historical earnings. Now, confident that the coal sector is on a steady uptrend, the company is preparing to make some new investments.

BOCI Fixed Income Research
"GERLSP 2022 offers a diversification choice with a balanced risk reward payoff."

SGX Kopi-C article
"Geo Energy rides coal price tailwind", sharing Geo's outlook, the transformation of business model and value creation going forward.

The CEO Magazine
"Coal goals. Fast-tracked the transformation of Geo, quickly getting the mining organization back in the black."

Publication by South China Morning Post
"Fresh acquisition and billion-dollar deal fuel Geo Energy's rise in Asia's coal industry."



The Business Times
"Secures US\$40m in prepayment for 2018 supply of coal with ECTP, at least 7.5 million tonnes of coal next year."

Merrill Lynch - Initiation of coverage
"Low production-cost advantage, initiate Geo at OW." The bond is trading at 7.7% YTM making it the second highest yielding bond.

Phillip Capital - Update of coverage
"Maintain BUY call with a higher target price of S\$0.47."



Geo Energy's mining-service contract with BUMA, a credit positive for both

Moody's Investors Service, March 2018

For Geo Energy, the mining contract will improve production and sales volumes, and diversify revenue away from its only producing mine, at its subsidiary SDJ. BUMA is also the contract miner for Geo Energy's other coal-mining subsidiary, SDJ which is adjacent to the TBR mine.

Geo Energy completed the acquisition of TBR in June 2017, and the combined mining plan for SDJ and TBR also allows the Company to benefit from cost savings from overburden dumping, which refers to the soil above the minerals being mined. Geo Energy is also in the process of finalising the coal offtake contract for TBR.

ROADSHOWS

76



ROADSHOWS

Geo Energy on the road to meet equity and bond investors, building a relationship with our investor base. In July 2017, Geo Energy also went on a one-week long roadshow through Singapore, Hong Kong, London, New York and Boston to meet major institutional funds and asset management investors.

March-2017, RHB Roadshow

Meeting with RHB brokers to present our 2016 results and Geo Energy's targets for 2017.

May-2017, Maybank Roadshow

Geo was invited by Maybank Kim Eng for presentation to their brokers on Geo's business and 1Q2017 results announcement.

June-2017 KGI Roadshow

Meeting with KGI brokers to present our 1Q2017 results and Geo Energy's capital structure plan.

July-2017, SGX Roadshow

Invited by SGX to attend at their Phillip Capital-Asia Fund Space Event, which was a coal themed event. Such event encourages SGX-listed companies to interact with local fund managers. A short presentation on the Company was presented by our CEO.

October-2017, CIMB Investors' Presentation

An investor presentation with CIMB Securities where around 120 people attended to hear about our results and update on recent developments.

**November-2017, Nomura Asian High Yield Corporate Day Investors' Briefing, Hong Kong**

Invited by Nomura Hong Kong at their High Yield Corporate Day Event in Hong Kong to meet investors from Hong Kong, China, Singapore, US and Europe. The event allows Asian high yield issuers and the global investor community to meet and share the business outlook for 2018 and an invaluable networking opportunity amongst issuers and the Asian invest community.

November-2017, UOB Kay Hian Roadshow

Meeting with UOB Kay Hian's brokers to present our 3Q2017 results and Geo Energy's recent issuance of senior notes.

March-2018, UBS Credit Research Meeting, Jakarta

Attended an USD bondholders' meeting roadshow arranged by UBS Hong Kong in Jakarta with fixed income investors such as Blackrock and Fidelity.

March-2018, Phillip Securities Research Briefing

Meeting with Phillip Securities' brokers to present our 2017 results and Geo Energy's plan for the future.

BONDS

Receives strong demand for the US\$300 million Notes offering, which was more than three times oversubscribed

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The offering was oversubscribed with a final orderbook of over US\$1.2 billion and participation from major institutional funds and Asset Management investors such as Value Partners, Fidelity, JP Morgan Chase Bank, Goldman Sachs Asset Management, and HSBC Asset Management



Bonds

On 10 July 2017, Geo Energy commenced a series of fixed income investor meetings that saw the senior management team travel across 3 continents in the span of a week. Meeting major accredited international investors and hedge funds in Singapore, Hong Kong, London, New York and Boston, Geo Energy broadened its investor base and strengthened its profile internationally. The Group received strong support and interest from investors that ultimately saw an oversubscription with a final order book of US\$1.2 billion and participation from major accredited international funds such as value Partners, Fidelity, JP Morgan Chase Bank, Goldman Sachs Asset Management, Eastspring Investments and numerous private banking arms of international banks.

J.P. Morgan, Deutsche Bank, CITIC CLSA Securities and BOC International were joint bookrunners and joint lead managers for this issuance. Through this offering, the Group forged close ties with these major banking partners, expanding the Group's options to raise funding and access to the US\$ bond market in the future. The Group was rated B2/STABLE by Moody's, B/STABLE by S&P and B+/STABLE by Fitch.

The issuing of the fixed rate senior notes will help optimise and refinance the group's capital structure. With the early redemption and full repayment of the previous S\$100 million notes under the MTN programme, the Group has a healthy cash balance of over US\$250 million at the end of the year. The Group is on the look-out for investments and potential acquisitions of coal mining assets to boost its total coal reserves.



On the road in NYC

Together with the bankers from J.P. Morgan and Deutsche Bank, the management team meets major institutional funds and asset management investor in J.P. Morgan's office, New York City.

AWARDS

Recognition of excellence
for Geo Energy



PR Awards (Best IR Campaign)

23 March

Geo Energy wins at PR Awards 2017 for the Best IR Campaign

Best IR Campaign award is recognition of the Group's communications programme and investor outreach in 2016 and recognises the best communication programme directed at current and potential investors as well as other constituencies, for the period of 1 January 2016 to 31 December 2016. To determine the winners, judges looked at the reputation-building tools used in the campaign, for instance investor seminars, roadshows, shareholder meetings, press conferences and press releases, and annual reports.



SBR Listed Companies Awards

12 June

Geo Energy wins at Singapore Business Review Listed Companies Awards 2017 for the Metals & Mining Category. The Award is recognition of the Group's restructuring and transformation into an asset-light, low cost coal producer in 2016. To determine the winners, judges looked at the companies' most innovative projects, and best practices which significantly enhanced the company's business. Companies were judged on whether they introduced new or cutting-edge innovation, how successful they were at achieving their objectives and targets and how it impacted the industry, and whether their strategy and products were flexible to changes and progressive opportunities.

Awards of Excellence Indonesian Entrepreneur and Education

29 September

The award recognises individuals and corporations who positively contribute to Indonesia in the areas of developing the country's infrastructure, improving the welfare of the social and enhancing the creativity of the nation



Charger Awards

28 June

Geo Energy wins at the Charger Awards

The Award is recognition of the Group's evolution into a top-10 Indonesian coal producer after its restructuring into an asset-light, scalable business model in 2016. To determine the winners, the customised algorithm of FinTech start-up spiking.com was applied to identify 30 SGX-listed companies that are viewed favourably by investors.

One of 30 in total, the Bull Charger award has been awarded to companies which defy current economic sentiment, which is testament to the Group's rapid turnaround from years of losses to post a record quarterly and annual profit for 4Q2016 and FY2016 respectively.

CORPORATE EVENTS

BRIDGING CLOSE TIES WITH OUR PARTNERS

Celebrating our achievements and being involved in
our industry and community



Singer Alena Wu engaging our guest for a sing-along session

IPO 5TH ANNIVERSARY

Geo Energy held extravagant party celebrating the fifth anniversary of its IPO. The party was held at the Grand Ballroom of the Four Seasons Hotel Jakarta. Daniel Mananta and Aline Adita kept the party going all night as emcees. Guests got to enjoy a scrumptious dinner, and were serenaded by the soothing voice of Alena Wu. It was a night of good food, good music and even better company and was well organised by Dua Synergy Communications.

On 18 October 2017, Geo Energy celebrated the 5th Anniversary of its IPO in the Four Seasons Hotel Grand Ballroom in Jakarta, and there was much to celebrate looking back on the five years of Geo Energy's growth since its listing on the SGX.

Together to celebrate this momentous occasion were representatives from key partners including BUMA, who provides mining services to some of Geo Energy's SDJ mine, and ECTP, the off-taker of SDJ's coal. A total of 220 guests and staff attended.

It was a night of fun and celebration bringing guests to celebrate

Geo Energy's achievements. Geo Energy presented a video of milestones over the past 5 years and a congratulatory video from our key business partners and our director, Mr. Jim Rogers.

All the guests and staff received Versace perfume as party favours. The night ended with DJ Kartika Ayu playing the latest hits while guests joined in dancing through the night.



Guests signing well-wishes
at the event



Jakarta Frequent dancers



Singer
Alena Wu



Fashion show
by Yosep
Sinudarsono

Geo Energy's CEO addressing the anniversary event

Mr. Tung thanking our business partners, guests, staff and all stakeholders for the support given to Geo Energy in the past 5 years. Ending the last 5 years on a high note, Geo Energy targets for further growth in the coming years with the commencement of TBR production and the potential acquisitions.



Emcees, Daniel Mananta
and Aline Adita

COALTRANS ASIA

The 23rd Coaltrans Asia in Bali, Indonesia from 14 - 16 May 2017



Coal Industry's largest event

Geo Energy participated in the 23rd Coaltrans Asia. The event was attended by Noble, Argus, RCMA, Adaro, Indika, PT Indo Tambangraya Megah Tbk and others, and was held at the Westin Hotel, Bali, Indonesia.

Various industry decision makers and thought leaders shared and discussed the demand and supply trends for the future of coal, forecasting the price of thermal coal 2018/19, regulatory update 2017, as well as the opportunities to create new contracts and develop relationships.

It connects over 800 fellow coal professionals for two days of networking, deal-making and discovering the latest trends in one event.

Demand is up across Asia, and Indonesian coal output is increasing to take advantage of the new opportunities in the higher price environment. After a few tough years, the coal markets finally roared back in 2017.

SGX McCLOSKEY FUTURE INDEX

Mr. Tung, our CEO was invited as one of the panelists in the pre-launch forum for the SGX McCloskey 4,200 GAR coal (M4) future index

The launch of SGX's Indonesia 4,200 GAR coal future contract, which is subject to regulatory approval, will provide a risk management tool for the most widely traded Indonesia coal grade, 4,200 GAR.

Representatives from Geo Energy, RWE, IHS, Trafigura, CCS and Hartree came together to discuss on the upcoming 4,200 GAR coal SGX/ McCloskey (M4) future index and its benefits such as hedging options for risk management in an organised form held at the SGX Centre with commodities traders, coal buyers, producers and bankers.



RUN FOR CHARITY

Geo Energy is committed in our Corporate Social Responsibility efforts to play an active role in the communities, societies and environments



Geo Energy Runs for a Good Cause

On 21 January 2018, we participated in the Run for Hope ("RFH") 2018 to build awareness and raise funds for cancer research in Singapore. Geo Energy is one of the main sponsors for the event. Since 1993, RFH has been organised annually by Four Seasons Hotel Singapore, Regent Singapore and the National Cancer Centre Singapore ("NCCS") to raise much-needed awareness and support for cancer research. 2018 also marks the 25th Anniversary of the RFH. Funds raised net of operating costs are donated to NCC Research Fund. Hopefully through our donation and efforts, we can help to make a significant difference in the lives of those affected and to yearn for a brighter future in a world without cancer.



Running together

Directors and staff from both Jakarta and Singapore offices came together at 6a.m. on 21 January 2018 to take part in the 3.2km or 10km run. The route for the race was around the Kallang Stadium.

“
Making a
difference in
the lives of
the cancer
patients and
their families



Crazy Horse

In October 2017, Parisian cultural phenomenon, Crazy Horse Paris, brought their Forever Crazy tour to Singapore for the first time held at Marina Bay Sands. Geo Energy organised a networking event, inviting business partners for a viewing of the Parisian cabaret preceded by a cocktail hour at the Ce La Vi at the Sands Skypark.

Attending the event were Geo Energy Directors, Senior Management, key business partners and other guests.

It was a great night of fun and showtime!



FINANCIAL STATEMENTS

GEO ENERGY'S AUDITED CONSOLIDATED FINANCIAL STATEMENTS

The directors present their statement together with the audited statements of financial position, statement of profit or loss, and statements of changes in equity for the financial year ended 31 December 2017.

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DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of Geo Energy Resources Limited (the "Company") and its subsidiaries (collectively, the "Group") and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2017.

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 96 to 172 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 2017, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

1 DIRECTORS

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

Charles Antonny Melati
Tung Kum Hon
Dhamma Surya
Huang She Thong
Soh Chun Bin
Ong Beng Chye
Lu King Seng
Karyono
James Beeland Rogers Jr

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Companies Act (Chapter 50) (the "Act") except as follows:

	Shareholdings registered in name of director		Shareholdings in which director is deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
Ordinary shares of the Company				
Charles Antonny Melati ^(a)	193,345,406	193,345,406	–	–
Tung Kum Hon ^(b)	–	10,000,000	–	–

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	At end of year	At beginning of year	At end of year
Dhamma Surya ^(a)	101,810,704	57,159,453	353,326,287	–
Huang She Thong ^(c)	29,825,620	29,825,620	–	318,326,287
Ong Beng Chye	400,000	400,000	–	–
Lu King Seng	300,000	300,000	–	–
James Beeland Rogers Jr ^(a)	3,400,000	3,400,000	2,000,000	2,000,000
Ordinary shares of PT Mitra Nasional Pratama (subsidiary)				
Huang She Thong	1	1	–	–
Ordinary shares of PT Sumber Bara Jaya (subsidiary)				
Huang She Thong	1	1	–	–
Ordinary shares of PT Bumi Enggang Khatulistiwa (subsidiary)				
Huang She Thong	1	1	–	–
Ordinary shares of PT Sungai Danau Jaya (subsidiary)				
Huang She Thong	1	1	–	–
Ordinary shares of PT Karunia Mitra Berkat (subsidiary)				
Huang She Thong	1	1	–	–
Ordinary shares of PT Era Tiga Putra (subsidiary)				
Huang She Thong	120	120	–	–
Ordinary shares of PT Geo Tebo Power Inti (subsidiary)				
Huang She Thong	10	10	–	–
Ordinary shares of PT Tunas Bara Abadi Tolindo (subsidiary)				
Huang She Thong	–	12	–	–

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	At end of year	At beginning of year	At end of year
Ordinary shares of PT STT Tunas Bara (subsidiary)				
Huang She Thong	1	1	–	–
Ordinary shares of PT Surya Tambang Tolindo (subsidiary)				
Huang She Thong	1	1	–	–
Ordinary shares of PT Geo Energy Trading (subsidiary)				
Huang She Thong	–	1	–	–

- (a) Charles Antonny Melati ("CAM") and James Beeland Rogers Jr ("JR") entered into an agreement dated 3 January 2013 to grant JR, on the day after the expiry of CAM's one-year share moratorium (given in connection with the Company's initial public offering) a call option over 2,000,000 shares of the Company (owned or to be owned by CAM). The call option's exercise price is S\$0.35 per share, with exercise period of 10 years, commencing 1 January 2015. The call option is exercisable in whole or in part and subject to conditions precedent. The number of shares under the call option is subject to adjustment provisions. Dhamma Surya has provided an undertaking, guaranteeing the obligations of CAM under the aforesaid agreement to grant a call option to JR over 2,000,000 shares.
- (b) On 13 January 2017, Master Resources International Limited ("Master Resources") entered into an agreement with Tung Kum Hon for the transfer of 10,000,000 ordinary shares of the Company held by it for a consideration of S\$1.00.
- (c) The Company's Executive Director, Huang She Thong, holds 26.4% of the shares in Master Resources. As such, Huang She Thong is deemed to have interest in the 318,326,287 shares held by Master Resources and have interest in all the related corporations of the Company by virtue of section 7 of the Act.

The directors' interests in the shares and debentures of the Company at 21 January 2018 were the same at 31 December 2017.

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.

DIRECTORS' STATEMENT

5 AUDIT COMMITTEE

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

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

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

- (i) review the annual consolidated financial statements and the external auditors' report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Financial Reporting Standards in Singapore, concerns and issues arising from their audits, including any matters which the auditors may wish to discuss in the absence of management, where necessary, before submission to the board of directors (the "Board") for approval;
- (ii) review the periodic consolidated financial statements comprising the statements of comprehensive income and statements of financial position and such other information required by the Singapore Exchange Securities Trading Limited Listing Manual (the "SGX-ST Listing Manual"), before submission to the Board for approval;
- (iii) make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors;
- (iv) review any interested person transactions falling within the scope of Chapter 9 of the SGX-ST Listing Manual;
- (v) review any potential conflicts of interest;
- (vi) review the policy and arrangements by which employees of the Group and any other persons may, in confidence, raise concern to the Chairman of the Audit Committee about possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken. To disclose the existence of a whistle-blowing policy in the Annual Report and disseminate the procedures and channel for raising such concerns;
- (vii) undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee;
- (viii) review and recommend hedging policies and instruments, if any, to be implemented by the Company to the Board;
- (ix) enquire the status of the existing Qualifying Assets (as defined in the Company's prospectus dated 10 October 2012 (the "Prospectus")) and determine if any of the Qualifying Assets should be removed from the QA List (as defined in the Prospectus);
- (x) review and approve the Promoter Interest Register (as defined in the Prospectus); and
- (xi) undertake generally such other functions and duties as may be required by law or the SGX-ST Listing Manual, and by such amendments made thereto from time to time.

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

DIRECTORS' STATEMENT

6 AUDITORS

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

ON BEHALF OF THE DIRECTORS



Charles Antonny Melati



Tung Kum Hon

15 March 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GEO ENERGY RESOURCES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Geo Energy Resources Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 96 to 172.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How the matter was addressed in the audit
Appropriateness of carrying amounts of mining properties and deferred stripping costs	
Mining properties are classified as an asset under property, plant and equipment. Mining properties include mining rights and costs transferred from mining evaluation assets once technical feasibility and commercial viability of an area of interest are demonstrable and subsequent costs to develop the mine to the production phase.	Our audit procedures on the assessment of recoverable amounts of the mining properties and deferred stripping costs were led by the Group audit team, supplemented by specific procedures by the component auditor, which included, among others:
Stripping costs incurred during the production phase that improve access to ore bodies in future periods are capitalised as part of deferred stripping costs.	- We evaluated the appropriateness of management's controls over the impairment assessment process, including the identification of indicators of impairment, determination of cash generating units ("CGU") and estimation of recoverable amounts for each CGU. - We obtained the Reports issued by an independent qualified person appointed by the Group and based on the Reports, assessed if there are any unexpected reduction in reserve volumes used in the cash flow projections.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GEO ENERGY RESOURCES LIMITED

Key audit matters	How the matter was addressed in the audit
Appropriateness of carrying amounts of mining properties and deferred stripping costs (cont'd) As at 31 December 2017, mining properties (Note 14) and deferred stripping costs (Note 13) amounting to US\$177,910,254 and US\$7,936,884 respectively represent 91.3% of total non-current assets and 33.8% of total assets in the Group's statement of financial position. Due to the volatility in coal prices and global demand for coal, there is a risk that the recoverable amounts of the mining properties and deferred stripping costs are lower than the carrying amounts, resulting in potential impairment to be recognised. Management's assessment of the recoverable amounts of the mining properties and deferred stripping costs, determined based on the value in use of the underlying mine, is a judgmental process which requires the estimation of the remaining life of mine, forecasted coal prices, projected production volumes and discount rates. Inappropriate management estimates made in the impairment assessment may result in a significant impact on the carrying amounts of the mining properties and deferred stripping costs. Management has obtained the Resource and Reserve reports and Exploration Target report (the "Reports") for all mines held by the Group which gives an indication of the reserve volumes used in the cash flow projections. These Reports are issued by an independent qualified person in accordance with The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("The JORC Code"). The key sources of estimation uncertainty made in the assessment of recoverable amounts of mining properties and deferred stripping costs, and the sensitivity of changes in these assumptions have been disclosed in Note 3(e) to the consolidated financial statements.	• We assessed the competency and objectivity of the independent qualified person appointed by the Group and considered the valuation methodology used against those applied by other independent qualified persons for similar resource (coal mines). • We obtained and challenged the assumptions used in the cash flow projections of the underlying coal mines provided by the management (remaining life of mine, forecasted coal prices, and projected production volumes) and evaluated the reasonableness of these assumptions by comparing them to available industry, economic and financial data. • We engaged our internal valuation specialist to review the appropriateness of the discount rates used by management. • We checked the mathematical accuracy of the value in use calculation using the cash flow projections covering the life of mine. • We performed independent sensitivity analysis in regards to the discount rate and forecasted coal prices as these are the significant key assumptions in the value in use calculation. We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.
Recoverability of trade and other receivables As at 31 December 2017, trade and other receivables due from third parties (Note 8) amounting to US\$47,068,332 represent 13.6% of current assets and 8.6% of total assets in the Group's statement of financial position. Due to the volatility in coal prices and global demand for coal, there is a risk that the Group's trade and other receivables may not be recoverable. The Group performs an ongoing evaluation of recoverability, including aging analysis of individual receivables by reference to their past default experience.	Our audit procedures on the recoverability of trade and other receivables were led by the Group audit team, supplemented by specific procedures by the component auditor, which included, among others: • We reviewed the management's policy on the provision for doubtful debts and process in assessing collectability. • We evaluated the appropriateness of management's controls over the recoverability assessment process, including the identification of indicators of impairment and estimation of recoverable amounts.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GEO ENERGY RESOURCES LIMITED

Key audit matters	How the matter was addressed in the audit
Recoverability of trade and other receivables (cont'd) Subsequent to year end, the Group signed a Cooperation Agreement with certain debtors to conduct joint mining activities to recover the outstanding balances from these debtors amounting to US\$17.4 million [Note 8(a)]. The review of the recoverability of the above balances with these debtors are based on the value in use of the underlying coal mines to be mined under Cooperation Agreement. Management has assessed the validity of the ownership of the coal mines and mining licenses. Management has also performed internal due diligence on the economical and technical feasibilities on the underlying coal mines. Management's assessment of the recoverable amounts of the trade and other receivables requires estimation and judgement in assessing the collectability and credit risk of these debtors. It involves estimation of the remaining life of mine, forecasted coal prices, projected production volumes and discount rates. Inappropriate management's estimates made in the impairment assessment may result in significant impact on the carrying amounts of the trade and other receivables. The key sources of estimation uncertainty made in the assessment of recoverable amounts of trade and other receivables and sensitivity of changes in these assumptions have been disclosed in Note 3(c) to the consolidated financial statements.	• We reviewed the credit quality of the debtors based on the following factors: - Historical trend of payments made by customers; - Subsequent receipts collected after the end of the reporting period; and - Continuous on-going business relationship. • We obtained and reviewed the Cooperation Agreement with certain debtors for joint mining activities. • We performed the following procedures to assess the reasonableness of management's estimation of the recoverable amounts of the underlying coal mines to be mined under the Cooperation Agreement: - Obtained and reviewed management's assessment on the validity of the ownership of the coal mines and the mining licenses; - Obtained and reviewed management's internal due diligence on the economical and technical feasibilities of the underlying coal mines; - Obtained and challenged the assumptions used in the cash flow projections of the mines provided by management (remaining life of mine, forecasted coal prices, projected production volumes) and evaluated the reasonableness of these assumptions by comparing them to available industry, economic and financial data; - Engaged our internal valuation specialist to review the appropriateness of the discount rates used by management; - Checked the mathematical accuracy of the value in use calculation using the cash flow projections covering the life of mine; and - Performed independent sensitivity analysis in regards to the discount rates and forecasted coal prices as these are the significant key assumptions used in the value in use calculation. We have also assessed the classification and validated the adequacy and appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GEO ENERGY RESOURCES LIMITED

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GEO ENERGY RESOURCES LIMITED

- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner responsible for the audit resulting in this independent auditor's report is Ronny Chandra.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

15 March 2018

STATEMENTS OF
FINANCIAL POSITION

AS AT 31 DECEMBER 2017

		Group		Company	
	Note	2017 US\$	2016 US\$	2017 US\$	2016 US\$
ASSETS					
Current assets					
Cash and bank balances	7	265,770,740	67,703,681	40,574,203	53,417,879
Trade and other receivables	8	50,855,857	103,493,933	45,141,410	74,659,464
Deposits and prepayments	9	22,066,330	7,415,552	190,185	194,271
Inventory	10	7,677,179	8,890,420	–	–
Total current assets		346,370,106	187,503,586	85,905,798	128,271,614
Non-current assets					
Restricted cash deposits	7(e)	4,146,072	590,254	–	–
Deposits and prepayments	9	5,993,338	4,477,510	91,978	82,285
Investment in subsidiaries	11	–	–	185,877,305	98,024,126
Deferred expenditure	12	–	–	–	–
Deferred stripping costs	13	7,936,884	9,940,321	–	–
Property, plant and equipment	14	181,599,647	102,529,077	114,448	134,882
Investment property	15	–	542,572	–	–
Deferred tax assets	22	3,747,651	3,347,593	11,272	263,418
Other non-current asset	16	153,698	143,263	153,698	143,263
Total non-current assets		203,577,290	121,570,590	186,248,701	98,647,974
Total assets		549,947,396	309,074,176	272,154,499	226,919,588
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	17	92,180,890	106,899,123	166,423,237	65,929,218
Current portion of finance leases	18	110,273	14,718	17,825	14,718
Financial guarantee liability	19	–	–	1,576,536	–
Income tax payable		11,842,792	7,447,250	573,950	–
Total current liabilities		104,133,955	114,361,091	168,591,548	65,943,936

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

		Group		Company	
	Note	2017	2016	2017	2016
		US\$	US\$	US\$	US\$
Non-current liabilities					
Finance leases	18	156,880	43,887	30,601	43,887
Notes payable	19	288,028,289	68,675,591	–	68,675,591
Provisions	21	1,707,800	1,335,862	101,131	90,350
Financial guarantee liability	19	–	–	5,930,367	–
Deferred tax liabilities	22	1,474,264	–	–	–
Total non-current liabilities		291,367,233	70,055,340	6,062,099	68,809,828
Capital, reserves and non-controlling interests					
Share capital	23	95,069,461	89,670,842	95,069,461	89,670,842
Capital and other reserve	24	871,762	316,251	495,570	–
Revaluation reserve	25	–	–	–	–
Translation reserve	26	(12,858,989)	(18,232,460)	–	(4,464,506)
Retained earnings		70,051,598	52,681,429	1,935,821	6,959,488
Equity attributable to owners of the Company		153,133,832	124,436,062	97,500,852	92,165,824
Non-controlling interests		1,312,376	221,683	–	–
Total equity		154,446,208	124,657,745	97,500,852	92,165,824
Total liabilities and equity		549,947,396	309,074,176	272,154,499	226,919,588

See accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 US\$	2016 US\$
<u>Continuing operations</u>			
Revenue	28	316,303,055	182,108,648
Cost of sales		(237,881,571)	(140,189,931)
Gross profit		78,421,484	41,918,717
Other income	29	3,526,804	9,345,290
General and administrative expenses		(11,566,069)	(8,154,370)
Other expenses	30	(5,383,543)	(2,394,457)
Finance costs	31	(12,734,876)	(6,047,015)
Profit before income tax		52,263,800	34,668,165
Income tax expense	32A	(15,586,063)	(11,130,932)
Profit for the year from continuing operations	33	36,677,737	23,537,233
<u>Discontinued operation</u>			
Loss for the year from discontinued operation	40	–	(1,348,045)
Profit for the year		36,677,737	22,189,188

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 US\$	2016 US\$
Profit for the year		36,677,737	22,189,188
Other comprehensive income, net of tax:			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations	27	(2,745,389)	4,708,823
<i>Item that will not be subsequently reclassified to profit or loss:</i>			
Remeasurement of defined benefit obligations	27	(223,298)	(13,437)
Other comprehensive income for the year, net of tax		<u>(2,968,687)</u>	<u>4,695,386</u>
Total comprehensive income for the year		<u>33,709,050</u>	<u>26,884,574</u>
Profit (loss) attributable to:			
Owners of the Company		36,685,787	22,199,316
Non-controlling interests		<u>(8,050)</u>	<u>(10,128)</u>
		<u>36,677,737</u>	<u>22,189,188</u>
Total comprehensive income attributable to:			
Owners of the Company		33,741,943	26,900,233
Non-controlling interests		<u>(32,893)</u>	<u>(15,659)</u>
		<u>33,709,050</u>	<u>26,884,574</u>
Earnings per share	35		
From continuing and discontinued operations:			
Basic (cents)		2.88	1.84
Diluted (cents)		<u>2.88</u>	<u>1.84</u>
From continuing operations:			
Basic (cents)		2.88	1.95
Diluted (cents)		<u>2.88</u>	<u>1.95</u>

See accompanying notes to the financial statements.

STATEMENTS OF
CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2017

	Share capital US\$ (Note 23)	Capital and other reserve US\$ (Note 24)	Revaluation reserve US\$ (Note 25)
<u>Group</u>			
Balance at 1 January 2016	86,170,842	14,105	776,632
Total comprehensive income for the year:			
Profit (loss) for the year	–	–	–
Other comprehensive income (loss) for the year	–	–	–
Effects of disposal of investment property	–	–	(776,632)
Total	–	–	(776,632)
Transactions with owners, recognised directly in equity:			
Issue of share capital	3,500,000	–	–
Effects of disposal of subsidiaries	–	(14,349)	–
Participation in Tax Amnesty Programme	–	316,495	–
Total	3,500,000	302,146	–
Balance at 31 December 2016	89,670,842	316,251	–
Total comprehensive income for the year:			
Profit (loss) for the year	–	–	–
Other comprehensive loss for the year	–	–	–
Effects of change in functional currency	(7,601,381)	–	–
Total	(7,601,381)	–	–
Transactions with owners, recognised directly in equity:			
Issue of share capital	13,000,000	–	–
Dividends (Note 34)	–	–	–
Deemed capital contribution	–	495,570	–
Non-controlling interests arising from acquisition of subsidiaries	–	–	–
Effects of acquisitions of subsidiaries	–	59,941	–
Total	13,000,000	555,511	–
Balance at 31 December 2017	95,069,461	871,762	–

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2017

Translation reserve US\$	Retained earnings US\$	Equity attributable to owners of the Company US\$	Non- controlling interests US\$	Total US\$
(Note 26)				
(22,946,814)	29,718,918	93,733,683	237,342	93,971,025
–	22,199,316	22,199,316	(10,128)	22,189,188
4,714,354	(13,437)	4,700,917	(5,531)	4,695,386
–	776,632	–	–	–
4,714,354	22,962,511	26,900,233	(15,659)	26,884,574
–	–	3,500,000	–	3,500,000
–	–	(14,349)	–	(14,349)
–	–	316,495	–	316,495
–	–	3,802,146	–	3,802,146
(18,232,460)	52,681,429	124,436,062	221,683	124,657,745
–	36,685,787	36,685,787	(8,050)	36,677,737
(2,227,910)	(715,934)	(2,943,844)	(24,843)	(2,968,687)
7,601,381	–	–	–	–
5,373,471	35,969,853	33,741,943	(32,893)	33,709,050
–	–	13,000,000	–	13,000,000
–	(18,599,684)	(18,599,684)	–	(18,599,684)
–	–	495,570	–	495,570
–	–	–	1,123,586	1,123,586
–	–	59,941	–	59,941
–	(18,599,684)	(5,044,173)	1,123,586	(3,920,587)
(12,858,989)	70,051,598	153,133,832	1,312,376	154,446,208

STATEMENTS OF
CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2017

	Share capital US\$ (Note 23)	Capital and other reserve US\$ (Note 24)	Revaluation reserve US\$ (Note 25)	Translation reserve US\$ (Note 26)	Retained earnings US\$	Total
<u>Company</u>						
Balance at 1 January 2016	86,170,842	–	776,632	(4,324,438)	(5,981,107)	76,641,929
Total comprehensive income for the year:						
Profit for the year	–	–	–	–	12,163,963	12,163,963
Other comprehensive loss for the year	–	–	–	(140,068)	–	(140,068)
Effects of disposal of investment property	–	–	(776,632)	–	776,632	–
Total	–	–	(776,632)	(140,068)	12,940,595	12,023,895
Transactions with owners, recognised directly in equity:						
Issue of share capital	3,500,000	–	–	–	–	3,500,000
Total	3,500,000	–	–	–	–	3,500,000
Balance at 31 December 2016	89,670,842	–	–	(4,464,506)	6,959,488	92,165,824
Total comprehensive income for the year:						
Profit for the year	–	–	–	–	13,576,017	13,576,017
Other comprehensive loss for the year	–	–	–	(3,136,875)	–	(3,136,875)
Effect of change in functional currency	(7,601,381)	–	–	7,601,381	–	–
Total	(7,601,381)	–	–	4,464,506	13,576,017	10,439,142
Transactions with owners, recognised directly in equity:						
Issue of share capital	13,000,000	–	–	–	–	13,000,000
Dividends (Note 34)	–	–	–	–	(18,599,684)	(18,599,684)
Deemed capital contribution	–	495,570	–	–	–	495,570
Total	13,000,000	495,570	–	–	(18,599,684)	(5,104,114)
Balance at 31 December 2017	95,069,461	495,570	–	–	1,935,821	97,500,852

See accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2017

	Group	
	2017	2016
	US\$	US\$
Operating activities		
Profit before income tax	52,263,800	33,108,440
Adjustments for:		
Depreciation of property, plant and equipment	16,206,411	12,534,984
Amortisation of deferred stripping costs	2,003,437	330,935
Gain on disposal of property, plant and equipment	(35,444)	(32,398)
Gain on sales and leaseback of property, plant and equipment	–	(19,637)
Fair value gain on investment property	–	(20,255)
Loss on financial asset carried at amortised cost	131,272	721,350
Gain on disposal of subsidiaries	–	(4,962,232)
Loss on disposal of discontinued operation	–	1,267,291
Share-based payment expense	495,570	–
Allowance for inventory written-down value	748,703	–
Allowance for doubtful debts	–	150,033
Bad debt written-off	746,331	–
Other expenses arising from participation in Tax Amnesty	–	809,593
Loss on early redemption of Medium Term Note	104,030	–
Amortisation of transaction costs of Senior Notes	1,743,701	–
Interest expense	10,887,145	6,870,035
Interest income	(1,538,591)	(128,334)
Retirement benefit obligations	26,024	365,483
Net foreign exchange losses (gains)	2,234,379	(2,818,494)
Operating cash flows before movements in working capital	86,016,768	48,176,794
Trade and other receivables	(14,873,796)	(70,813,000)
Deposits and prepayments	(14,564,695)	(5,039,305)
Inventories (Note A)	1,257,833	(3,116,096)
Trade and other payables (Note C)	(1,573,542)	100,383,827
Cash generated from operations	56,262,568	69,592,220
Income tax paid	(10,079,831)	(2,641,005)
Income tax refund	114,387	2,360,537
Retirement benefit obligation paid	(3,003)	(489)
Net cash from operating activities	46,294,121	69,311,263

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2017

	Group	
	2017	2016
	US\$	US\$
Investing activities		
Interest received	1,489,898	33,795
Acquisition of subsidiaries	18,696	–
Disposal of subsidiaries (Note 41)	–	(95,198)
Addition to deferred stripping costs	–	(8,824,784)
Advance payments for purchase of property, plant and equipment	(37,941)	(46,352)
Deferred payment for acquisition of property, plant and equipment	(4,482,388)	–
Purchase of property, plant and equipment (Note B)	(30,349,909)	(231,705)
Proceeds from disposal of property, plant and equipment	131,783	153,155
Proceeds on disposal of investment property	–	2,860,585
Purchase of other non-current asset	–	(22,990)
Net cash used in investing activities	(33,229,861)	(6,173,494)
Financing activities		
Net decrease in deposits pledged	2,620,114	–
Increase in restricted cash deposits	(3,555,818)	–
Interest paid	(6,800,052)	(5,906,141)
Dividend paid	(18,599,684)	–
Proceeds from issuance of Senior Notes, net of transaction costs (Note C)	287,284,267	–
Early redemption of Medium Term Note	(74,250,074)	–
Repayment of obligations under finance leases	(81,256)	(1,967,077)
Net cash from (used in) financing activities	186,617,497	(7,873,218)
Net increase in cash and cash equivalents	199,681,757	55,264,551
Cash and cash equivalents at beginning of the year	62,761,457	7,421,269
Effect of exchange rate changes on the balance of cash held in foreign currencies	19,509	75,637
Cash and cash equivalents at end of the year (Note 7)	262,462,723	62,761,457

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2017

Notes to consolidated statement of cash flows:

- A) During the year, the Group capitalised US\$793,295 (2016 : US\$1,104,950) of depreciation of property, plant and equipment as inventory.
- B) During the year, the Group acquired property, plant and equipment amounting to US\$94,526,228 of which US\$46,352 was acquired through utilisation of advance payment for purchase of property, plant and equipment paid in prior year, US\$129,967 through finance lease arrangements, US\$2,500,000 (2016 : US\$Nil) by way of offsetting against certain other receivables, US\$13,000,000 by way of issuance of shares, US\$18,500,000 through utilisation of refundable deposits relating to conditional acquisition of mining concession paid in prior year, and US\$30,000,000 was satisfied by assignment of certain trade and other receivables (Note 8).

In 2016, the Group acquired property, plant and equipment amounting to US\$2,319,667 other than by cash, of which US\$1,995,835 was acquired through utilisation of refundable deposits relating to the conditional acquisition of a mining concession paid in prior year and US\$323,832 through participating in Tax Amnesty Programme by certain subsidiaries.

- C) The Group incurred transaction costs of US\$13,715,412 (2016 : US\$Nil) [Note 19(B)] of which US\$999,679 remained unpaid and included in other payables (Note 17).

See accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

1 GENERAL

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

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

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

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

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended 31 December 2017 were authorised for issue by the Board of Directors on 15 March 2018.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

- a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- b) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- c) Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BASIS OF ACCOUNTING (cont'd)

The accounting policies adopted are consistent with those followed in the preparation of the Company's financial statements for the financial year ended 31 December 2016, except as disclosed below:

Change of functional currency

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

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

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

ADOPTION OF NEW AND REVISED STANDARDS IN CURRENT YEAR - On 1 January 2017, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/ revised FRSs and INT FRSs does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years, except for certain presentation improvements arising from Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*.

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

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

The Group's liabilities arising from financing activities and a reconciliation between the opening and closing balances of these liabilities are set out in Note 20. Consistent with the transition provisions of the amendments, the Group has not disclosed the comparative information for the prior period. Apart from the additional disclosure in Note 20, the application of these amendments has had no impact on the Group's consolidated financial statements.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BASIS OF CONSOLIDATION (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.

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

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BUSINESS COMBINATIONS (cont'd)

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

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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

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

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

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

Effective interest method

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

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

Financial assets

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

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as “loans and receivables”. Loans and receivables (including trade and other receivables, cash and bank balances and restricted cash deposits) are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted. Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

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

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

Derecognition of financial liabilities

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

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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

LEASES (cont'd)

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below).

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

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

INVENTORY - Inventories are classified as follows:

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

DEFERRED EXPENDITURE (cont'd)

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

PROPERTY, PLANT AND EQUIPMENT (cont'd)

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

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

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

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

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

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

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

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

INVESTMENT PROPERTY - Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gain or loss arising from changes in the fair value of investment property is included in profit or loss for the period in which it arises.

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

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

Recoverable amount is the higher of fair value less costs 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.

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

REVENUE RECOGNITION - 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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

REVENUE RECOGNITION (cont'd)

Sale of coal

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

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

Mining services

Revenue from mining contracting and project management services for mining activities conducted at third party mines that are of a short duration is measured at the fair value of the consideration received or receivable when services are completed.

Rental services

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

Interest income

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

Marketing fee

Revenue from marketing services that are of a short duration is recognised when the services are completed.

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in United States dollars, which is not the functional currency of some entities within the Group. With effect from 1 December 2017, the functional currency of the Company is United States dollars.

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

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

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

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

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

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits, bank overdrafts, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

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

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

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying the Group's accounting policies

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

Key sources of estimation uncertainty

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

a) Useful lives of property, plant and equipment

As described in Note 2 to the financial statements, the Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the financial year, management determined that the useful lives of property, plant and equipment are based on the industry practice and the Group's operational environment.

b) Depreciation of mining properties

The amounts recorded for depreciation as well as the recovery of the carrying value of mining properties depends on the estimates of coal reserves and the economic lives of future cash flows from related assets. The primary factors affecting these estimates are technical engineering assessments of producible quantities of coal reserves in place and economic constraints such as the assumptions related to anticipated commodity prices and the costs of development and production of the reserves. The carrying amounts of the Group's mining properties are disclosed in Note 14 to the financial statements.

c) Allowances for doubtful debts

The policy for allowances for doubtful debts of the Company and the Group is based on the evaluation of collectability 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.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

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

Key sources of estimation uncertainty (cont'd)

c) Allowances for doubtful debts (cont'd)

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 allowance for doubtful debt of US\$Nil (2016 : US\$150,033) and bad debt written-off of US\$746,331 (2016 : US\$Nil) during the year.

In addition to the above, for certain debtors where the Group has signed a Cooperation Agreement (2016 : 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 11.0% (2016 : 11.0%) which reflects the current market assessment of the time value of money and the risks specific to the asset. No impairment has been recognised for these balances.

As at 31 December 2017, any reasonably possible change to the key assumptions applied above is not likely to cause the recoverable amounts of the trade and other receivable balances to be below the respective carrying amounts.

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

d) Deferred stripping costs

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

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

e) Impairment of deferred stripping costs and mining properties

The Group assesses annually whether its deferred stripping costs and mining properties exhibit any indication of impairment. Should there be any indicator of impairment, the Group then estimates the recoverable amount based on value in use calculations. These calculations require the use of judgement and estimates.

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

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

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

Key sources of estimation uncertainty (cont'd)

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

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

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

- Discount rate
- Forecasted coal prices

The future cash flows are discounted to the value in use based on the discount rates ranging from 10.2% to 11.0% (2016 : 11.0%) which reflect the current market assessment of the time value of money and the risks specific to the asset.

As at 31 December 2017, any reasonably possible change to the key assumptions applied above is not likely to cause the recoverable amounts of deferred stripping costs and mining properties to be below the respective carrying amounts.

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

The carrying amounts of the Group's deferred stripping costs and mining properties are disclosed in Notes 13 and 14 to the financial statements respectively.

f) Uncertain tax positions

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

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

Key sources of estimation uncertainty (cont'd)

g) Impairment of investment in subsidiaries and amounts due from subsidiaries

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

Management has estimated the recoverable amount based on the higher of value in use and fair value less cost to sell. The fair value less cost to sell is determined by reference to the estimated realisable values of the net tangible assets of the subsidiaries. No impairment has been recognised for investment in subsidiaries and amounts due from subsidiaries during the year.

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

h) Fair value of financial guarantee

Financial guarantees are initially measured at fair values that are not based on quoted prices in active markets. Management uses valuation techniques that are appropriate based on the structure and terms of the guarantees. The inputs to these models are derived from observable market data to the extent it is available. Where observable market data is not available, management establish inputs that are appropriate to the circumstances. As at 31 December 2017, the fair value of financial guarantee of the Company amounted to US\$7,887,000 (2016 : US\$Nil) as disclosed in Note 19 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) *Categories of financial instruments*

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

	Group		Company	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
Financial assets				
Loans and receivables at amortised cost (including cash and bank balances and restricted cash deposits)	326,091,313	175,992,179	85,795,206	128,142,745
Financial liabilities				
Amortised cost	337,610,877	130,192,914	166,465,093	134,658,466
Financial guarantee liability	–	–	7,506,903	–

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

(b) *Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements*

The Group and Company do not have any financial instruments which are subjected to offsetting, enforceable master netting arrangements or similar netting agreements.

(c) *Financial risk management policies and objectives*

The Group's and the Company's overall financial risk management policies and objectives seek to minimise potential adverse effects on the financial performance of the Group and Company. Management regularly reviews the Group's and the Company's business and operational activities to identify areas of significant business risks, as well as appropriate measures through which to control and mitigate these risks. On an on-going basis, management reviews all significant control policies and procedures, and highlights all significant matters to the Board of Directors and the audit committee. There has been no significant change to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risk.

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

(i) Foreign exchange risk management

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

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	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
<u>Group</u>				
United States dollars	–	67,974,389	7,052,712	127,092,268
Indonesia rupiah	8,228,103	18,328,699	9,484,853	4,841,142
Singapore dollars	1,822,236	9,783,211	2,987,600	137,230
<u>Company</u>				
United States dollars	–	60,278,136	–	119,785,923
Indonesia rupiah	–	–	143,933	145,132
Singapore dollars	1,551,620	–	2,469,733	–

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

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

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

Foreign currency sensitivity

The following table details the sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where they gave rise to an impact on the Group's and the Company's profit.

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

	2017 US\$	2016 US\$
<u>Group</u>		
United States dollars	(352,636)	(2,955,894)
Indonesia rupiah	(62,837)	674,378
Singapore dollars	(58,268)	482,299
<u>Company</u>		
United States dollars	–	(2,975,389)
Indonesia rupiah	(7,197)	(7,257)
Singapore dollars	(45,906)	–

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

(ii) Interest rate risk management

The Group's and the Company's exposure to interest rate risk are restricted to their interest bearing bank balances and deposits, finance leases and notes payable as disclosed in Notes 7, 18 and 19 to the financial statements respectively.

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

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

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

(iii) Credit risk management

Credit risk refers to the risk that a 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 2017, 91% (2016 : 78%) of the Group's revenue are derived from customers in People's Republic of China, which represent concentration risk within this geographical location. There is concentration of credit risk as 96% (2016 : 99%) of the Group's trade receivables at the end of the financial year relate to four customers (2016 : four customers).

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

The Company has an amount due from a related company which accounted for 32% (2016 : 7%) of the Company's other receivables.

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

The maximum amount the Company could be forced to settle under the financial guarantee, if the full guaranteed amount is claimed by the counterparty to the guarantee is US\$300 million (2016 : US\$Nil). Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The carrying amount of financial assets and the exposure to defaults from financial guarantees above, represents the maximum credit risk exposure of the Group and Company.

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

(iv) Liquidity risk management

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

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

As at 31 December 2017, the Company has net current liabilities of US\$82,685,750 mainly due to intercompany payables of US\$161,762,627. The financial statements have been prepared on a going concern basis because the Company has the ability to control its subsidiaries to demand repayment for the outstanding amount unless the Company has the ability to repay.

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

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

(iv) Liquidity risk management (cont'd)

Liquidity risk analysis

Non-derivative financial liabilities

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

	Weighted average effective interest rate %	On demand or within 1 year US\$	Within 2 to 5 years US\$	Adjustment US\$	Total US\$
<u>Group</u>					
<u>2017</u>					
Non-interest bearing	–	43,469,787	–	–	43,469,787
Finance leases (fixed rate)	4.33 to 11.38	123,797	165,485	(22,129)	267,153
Notes payable (fixed rate)	9.16	24,000,000	396,000,000	(126,126,063)	293,873,937
Total		67,593,584	396,165,485	(126,148,192)	337,610,877
<u>2016</u>					
Non-interest bearing	–	59,255,409	–	–	59,255,409
Finance leases (fixed rate)	4.33	16,967	46,632	(4,994)	58,605
Notes payable (fixed rate)	8.65	4,844,625	71,651,164	(5,616,889)	70,878,900
Total		64,117,001	71,697,796	(5,621,883)	130,192,914
<u>Company</u>					
<u>2017</u>					
Non-interest bearing	–	166,416,667	–	–	166,416,667
Finance lease (fixed rate)	4.33	18,203	31,825	(1,602)	48,426
Financial guarantee liability	–	1,576,536	5,930,367	–	7,506,903
Total		168,011,406	5,962,192	(1,602)	173,971,996
<u>2016</u>					
Non-interest bearing	–	63,720,961	–	–	63,720,961
Notes payable (fixed rate)	8.65	4,844,625	71,651,164	(5,616,889)	70,878,900
Finance lease (fixed rate)	4.33	16,967	46,632	(4,994)	58,605
Total		68,582,553	71,697,796	(5,621,883)	134,658,466

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

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

(iv) Liquidity risk management (cont'd)

Non-derivative financial liabilities (cont'd)

The maximum amount that the Company could be forced to settle under the financial guarantee contract, if the full guaranteed amount is claimed by the counterparty to the guarantee, is US\$300 million (2016 : US\$Nil). The earliest period that the guarantee could be called is within one year from the end of the reporting period. As mentioned in Note 4c(iii), the Company considers that it is more likely than not that no amount will be payable under the arrangement.

Non-derivative financial assets

All the financial assets of the Group and Company in 2017 and 2016 are repayable on demand or due within one year from the end of the reporting period, except for restricted cash deposits and non-current deposits as disclosed in Notes 7(e) and 9 to the financial statements respectively.

(v) Fair value of financial assets and financial liabilities

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

(d) *Capital management policies and objectives*

The Group and Company manage their capital to ensure that the Group and Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structures of the Group consist of debt, which includes the finance leases (Note 18) and notes payable (Note 19), and equity attributable to owners of the Company, which comprises issued capital, reserves and retained earnings.

The capital structures of the Company consist of debt, which includes the finance leases (Note 18), and equity attributable to owners of the Company, which comprises issued capital, reserves and retained earnings.

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

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)**(d) Capital management policies and objectives (cont'd)**

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

	Group	
	2017	2016
	US\$	US\$
Total debt	294,141,090	70,937,505
Cash and bank balances	(265,770,740)	(67,703,681)
Net debt	28,370,350	3,233,824
Equity attributable to the owners of the Company	153,133,832	124,436,062
Net debt to equity ratio	19%	3%

The Group's and the Company's overall strategy remains unchanged from prior year.

5 RELATED COMPANIES TRANSACTIONS

Related companies in these financial statements refer to members of the Company's group of companies.

Transactions between the Company and its subsidiaries, which are related companies of the Company, have been eliminated on consolidation and are not disclosed. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

6 OTHER RELATED PARTY TRANSACTIONS

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

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

Compensation of directors and key management personnel

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

	Group	
	2017	2016
	US\$	US\$
Short-term benefits	3,945,010	1,782,316
Post-employment benefits	74,462	43,571
Share-based payment	495,570	–
Total	4,515,042	1,825,887

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

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7 CASH AND BANK BALANCES AND RESTRICTED CASH DEPOSITS

	Group		Company	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
Cash on hand	18,229	3,343	284	165
Cash at banks ^(a)	262,444,494	62,753,868	40,573,919	50,975,490
Deposits ^(b)	3,308,017	4,946,470	–	2,442,224
Total cash and bank balances	265,770,740	67,703,681	40,574,203	53,417,879
Restricted cash deposits (non-current)	4,146,072	590,254	–	–
Less: Deposit pledged ^{(c) (d)}	(3,308,017)	(4,942,224)	–	(2,442,224)
Less: Restricted cash deposits (non-current) ^{(e) (f)}	(4,146,072)	(590,254)	–	–
Cash and cash equivalents in the consolidated statement of cash flows	262,462,723	62,761,457	40,574,203	50,975,655

(a) The average effective interest rate of the cash at banks was 0.70% (2016 : 1.12%) per annum.

(b) The effective interest rate of the deposits ranged from 0.02% to 1.20% (2016 : 0.80% to 5.31%) per annum.

(c) In 2016, the Group and Company pledged a deposit of US\$2,442,224, for purpose of securing the Group's and the Company's coupon payment obligations for the Medium Term Note [Note 19(A)]. The deposit was released following the redemption of the Medium Term Note during the year.

(d) As at 31 December 2017, the Group pledged deposits totalling US\$3,308,017 (2016 : US\$2,500,000) for the issuance of banker's guarantees to a third party, for the purpose of securing the Group's land use right from a third party.

(e) As at 31 December 2017, the Group placed restricted cash deposits totalling US\$4,146,072 (2016 : US\$590,254) with relevant government authorities for the purpose of ensuring fulfilment of compliance in respect of the Group's reclamation and rehabilitation obligations [Note 21(B)].

(f) The effective interest rate of the restricted cash deposits ranged from 4.88% to 6.53% (2016 : Nil) per annum.

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8 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
Trade receivables from:				
- Third parties ^(a)	40,071,038	32,893,880	-	-
Less: Allowance for doubtful debt ^(e)	(588,973)	(739,460)	-	-
	39,482,065	32,154,420	-	-
Other receivables comprise of:				
- Subsidiaries (Note 5)	-	-	41,985,092	14,444,405
- Third parties ^{(a) (b)}	8,329,322	50,148,308	-	38,488,255
Less: Allowance for doubtful debt ^(e)	(743,055)	(746,440)	-	-
	7,586,267	49,401,868	-	38,488,255
- Goods and Services Tax ("GST") receivables	480,980	18,535	12,385	16,883
- Prepaid income tax	155,773	208,312	-	-
- Refundable deposits in relation to the conditional acquisition of mining concessions	-	18,500,000	-	18,500,000
- Refundable payment to secure the rights to use and purchase jetty facilities	3,143,933	3,145,132	3,143,933	3,145,132
- Interest receivables	6,839	65,666	-	64,789
Total	50,855,857	103,493,933	45,141,410	74,659,464

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

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

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8 TRADE AND OTHER RECEIVABLES (cont'd)

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

	Group		Company	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
Not past due and not impaired	21,505,804	12,538,695	–	–
Past due but not impaired ^(c)	17,976,261	19,615,725	–	–
	39,482,065	32,154,420	–	–
Impaired receivables - individually assessed ^(d)	588,973	739,460	–	–
Less: Allowance for doubtful debt ^(c)	(588,973)	(739,460)	–	–
	–	–	–	–
Total trade receivables, net	39,482,065	32,154,420	–	–

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

- (a) In 2016, the Group has signed two conditional sale and purchase agreements (“CSPAs”) with certain debtors’ related corporations and a third party (the “Vendors”) where the Group may, upon fulfilment of certain conditions by the Vendors, acquire coal mining concessions from the Vendors in exchange for the settlement of trade and other receivables from certain debtors amounting to US\$19,545,672 and US\$27,572,705 respectively.

In February 2017, one of the CSPAs had expired and the Group entered into an instalment agreement with the Vendor to recover the outstanding balance of US\$4,657,052.

On 23 June 2017, the Group acquired a mining concession owned by PT Tanah Bumbu Resources (“TBR”) from a third party by way of assigning certain trade and other receivables due from the Vendors amounting to US\$30 million, as part of the consideration of the acquisition (Note 38).

Subsequent to year end, the Group entered into a Cooperation Agreement with the Vendors’ related corporations and a common controlling shareholder to conduct joint mining activities on the two coal mines owned by the Vendors’ related corporations. Based on the Cooperation Agreement, a portion of the cash profit from the sale of coal shall be used by the Vendors to settle the remaining outstanding debts of US\$17.4 million.

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

As a result of the Cooperation Agreement, the Group terminated both the instalment agreement and the other CSPA entered with the respective Vendors.

- (b) During the year, the Group set off certain other receivables amounting to US\$18,728,415 against certain trade and other payables [Note 17(a)].

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

8 TRADE AND OTHER RECEIVABLES (cont'd)

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

	Group		Company	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
< 3 months	2,282,657	70,053	–	–
> 6 months to 12 months	431,200	–	–	–
> 12 months	15,262,404	19,545,672	–	–
	<u>17,976,261</u>	<u>19,615,725</u>	<u>–</u>	<u>–</u>

Included in the Group's trade receivables are debtors with a carrying amount of US\$17,976,261 (2016 : US\$19,615,725) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

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

(e) Movement in the allowance for doubtful debts for trade and other receivables are as follows:

	Group		Company	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
At beginning of year	1,485,900	2,417,162	–	368,983
Disposal of subsidiaries	–	(1,102,146)	–	–
Write-back of allowance for doubtful debt credited to profit or loss	–	–	–	(377,386)
Allowance for doubtful debt charged to profit or loss (Note 30)	–	150,033	–	–
Utilised during the year	(150,033)	–	–	–
Exchange differences	(3,839)	20,851	–	8,403
At end of year	<u>1,332,028</u>	<u>1,485,900</u>	<u>–</u>	<u>–</u>

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.

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9 DEPOSITS AND PREPAYMENTS

	Group		Company	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
Current assets:				
Prepayments	20,016,330	5,365,552	190,185	194,271
Advance payments for purchase of coal	3,656,642	3,670,034	–	–
Less: Impairment loss on advance payment for purchase of coal ^(b)	(1,606,642)	(1,620,034)	–	–
	2,050,000	2,050,000	–	–
Total	22,066,330	7,415,552	190,185	194,271
Non-current assets:				
Deposits ^(a)	5,955,397	4,431,158	91,978	82,285
Advance payments for purchase of property, plant and equipment	37,941	46,352	–	–
Total	5,993,338	4,477,510	91,978	82,285

(a) Included in this balance is a deposit for land use right, held at amortised costs of US\$5,858,437 (2016 : US\$4,343,850).

Movement in deposits for land use right are as follows:

	Group		Company	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
At beginning of year	4,343,850	5,000,000	–	–
Additions during the year	1,533,620	–	–	–
Less: Loss on financial asset carried at amortised cost charged to profit or loss (Note 30)	(131,272)	(721,350)	–	–
Add: Interest income on financial assets carried at amortised cost credited to profit or loss (Note 29)	112,239	65,200	–	–
At end of year	5,858,437	4,343,850	–	–

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NOTES TO FINANCIAL STATEMENTS

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9 DEPOSITS AND PREPAYMENTS (cont'd)

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

	Group	
	2017	2016
	US\$	US\$
At beginning of year	1,620,034	1,577,875
Exchange differences	(13,392)	42,159
At end of year	1,606,642	1,620,034

10 INVENTORY

	Group	
	2017	2016
	US\$	US\$
Coal, at cost	7,677,179	8,890,420

The cost of inventories recognised as an expense includes US\$748,703 (2016 : US\$Nil) in respect of write-down of inventory to net realisable value.

11 INVESTMENT IN SUBSIDIARIES

	Company	
	2017	2016
	US\$	US\$
Unquoted equity shares, at cost	82,908,744	82,908,742
Effect of change in functional currency ^(b)	(1,928,229)	–
	80,980,515	82,908,742
Deemed investment ^(a)	95,302,328	15,115,384
Effect of change in functional currency ^(b)	1,707,462	–
Fair value of a financial guarantee contract [Note 19(B)]	7,887,000	–
	185,877,305	98,024,126

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

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

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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	
		2017 %	2016 %
Geo Coal International Pte. Ltd. ^(a)	Coal trading/Singapore	100	100
PT Geo Energy Coalindo ^{(b) (c)}	Investment holding/Indonesia	99.00	99.00
Borneo International Resources Pte. Ltd. ^{(a) (e)}	Investment holding/Singapore	100	100
Geo Energy Investments Ltd. ^(h)	Investment holding/Cayman Island	100	100
Geo Energy International (HK) Limited ^{(d) (f)}	Investment holding/Hong Kong	100	–
Geo Coal International (HK) Limited ^{(d) (f)}	Coal trading/Hong Kong	100	–
<u>Held by Geo Energy Investments Ltd.</u>			
STT Coal Resources Pte. Ltd. ^{(a) (f)}	Investment holding/Singapore	100	–
Fortune Coal Resources Pte. Ltd. ^{(a) (g)}	Investment holding/Singapore	100	–
<u>Held by PT STT Coal Resources Pte. Ltd.</u>			
PT Tunas Bara Abadi Tolindo ^{(c) (d) (f)}	General trading/Indonesia	99.90	–
<u>Held by PT Tunas Bara Abadi Tolindo</u>			
PT STT Tunas Bara ^{(c) (d)}	General trading and services/Indonesia	99.10	97.22
<u>Held by PT STT Tunas Bara</u>			
PT Surya Tambang Tolindo ^{(c) (d)}	Coal mining/Indonesia	99.06	97.18
<u>Held by Fortune Coal Resources Pte. Ltd.</u>			
PT Satui Jasabara ^{(c) (d) (g)}	General trading/Indonesia	99.90	–
<u>Held by PT Satui Jasabara</u>			
PT Satui Energi ^{(c) (d) (g)}	General trading/Indonesia	98.90	–
<u>Held by PT Satui Energi</u>			
PT Tanah Bumbu Resources ^{(b) (c) (g)}	Coal mining/Indonesia	97.91	–
<u>Held by PT Geo Energy Coalindo</u>			
PT Mitra Nasional Pratama ^{(b) (c)}	Mining services/Indonesia	98.01	98.01
PT Sumber Bara Jaya ^{(b) (c)}	Mining services/Indonesia	98.90	98.90
PT Geo Tebo Power Inti ^{(c) (d)}	Power generation/Indonesia	98.92	98.92
PT Geo Energy Trading ^{(c) (d) (f)}	General trading/Indonesia	98.92	–

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FINANCIAL STATEMENTS

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11 INVESTMENT IN SUBSIDIARIES (cont'd)

Name of subsidiaries	Principal activities/Country of incorporation and operation	Effective equity interest of the Company	
		2017 %	2016 %
<u>Held by PT Mitra Nasional Pratama</u>			
PT Geo Online Indonesia ^{(c) (d) (f)}	Multimedia supplier, business and management consultant services/Indonesia	97.97	–
<u>Held by PT Geo Online Indonesia</u>			
PT Deli Global Oase ^{(c) (d) (f)}	General trading and services/Indonesia	73.48	–
<u>Held by PT Sumber Bara Jaya</u>			
PT Bumi Enggang Khatulistiwa ^{(b) (c)}	Coal mining/Indonesia	98.88	98.88
<u>Held by Borneo International Resources Pte. Ltd.</u>			
PT Era Tiga Putra ^{(c) (d)}	Investment holding/Indonesia	99.00	99.00
<u>Held by PT Era Tiga Putra</u>			
PT Karunia Mitra Berkat ^{(c) (d)}	Investment holding/Indonesia	98.97	98.97
<u>Held by PT Karunia Mitra Berkat</u>			
PT Sungai Danau Jaya ^{(b) (c) (e)}	Coal mining/Indonesia	98.96	98.96

Notes

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

(b) Audited by Satrio Bing Eny & Rekan, Jakarta, Indonesia (a member firm of Deloitte & Touche Tohmatsu Limited).

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

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

(e) The Group has pledged the shares of the subsidiaries to secure the advances received from a customer (Note 17).

(f) The subsidiaries were incorporated during the year.

(g) The subsidiaries were acquired during the year (Note 38).

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

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

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

NOTES TO FINANCIAL STATEMENTS

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12 DEFERRED EXPENDITURE

	Group	
	2017	2016
	US\$	US\$
Cost:		
At beginning of year	1,292,195	1,252,815
Exchange differences	(10,023)	39,380
At end of year	1,282,172	1,292,195
Accumulated amortisation:		
At beginning of year	501,417	482,616
Exchange differences	(3,486)	18,801
At end of year	497,931	501,417
Allowance for impairment:		
At beginning of year	790,778	770,199
Exchange differences	(6,537)	20,579
At end of year	784,241	790,778
Carrying amount:		
At beginning and end of year	-	-

13 DEFERRED STRIPPING COSTS

	Group	
	2017	2016
	US\$	US\$
Cost:		
At beginning of year	10,271,256	1,446,472
Addition	-	8,824,784
At end of year	10,271,256	10,271,256
Accumulated amortisation:		
At beginning of year	330,935	-
Amortisation	2,003,437	330,935
At end of year	2,334,372	330,935
Carrying amount:		
At end of year	7,936,884	9,940,321
At beginning of year	9,940,321	1,446,472

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14 PROPERTY, PLANT AND EQUIPMENT

	Leasehold property US\$	Temporary housing facility US\$	Jetty US\$	Heavy equipment US\$
<u>Group</u>				
Cost:				
At 1 January 2016	1,268,886	333,852	832,635	30,503,656
Additions	228,172	7,132	–	–
Disposals	–	–	–	–
Disposal of subsidiaries (Note 41)	–	(81,494)	–	(27,257,528)
Exchange differences	32,214	3,826	–	(3,246,128)
At 31 December 2016	1,529,272	263,316	832,635	–
Additions ^(a)	239,513	18,638	–	–
Disposals	–	–	–	–
Transferred from investment property (Note 15)	531,332	–	–	–
Reclassification	–	197,746	–	–
Exchange differences	(3,725)	(62)	–	–
At 31 December 2017	2,296,392	479,638	832,635	–
Accumulated depreciation:				
At 1 January 2016	20,892	204,848	503,051	10,942,786
Depreciation	79,409	63,847	208,159	781,231
Disposals	–	–	–	–
Disposal of subsidiaries (Note 41)	–	(55,030)	–	(7,617,441)
Exchange differences	(106)	2,392	–	(4,106,576)
At 31 December 2016	100,195	216,057	711,210	–
Depreciation	129,158	48,622	121,425	–
Disposals	–	–	–	–
Exchange differences	(1,942)	(61)	–	–
At 31 December 2017	227,411	264,618	832,635	–
Carrying amount:				
At 31 December 2017	2,068,981	215,020	–	–
At 31 December 2016	1,429,077	47,259	121,425	–

^(a) Included in this balance is the addition to mining properties of US\$90,000,000 pertaining to the acquisition of a new mining concession through the acquisition of TBR (Note 38).

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Machineries US\$	Motor vehicles US\$	Equipment and furniture US\$	Computer and software US\$	Mining properties US\$	Construction in progress US\$	Total US\$
1,852,563	1,826,036	760,129	615,581	115,694,636	–	153,687,974
3,191	95,173	28,967	8,951	2,141,636	38,150	2,551,372
(217,003)	(588,565)	(600)	(2,272)	–	–	(808,440)
(284,907)	(612,334)	(29,227)	(151,928)	–	–	(28,417,418)
19,608	53,044	2,589	11,965	(15,897)	–	(3,138,779)
1,373,452	773,354	761,858	482,297	117,820,375	38,150	123,874,709
107,291	391,225	31,322	242,987	92,923,255	571,997	94,526,228
(224,157)	(301,710)	(28,590)	–	–	–	(554,457)
–	–	–	–	–	–	531,332
–	–	111,667	–	16,423	(325,836)	–
(1,374)	8,460	20,644	478	(526)	–	23,895
1,255,212	871,329	896,901	725,762	210,759,527	284,311	218,401,707
1,554,333	1,305,952	472,056	415,041	5,468,717	–	20,887,676
156,058	50,644	131,240	80,334	12,089,012	–	13,639,934
(214,646)	(470,852)	(100)	(2,085)	–	–	(687,683)
(203,783)	(469,981)	(21,838)	(81,618)	–	–	(8,449,691)
15,215	42,692	(4,551)	6,330	–	–	(4,044,604)
1,307,177	458,455	576,807	418,002	17,557,729	–	21,345,632
78,737	103,459	63,546	58,265	15,291,544	–	15,894,756
(224,157)	(205,805)	(28,156)	–	–	–	(458,118)
(1,377)	1,035	22,185	(50)	–	–	19,790
1,160,380	357,144	634,382	476,217	32,849,273	–	36,802,060
94,832	514,185	262,519	249,545	177,910,254	284,311	181,599,647
66,275	314,899	185,051	64,295	100,262,646	38,150	102,529,077

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14 PROPERTY, PLANT AND EQUIPMENT (cont'd)

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

	Motor vehicle US\$	Equipment and furniture US\$	Computer and software US\$	Total US\$
<u>Company</u>				
Cost:				
At 1 January 2016	155,510	343,775	25,959	525,244
Additions	–	4,435	8,028	12,463
Disposal	–	(600)	–	(600)
Exchange differences	(3,251)	(7,348)	(885)	(11,484)
At 31 December 2016	152,259	340,262	33,102	525,623
Additions	–	2,711	11,547	14,258
Disposal	–	(5,875)	–	(5,875)
Exchange differences	11,090	24,784	2,411	38,285
At 31 December 2017	163,349	361,882	47,060	572,291
Accumulated depreciation:				
At 1 January 2016	5,184	260,567	22,494	288,245
Depreciation	31,810	78,870	2,780	113,460
Disposal	–	(100)	–	(100)
Exchange differences	(1,467)	(8,809)	(588)	(10,864)
At 31 December 2016	35,527	330,528	24,686	390,741
Depreciation	32,670	7,667	3,747	44,084
Disposal	–	(5,442)	–	(5,442)
Exchange differences	2,588	24,075	1,797	28,460
At 31 December 2017	70,785	356,828	30,230	457,843
Carrying amount:				
At 31 December 2017	92,564	5,054	16,830	114,448
At 31 December 2016	116,732	9,734	8,416	134,882

NOTES TO FINANCIAL STATEMENTS

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14 PROPERTY, PLANT AND EQUIPMENT (cont'd)

The carrying amount of the Group's motor vehicles includes assets acquired under finance leases amounting to US\$424,693 (2016 : US\$116,732) (Note 18).

The carrying amount of the Company's motor vehicles includes an asset acquired under finance leases amounting to US\$92,564 (2016 : US\$116,732) (Note 18).

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

	Group	
	2017	2016
	US\$	US\$
Charged to profit or loss (Note 33)	16,206,411	12,534,984
Capitalised as inventory	793,295	1,104,950
	16,999,706	13,639,934
Less: Amount previously capitalised as inventory, charged to profit or loss during the year	(1,104,950)	–
	15,894,756	13,639,934

15 INVESTMENT PROPERTY

	Group		Company	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
At fair value				
At beginning of year	542,572	3,336,335	–	2,827,455
Gain from fair value adjustments included in profit or loss (Note 29)	–	20,255	–	–
Disposal	–	(2,860,585)	–	(2,860,585)
Transferred to property, plant and equipment (Note 14)	(531,332)	–	–	–
Exchange differences	(11,240)	46,567	–	33,130
At end of year	–	542,572	–	–

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

	Group		Company	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
Gain from fair value adjustments included in profit or loss	–	20,255	–	–

NOTES TO FINANCIAL STATEMENTS

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15 INVESTMENT PROPERTY (cont'd)

Fair value measurement of the Group's investment property

As at 31 December 2016, the fair value of the Group's investment property was determined on the basis of valuation carried out by independent valuer, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The valuation was arrived using direct market comparison method.

In evaluating the fair value of investment property, the highest and best use of the property is their current use. There has been no change to the valuation technique and no transfers between the levels of the fair value hierarchy during the year.

Details of the investment property and information about the fair value hierarchy as at the end of the reporting period are as follows:

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Fair value US\$
Investment property located at The Suites Tower, 17th Floor Jl. Boulevard Pantai Indah Kapuk No. 1 Kav OFS, Jakarta 14470				
31 December 2017	–	–	–	–
31 December 2016	–	–	542,572	542,572

	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity
The Suites Gross floor: 270 sq.m.	Direct market comparison method. The key input is the adjusted market price.	Adjusted market price: Approximate US\$2,010 per sq.m.	There is no indication that any slight change in the adjusted market price would result in significant higher or lower fair value measurement.

16 OTHER NON-CURRENT ASSET

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

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17 TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
Trade payables due to:				
- Third parties ^(a)	14,980,343	30,332,952	-	-
Other payables comprise of:				
- Third parties ^(a)	688,036	5,624,259	94,162	86,911
- Subsidiaries (Note 5)	-	-	161,762,627	55,795,748
- Value-Added Tax ("VAT") payables	132,893	32,628	-	-
- Withholding tax payables	682,562	2,348,976	6,570	4,948
- Advances from customers ^(b)	42,050,000	43,058,801	-	-
- Deposits received ^(c)	3,000,000	3,000,000	3,008,259	3,007,698
- Accrued purchase consideration for acquisition of asset	-	4,482,388	-	4,482,388
- Accrued interest on notes payable (Note 19)	5,845,648	2,203,309	-	2,203,309
- Accruals ^(d)	24,801,408	15,815,810	1,551,619	348,216
Total	92,180,890	106,899,123	166,423,237	65,929,218

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

- (a) During the year, the Group set off certain trade and other payables amounting to US\$13,563,090 and US\$5,165,325 respectively with certain other receivables [Note 8(b)].
- (b) Included in this balance is advance payment of US\$40,000,000 (2016 : US\$40,999,870) 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 certain subsidiaries (Note 11); and
 - (ii) a corporate guarantee by the Company and certain subsidiaries.
- (c) Included in this balance is refundable deposit received of US\$3,000,000 (2016 : US\$3,000,000) by the Group, as a performance guarantee provided by a third party for the provision of overburden removal and coal hauling services.
- (d) Accruals principally comprise amounts outstanding for on-going costs.

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FINANCIAL STATEMENTS

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18 FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
<u>Group</u>				
Amounts payable under finance leases:				
Within one year	123,797	16,967	110,273	14,718
In the second to fifth year inclusive	165,485	46,632	156,880	43,887
Total	289,282	63,599	267,153	58,605
Less: Future finance charges	(22,129)	(4,994)	NA	NA
Present value of lease obligations	267,153	58,605	267,153	58,605
Less: Amount due for settlement within 12 months (shown under current liabilities)				
			(110,273)	(14,718)
Amount due for settlement after 12 months			156,880	43,887
<u>Company</u>				
Amounts payable under finance leases:				
Within one year	18,203	16,967	17,825	14,718
In the second to fifth year inclusive	31,825	46,632	30,601	43,887
Total	50,028	63,599	48,426	58,605
Less: Future finance charges	(1,602)	(4,994)	NA	NA
Present value of lease obligations	48,426	58,605	48,426	58,605
Less: Amount due for settlement within 12 months (shown under current liabilities)				
			(17,825)	(14,718)
Amount due for settlement after 12 months			30,601	43,887

NA : Not applicable

NOTES TO FINANCIAL STATEMENTS

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18 FINANCE LEASES (cont'd)

The Group acquired certain of its motor vehicles under finance leases. The finance lease term is up to 60 months (2016 : 60 months) with an effective interest rate ranging from 4.33% to 11.38% (2016 : 4.33%) per annum. Interest rates for 100% (2016 : 100%) of the finance leases are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All finance leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Company acquired its motor vehicle under finance lease. The finance lease term is up to 60 months (2016 : 60 months) with an effective interest rate of 4.33% (2016 : 4.33%) per annum. The interest rate of the finance lease is fixed at the contract date, and thus exposes the Company to fair value interest rate risk. The finance lease is on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

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

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

19 NOTES PAYABLE

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

	Group		Company	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
Medium Term Note (A)	–	68,675,591	–	68,675,591
Senior Notes (B)	288,028,289	–	–	–
	<u>288,028,289</u>	<u>68,675,591</u>	<u>–</u>	<u>68,675,591</u>

A) Medium Term Note

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

The MTN was unsecured and listed on SGX. In 2016, the Company pledged a deposit of US\$2,442,224 for the purpose of securing the Company's coupon payment obligations during the term of the MTN [Note 7(c)].

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

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

19 NOTES PAYABLE (cont'd)

A) Medium Term Note (cont'd)

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

	Group and Company	
	2017 US\$	2016 US\$
Nominal value of MTN issued	80,593,166	80,593,166
Transaction costs ^(a)	(3,915,749)	(3,915,749)
At date of issue	76,677,417	76,677,417
Cumulative interest accrued	20,226,464	15,685,728
Loss on early redemption of MTN (Note 31)	104,030	–
Cumulative interest paid	(16,588,786)	(10,152,424)
Exchange differences	(6,169,051)	(11,331,821)
Early redemption of MTN	(74,250,074)	–
Total	–	70,878,900
Interest payable within one year included in other payables (Note 17)	–	(2,203,309)
Liability (non-current) at end of year	–	68,675,591

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

B) Senior Notes

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

The Notes are listed on the SGX. They are unsecured and guaranteed by the Company and certain subsidiaries of the Company. The guarantees are effectively subordinated to secure obligations of each guarantor, to the extent of the value of assets serving as security. As at 31 December 2017, the Company recognised the fair value of the above financial guarantee of US\$7,887,000 on the statement of financial position as deemed investment in a subsidiary (Note 11) and a financial guarantee liability. Amortisation of the financial guarantee obligation amounting to US\$380,097 was credited to the Company’s profit or loss during the year.

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

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

NOTES TO FINANCIAL STATEMENTS

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19 NOTES PAYABLE (cont'd)

B) Senior Notes (cont'd)

The Notes contain certain covenants that limited the Company's and certain subsidiaries' abilities to, among other things:

- incur or guarantee additional indebtedness and issue certain redeemable or preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions, with respect to the shares of the Company or certain of its subsidiaries;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- create encumbrances or restrictions on the payment of dividends, or other distributions, loans or advances to and on the transfer of assets to the Company or certain of its subsidiaries;
- sell, lease or transfer certain assets, including stock of certain subsidiaries;
- enter into sale and leaseback transactions;
- engage in certain transactions with affiliates;
- enter into unrelated businesses; and
- consolidate or merge with other entities

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

The net carrying amount of the Notes was stated net of transaction costs totalling US\$13,715,412. Such costs were amortised over the life of the Notes by charging the expenses to profit or loss and increasing the net carrying amount of the Notes with the corresponding amount. As of 31 December 2017, accumulated amortisation amounted to US\$1,743,701.

	Group	
	2017	2016
	US\$	US\$
Nominal value of Notes issued	300,000,000	–
Transaction costs ^(a)	(13,715,412)	–
At date of issue	286,284,588	–
Cumulative interest accrued	5,845,648	–
Cumulative amortisation of transaction costs	1,743,701	–
Total	293,873,937	–
Interest payable within one year included in other payables (Note 17)	(5,845,648)	–
Liability (non-current) at end of year	288,028,289	–

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

NOTES TO FINANCIAL STATEMENTS

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20 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	1 January 2017	Financing cash flows ⁽ⁱ⁾	Non-cash changes		Foreign exchange movement	Other Changes ⁽ⁱⁱ⁾	31 December 2017
			New finance leases	Trade and other payables			
Finance leases (Note 18)	58,605	(81,256)	288,288	–	1,516	–	267,153
Notes payable:							
MTN [Note 19(A)]	68,675,591	(74,250,074)	–	–	5,574,483	–	–
Notes [Note 19(B)]	–	287,284,267	–	(999,679)	–	1,743,701	288,028,289
Accrued interest on notes payable (Note 17)	2,203,309	(6,800,052)	–	–	(394,214)	10,836,605	5,845,648
	<u>70,937,505</u>	<u>206,152,885</u>	<u>288,288</u>	<u>(999,679)</u>	<u>5,181,785</u>	<u>12,580,306</u>	<u>294,141,090</u>

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

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

21 PROVISIONS

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

	Group		Company	
	2017 US\$	2016 US\$	2017 US\$	2016 US\$
Retirement benefit obligations (Note A)	1,146,176	834,558	–	–
Provision for rehabilitation (Note B)	460,493	410,954	–	–
Provision for reinstatement costs (Note C)	101,131	90,350	101,131	90,350
	<u>1,707,800</u>	<u>1,335,862</u>	<u>101,131</u>	<u>90,350</u>

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21 PROVISIONS (cont'd)

(A) Retirement benefit obligations

	Group	
	2017	2016
	US\$	US\$
Present value of unfunded obligations	1,146,176	834,558
Changes in the present value of the defined obligations:		
Opening defined benefit obligations	834,558	538,894
Employee benefits expense (Note 33)	26,004	365,483
Remeasurement, (credited) charged to other comprehensive income:		
- Actuarial losses from changes in financial assumptions	117,269	42,201
- Actuarial losses (gains) from experience adjustment	180,463	(24,379)
Benefits paid	(3,003)	(489)
Disposal of subsidiaries (Note 41)	-	(226,249)
Exchange differences	(9,115)	139,097
Closing defined benefit obligations	1,146,176	834,558
Employee benefits expense comprised:		
Current service cost	255,749	228,934
Past service cost	(262,081)	81,804
Interest cost	32,336	54,745
Total	26,004	365,483

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 2017 and 2016 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.

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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	
	2017	2016
Discount rate per annum	9.0%	8.5%
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	
	2017 US\$	2016 US\$
At beginning of the year	410,954	363,356
Interest accretion charged to profit or loss (Note 31)	49,539	47,598
At the end of the year	460,493	410,954

This represents net present value of the costs expected to be incurred for rehabilitation of mining properties. Management uses a discount rate of 15% (2016 : 15%).

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21 PROVISIONS (cont'd)

(C) Provision for reinstatement costs

	Group and Company	
	2017 US\$	2016 US\$
At beginning of the year	90,350	88,225
Interest accretion charged to profit or loss (Note 31)	4,200	4,146
Exchange differences	6,581	(2,021)
At the end of the year	101,131	90,350

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% (2016 : 5%).

22 DEFERRED TAX

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

	Retirement benefit US\$	Tax losses US\$	Accelerated tax depreciation US\$	Others US\$	Total US\$
<u>Group</u>					
At 1 January 2016	(145,684)	(5,206,508)	3,510,517	–	(1,841,675)
(Credited) Charged to profit or loss [Note 32(A)]	(94,470)	(3,023,029)	2,976,641	–	(140,858)
Credited to other comprehensive income [Note 32(B)]	(4,385)	–	–	–	(4,385)
Disposal of subsidiaries (Note 41)	29,430	2,559,921	(4,007,551)	–	(1,418,200)
Exchange differences	(3,868)	(85,708)	147,101	–	57,525
At 31 December 2016	(218,977)	(5,755,324)	2,626,708	–	(3,347,593)
Charged (Credited) to profit or loss [Note 32(A)]	74,069	1,396,821	(2,456,488)	2,142,500	1,156,902
Credited to other comprehensive income [Note 32(B)]	(74,434)	–	–	–	(74,434)
Exchange differences	712	12,022	2,698	(23,694)	(8,262)
At 31 December 2017	(218,630)	(4,346,481)	172,918	2,118,806	(2,273,387)

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22 DEFERRED TAX (cont'd)

	Accelerated tax depreciation US\$	Tax losses US\$	Total US\$
<u>Company</u>			
At 1 January 2016	4,957	(180,725)	(175,768)
Credited to profit or loss	(14,598)	(80,800)	(95,398)
Exchange differences	519	7,229	7,748
At 31 December 2016	(9,122)	(254,296)	(263,418)
(Credited) Charged to profit or loss	(1,373)	267,030	265,657
Exchange differences	(777)	(12,734)	(13,511)
At 31 December 2017	(11,272)	–	(11,272)

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	
	2017 US\$	2016 US\$	2017 US\$	2016 US\$
Deferred tax liabilities	1,474,264	–	–	–
Deferred tax assets	(3,747,651)	(3,347,593)	(11,272)	(263,418)
	(2,273,387)	(3,347,593)	(11,272)	(263,418)

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\$73,450,000 (2016 : US\$37,791,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

23 SHARE CAPITAL

	Group and Company		
	2017 Number of ordinary shares	2016 US\$	2016 US\$
At beginning of year	1,212,273,113	1,185,050,891	89,670,842
Issuance of shares for acquisition of assets ^{(a) (b)}	117,000,000	27,222,222	13,000,000
Effect of change in functional currency ^(c)	–	–	(7,601,381)
At end of year	1,329,273,113	1,212,273,113	95,069,461

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23 SHARE CAPITAL (cont'd)

- (a) On 22 March 2016, the Company issued 27,222,222 new ordinary shares to fulfill the consideration payable of US\$3,500,000 as part of the purchase consideration for the acquisition of the remaining 34% shareholding interest in Borneo International Resources Pte. Ltd.
- (b) On 23 June 2017, the Company issued 117,000,000 new ordinary shares as the consideration shares for the acquisition of indirect effective equity interest of 98.73% in TBR.
- (c) The effect of change in functional currency are attributed to the Company's change of functional currency from Singapore dollars to United States dollars with effect from 1 December 2017 (Note 2).

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

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

24 CAPITAL AND OTHER RESERVE

During the year, the addition of US\$495,570 (2016 : US\$Nil) pertained to deemed capital contribution by Master Resources International Limited, the substantial shareholder of the Company for issuance of shares to a director as share-based payment.

25 REVALUATION RESERVE

The property revaluation reserve arose on the revaluation of leasehold property prior to its reclassification to investment property in 2013. In 2016, upon the sale of the revalued leasehold property, the portion of property revaluation reserve that related to that asset, and is effectively realised, is transferred directly to the retained earnings and the amount is not available for distribution to the Company's shareholders.

26 TRANSLATION RESERVE

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

As disclosed in Note 2, the Company has changed its functional currency from SGD to USD during the current financial year. Accordingly, the Company has the same functional currency as the Group's presentation currency and the Company has no foreign currency translation reserve as at end of the financial year.

27 COMPONENTS OF OTHER COMPREHENSIVE INCOME

	Group	
	2017	2016
	US\$	US\$
Item that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations		
- Arising during the year	(2,745,389)	208,263
- Reclassification to profit or loss from equity on disposal of subsidiaries (Note 41)	-	4,500,560
Item that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit obligations (Notes 21A and 32B)	(223,298)	(13,437)
Other comprehensive income for the year, net of tax	(2,968,687)	4,695,386

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28 REVENUE

	2017 US\$	Group 2016 US\$
Continuing operations:		
Sale of coal:		
- Coal mining	310,918,843	182,108,648
- Coal trading	2,096,793	–
Mining services	3,287,419	–
Total	316,303,055	182,108,648
Discontinued operation:		
Rental services	–	1,072,146

29 OTHER INCOME

	2017 US\$	Group 2016 US\$
Continuing operations:		
Gain on disposal of subsidiaries	–	4,962,232
Late payment charges from customers	–	2,156,063
Foreign exchange gain - net	–	1,951,573
Interest income ^(a)	1,538,591	127,662
Rental income - investment property	–	62,607
Gain on disposal of property, plant and equipment	35,444	28,972
Fair value gain on investment property (Note 15)	–	20,255
Marketing fee	1,887,548	–
Others	65,221	35,926
Total	3,526,804	9,345,290
Discontinued operation:		
Foreign exchange gain - net	–	920,104
Interest income	–	672
Gain on disposal of property, plant and equipment	–	3,426
Gain on sale and leaseback of property, plant and equipment	–	19,637
Others	–	458,753
Total	–	1,402,592

^(a) This includes interest income on financial assets carried at amortised cost of US\$112,239 (2016 : US\$65,200) [Note 9(a)].

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30 OTHER EXPENSES

	Group	
	2017	2016
	US\$	US\$
Continuing operations:		
Other expenses arising from finalisation of tax assessments	268,061	704,112
Other expenses arising from participation from Tax Amnesty	–	809,593
Additional assessments on mining royalties	1,685,607	–
Foreign exchange loss – net	2,046,628	–
Loss on financial assets carried at amortised cost [Note 9(a)]	131,272	721,350
Allowance for doubtful debt (Note 8)	–	150,033
Bad debt written-off	746,331	–
Others	505,644	9,369
Total	5,383,543	2,394,457
Discontinued operation:		
Loss on disposal of discontinued operation	–	1,267,291
Others	–	104,603
Total	–	1,371,894

31 FINANCE COSTS

	Group	
	2017	2016
	US\$	US\$
Continuing operations:		
Interest expense on:		
- Notes payable:		
- MTN	4,540,736	5,986,744
- Loss on early redemption of MTN [Note 19(A)]	104,030	–
- Consent fee ^(a)	346,191	–
- Notes [Note 19(B)]	5,845,648	–
- Amortisation of transaction costs [Note 19(B)]	1,743,701	–
- Finance leases	17,498	8,527
- Others	83,333	–
Imputed interest on:		
- Provisions (Notes 21B and 21C)	53,739	51,744
Total	12,734,876	6,047,015
Discontinued operation:		
Interest expense on:		
- Finance leases	–	823,020

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

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32 INCOME TAX EXPENSE

A) Income tax recognised in profit or loss

	Continuing operations		Discontinued operation		Total	
	2017	2016	2017	2016	2017	2016
	US\$	US\$	US\$	US\$	US\$	US\$
Income tax:						
- Current	17,274,442	10,094,943	-	-	17,274,442	10,094,943
- (Over) Under provision in prior years	(2,845,281)	965,167	-	-	(2,845,281)	965,167
Deferred tax (Note 22):						
- Current	(893,176)	58,165	-	(251,103)	(893,176)	(192,938)
- Underprovision in prior years	2,050,078	12,657	-	39,423	2,050,078	52,080
Income tax expense	15,586,063	11,130,932	-	(211,680)	15,586,063	10,919,252

Income tax for Singapore incorporated companies is calculated at 17% (2016 : 17%) of the estimated assessable income for the year.

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

Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. Majority of the Company's subsidiaries operate in Indonesia and hence, they are subject to Indonesian tax law. In accordance to the Indonesian tax law No. 36/2008, the fourth amendment of tax law No. 7/1983 on income taxes, the corporate tax rate is set at 25% (2016 : 25%).

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

	Group	
	2017	2016
	US\$	US\$
Profit (loss) before income tax:		
Continuing operations	52,263,800	34,668,165
Discontinued operation	-	(1,559,725)
	52,263,800	33,108,440

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32 INCOME TAX EXPENSE (cont'd)

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

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

	Group	
	2017	2016
	US\$	US\$
Profit before income tax	52,263,800	33,108,440
Tax at statutory rate of 25% (2016 : 25%) *	13,065,950	8,277,110
Tax effect of expenses that are not deductible in determining taxable profit	9,866,978	11,758,812
Tax effect of income that are not taxable in determining taxable profit	(2,374,081)	(8,717,661)
Tax exemption	(38,784)	(25,925)
Effect of different tax rates of companies operating in other jurisdictions	(3,608,154)	(1,390,331)
Effect of concessionary tax rate of 10% granted under GTP	(530,643)	-
Adjustments recognised in the current year in relation to current and deferred tax of prior years	(795,203)	1,017,247
Income tax expense	15,586,063	10,919,252

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

In 2016, certain subsidiaries participated in the Tax Amnesty Programme introduced by the Indonesian Tax Office, resulting in US\$2,995,396 of unutilised tax losses to be foregone.

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

	Group	
	2017	2016
	US\$	US\$
Deferred tax:		
- Remeasurement of defined benefit obligations (Note 22)	(74,434)	(4,385)
Total deferred tax on components of other comprehensive income	(74,434)	(4,385)

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33 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	Continuing operations		Discontinued operation		Total	
	2017	2016	2017	2016	2017	2016
	US\$	US\$	US\$	US\$	US\$	US\$
Directors' remuneration	3,858,054	1,414,370	–	–	3,858,054	1,414,370
Employee benefits expense (including directors remuneration)	7,326,502	4,500,187	–	305,561	7,326,502	4,805,748
Costs of defined contribution plans (included in employee benefits expense)	292,255	214,664	–	12,426	292,255	227,090
Costs of defined benefit plans (included in employee benefits expense) (Note 21A)	26,004	365,483	–	–	26,004	365,483
Cost of inventories recognised as expense	175,077,697	108,472,720	–	–	175,077,697	108,472,720
Depreciation of property, plant and equipment (Note 14)	16,206,411	11,707,956	–	827,028	16,206,411	12,534,984
Amortisation of deferred stripping costs (Note 13)	2,003,437	330,935	–	–	2,003,437	330,935
Allowance for inventory written-down value	748,703	–	–	–	748,703	–
Share-based payment expense	495,570	–	–	–	495,570	–
Audit fees paid/payable to:						
- Auditors of the Company	203,307	152,549	–	–	203,307	152,549
- Member firm of the Auditors of the Company	127,544	112,749	–	–	127,544	112,749
Non-audit fees paid/ payable to:						
- Auditors of the Company	10,029	9,977	–	–	10,029	9,977

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34 DIVIDENDS

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

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

35 EARNINGS PER SHARE

Basic and diluted earnings per share for the financial year ended 31 December 2017 is calculated based on the profit for the year attributable to owners of the Company of US\$36,685,787 (2016 : US\$22,199,316) divided by the weighted average number of shares issued of 1,273,818,318 (2016 : 1,206,248,522).

From continuing operations

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

Earnings figures are calculated as follows:

	2016 US\$	2015 US\$
Profit for the year attributable to owners	36,685,787	22,199,316
Add:		
Loss for the year from discontinued operation	–	1,348,045
Earnings for the purposes of earnings per share from continuing operations	<u>36,685,787</u>	<u>23,547,361</u>

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

From discontinued operation

In 2016, basic and diluted earnings per share for the discontinued operation was loss of 0.11 cents per share, based on the loss for the year from the discontinued operation of US\$1,348,045 and the denominators detailed above for both the basic and diluted earnings per share.

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

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

Assets and liabilities are not allocated by segment as they are not considered critical by the chief operating decision maker in resource allocation and assessment of segment performance.

Segment revenues and results

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

<u>Group</u>	<u>Revenue</u>		<u>Gross Profit</u>		<u>Net Profit (Loss)</u>	
	2017	2016	2017	2016	2017	2016
	US\$	US\$	US\$	US\$	US\$	US\$
Continuing operations						
Coal mining	310,918,843	182,108,648	76,828,947	41,918,717	75,124,307	41,262,567
Coal trading	2,096,793	-	52,250	-	1,939,798	(150,033)
Mining services	3,287,419	-	1,540,287	-	1,540,287	-
	<u>316,303,055</u>	<u>182,108,648</u>	<u>78,421,484</u>	<u>41,918,717</u>	<u>78,604,392</u>	<u>41,112,534</u>
Depreciation of property, plant and equipment					(565,856)	(722,690)
Gain on disposal of subsidiaries					-	4,962,232
Other gains and losses					(2,039,647)	2,794,784
Group administration costs and directors' remuneration					(11,000,213)	(7,431,680)
Finance costs					(12,734,876)	(6,047,015)
					<u>52,263,800</u>	<u>34,668,165</u>

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36 SEGMENT INFORMATION (cont'd)

<u>Group</u>	Revenue		Gross Profit		Net Profit (Loss)	
	2017	2016	2017	2016	2017	2016
	US\$	US\$	US\$	US\$	US\$	US\$
Discontinued operation						
Rental services	–	1,072,146	–	(618,786)	–	(595,723)
Depreciation of property, plant and equipment					–	(26,601)
Loss on disposal of discontinued operation					–	(1,267,291)
Other gains and losses					–	1,274,926
Group administration costs and directors' remuneration					–	(122,016)
Finance costs					–	(823,020)
					–	(1,559,725)
Profit before income tax					52,263,800	33,108,440
Income tax expense					(15,586,063)	(10,919,252)
Profit for the year					36,677,737	22,189,188

Revenue reported represents revenue generated from external customers.

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

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36 SEGMENT INFORMATION (cont'd)

Other segmental information

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

Group	Coal mining		Coal trading	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
Continuing operations				
Depreciation of property, plant and equipment	15,640,555	10,985,266	–	–
Amortisation of deferred stripping costs	2,003,437	330,935	–	–
Amortisation of transaction costs of Notes	–	–	–	–
Loss on early redemption of MTN	–	–	–	–
Allowance for inventory written-down value	748,703	–	–	–
Gain on disposal of subsidiaries	–	–	–	–
Interest income on financial assets carried at amortised cost	(112,239)	(65,200)	–	–
Gain on disposal of property, plant and equipment	–	–	–	–
Loss on financial assets carried at amortised cost	131,272	721,350	–	–
Allowance for doubtful debt	–	–	–	150,033
Bad debt written-off	–	–	–	–
Share-based payment expense	–	–	–	–

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Mining services		Unallocated		Total	
2017	2016	2017	2016	2017	2016
US\$	US\$	US\$	US\$	US\$	US\$
-	-	565,856	722,690	16,206,411	11,707,956
-	-	-	-	2,003,437	330,935
		1,743,701	-	1,743,701	-
		104,030	-	104,030	-
-	-	-	-	748,703	-
-	-	-	(4,962,232)	-	(4,962,232)
-	-	-	-	(112,239)	(65,200)
-	-	(35,444)	(28,972)	(35,444)	(28,972)
-	-	-	-	131,272	721,350
-	-	-	-	-	150,033
-	-	746,331	-	746,331	-
-	-	495,570	-	495,570	-

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36 SEGMENT INFORMATION (cont'd)

Geographical segments

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

	Revenue	
	2017 US\$	2016 US\$
Indonesia	12,817,818	14,009,819
People's Republic of China	286,801,296	143,061,916
Thailand	–	17,232,563
India	16,683,941	6,533,216
Others	–	2,343,280
Total	<u>316,303,055</u>	<u>183,180,794</u>

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

	Non-current assets	
	2017 US\$	2016 US\$
Indonesia	186,898,760	112,915,316
Singapore	2,829,410	286,269
Total	<u>189,728,170</u>	<u>113,201,585</u>

Major customer information

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

	Coal mining		Coal trading		Mining services and others	
	2017 US\$	2016 US\$	2017 US\$	2016 US\$	2017 US\$	2016 US\$
<u>Customer</u>						
Top 1 ^(a)	<u>301,388,445</u>	<u>164,007,838</u>	–	–	–	–

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

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37 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	Group	
	2017	2016
	US\$	US\$
Minimum lease payments under operating leases recognised as an expense in the financial year	341,929	377,942

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	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
Within one year	343,119	323,179	343,119	317,473
In the second to fifth year inclusive	142,966	452,730	142,966	449,753
Total	486,085	775,909	486,085	767,226

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 lease of office premise, the Company sublets to a subsidiary for 36 months and rental is fixed throughout the sublease term. The Company expects to receive future minimum sublease payments under non-cancellable sublease of US\$70,718 (2016 : US\$111,619).

38 ACQUISITION OF ASSETS

On 23 June 2017, the Group acquired 100% equity interest in Fortune Coal Resources Pte. Ltd., which owns a mining concession through its subsidiary, TBR in South Kalimantan, Indonesia, for a consideration of US\$90,000,000 (Note 14). The transaction was determined by management to be an acquisition of asset rather than business combination as defined in FRS 103 *Business Combinations*.

On 18 November 2016, the Group acquired 97.18% effective equity interest in PT Surya Tambang Tolindo, which owns a mining concession, for a consideration of US\$2,000,000. The transaction was determined by management to be an acquisition of asset rather than business combinations as defined in FRS 103 *Business Combinations*.

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39 CONTINGENT LIABILITY

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

Management has sought advice from professional tax consultants and holds the view that there is a lack of basis under the tax laws for this assessment of underpaid tax. No provision has been recognised in the consolidated financial statements as the Group's management does not consider that there is any probable loss.

- B) During the year, the Company has issued unsecured corporate guarantees in respect of the issuance of Notes by its subsidiary with nominal value of US\$300,000,000 (2016 : US\$Nil).

40 DISCONTINUED OPERATION

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

The loss for the year from discontinued operation is as follows:

	Group 2016 US\$
Loss for the year	(80,754)
Loss on disposal of discontinued operation	(1,267,291)
	<u>(1,348,045)</u>

The results of the discontinued operation for the period from 1 January 2016 to 29 June 2016 are as follows:

	Group 2016 US\$
Revenue	1,072,146
Cost of sales	(1,690,932)
General and administrative expenses	(148,617)
Finance costs	(823,020)
Other income	1,402,592
Other expenses	(104,603)
Loss before tax	(292,434)
Income tax credit	211,680
Loss for the year	<u>(80,754)</u>

In 2016, MRP contributed approximately US\$2,600,000 to the Group's net operating cash flows, contributed approximately US\$20,000 in respect of investing activities and paid approximately US\$2,800,000 in respect of financing activities.

The carrying amounts of the assets and liabilities of MRP at the date of disposal are disclosed in Note 41 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

41 DISPOSAL OF SUBSIDIARIES

On 29 June 2016, the Group disposed of its subsidiaries, PT Geo Mineral Trading ("GMT") and All Win Holdings Pte. Ltd. In addition, as referred to in Note 40 to the financial statements, the Group also divested its mining services and coal haulage services businesses at the time of the disposal of its subsidiary, MRP.

Details of the disposal are as follows:

Carrying amounts of net assets over which control was lost:

	Group 2016 US\$
<u>Non-current assets</u>	
Property, plant and equipment	19,037,373
Deposits and prepayments	4,200
Total non-current assets	<u>19,041,573</u>
<u>Current assets</u>	
Cash and bank balances	95,198
Trade and other receivables	4,786,116
Deposits and prepayments	16,152,593
Inventories	747,674
Total current assets	<u>21,781,581</u>
<u>Non-current liabilities</u>	
Retirement benefit obligations	(226,249)
Deferred tax liabilities	(1,418,200)
Finance leases	(2,107,511)
Other non-current liabilities	(69,979)
Total non-current liabilities	<u>(3,821,939)</u>
<u>Current liabilities</u>	
Trade and other payables	(29,584,098)
Current portion of finance leases	(5,551,793)
Income tax payable	(16,868)
Total current liabilities	<u>(35,152,759)</u>
Net assets derecognised	<u>1,848,456</u>
<u>Consideration received:</u>	
Cash	-
Deferred consideration ^(a)	10,000,000
Total consideration received	<u>10,000,000</u>

^(a) In 2016, the right to the deferred consideration has been assigned to fulfill the purchase consideration for the acquisition of a mining concession as a refundable deposit (Note 8).

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

41 DISPOSAL OF SUBSIDIARIES (cont'd)

	Group 2016 US\$
Consideration received	10,000,000
Net assets derecognised	(1,848,456)
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control of subsidiary	(4,500,560)
Exchange differences	43,957
Gain on disposal, net of loss on disposal of discontinued operation	<u>3,694,941</u>
<u>Net cash outflow arising on disposal of subsidiaries:</u>	
Cash consideration received	—
Cash and bank balances disposed of	(95,198)
	<u>(95,198)</u>

42 ADOPTION OF NEW FINANCIAL REPORTING FRAMEWORK IN 2018

In December 2017, the Accounting Standards Council (“ASC”) has issued a new financial reporting framework - Singapore Financial Reporting Standards (International) (“SFRS(I)”), which is to be adopted by Singapore-incorporated companies listed on the Singapore Exchange (“SGX”), for annual periods beginning on or after 1 January 2018. SFRS(I) is identical to the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The Group and the Company will be adopting the new framework for the first time for financial year ending 31 December 2018 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* will be applied in the first set of SFRS(I) financial statements.

SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*

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

Management has performed a detailed analysis of the transition options and other requirements of SFRS(I) and has determined that there will be no change to the Group's and the Company's current accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those that may arise from implementing certain new SFRS(I) pronouncements effective at the same time (see below), and the election of certain transition options available under SFRS(I) 1.

Management will be electing the following transition options that will result in material adjustments on transition to the new framework:

- Option to reset the translation reserve to zero as at date of transition.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

42 ADOPTION OF NEW FINANCIAL REPORTING FRAMEWORK IN 2018 (cont'd)

As SFRS(I) 1 requires a first-time adopter to apply accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (31 December 2018), it is not possible to know all possible effects as at date of authorisation of current year's financial statements. If there are any subsequent pronouncements on SFRS(I) that are effective as at 31 December 2018, they may impact the disclosures of estimated effects described below.

NEW SFRS(I) THAT MAY HAVE IMPACT - The following SFRS(I) pronouncements are expected to have an impact to the Group and the Company in the periods of their initial application under the new SFRS(I) framework:

Effective for annual periods beginning on or after 1 January 2018

- SFRS(I) 2 *Share-based Payment: Classification and Measurement of Share-based Payment Transactions*
- SFRS(I) 9 *Financial Instruments*
- SFRS(I) 15 *Revenue from Contracts with Customers (with clarifications issued)*

Effective for annual periods beginning on or after 1 January 2019

- SFRS(I) 16 *Leases*

SFRS(I) 2 *Share-based Payment: Classification and Measurement of Share-based Payment Transactions*

The pronouncement provides clarifications on the accounting for:

- effects of vesting and non-vesting conditions on measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- modification to terms and conditions of a share-based payment that changes the classification of transaction from cash-settled to equity-settled.

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting and (iii) impairment requirements for financial assets.

Key requirements of SFRS(I) 9:

- All recognised financial assets that are within the scope of SFRS(I) 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt instruments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under SFRS(I) 9, 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, SFRS(I) 9 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be 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 the financial liability's credit risk are not subsequently reclassified to profit or loss.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

42 ADOPTION OF NEW FINANCIAL REPORTING FRAMEWORK IN 2018 (cont'd)

- In relation to the impairment of financial assets, SFRS(I) 9 requires an expected credit loss model to be applied. 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. Under SFRS(I) 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Management did not early adopt SFRS(I) 9 for financial year ended 31 December 2017.

SFRS(I) 15 *Revenue from Contracts with Customers*

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

The core principle of SFRS(I) 15 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 SFRS(I) 15, 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. Far more prescriptive guidance has been added in SFRS(I) 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by SFRS(I) 15.

Management did not early adopt SFRS(I) 15 for financial year ended 31 December 2017.

SFRS(I) 16 *Leases*

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

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

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42 ADOPTION OF NEW FINANCIAL REPORTING FRAMEWORK IN 2018 (cont'd)

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

Management does not plan to early adopt SFRS(I) 16 for financial year ending 31 December 2018.

Impact assessment

- (a) Management has performed a detailed analysis of those new pronouncements relevant to the Group and the Company, which are effective from financial year ending 31 December 2018, and determined that there will be no material adjustments expected from the initial application, other than additional enhanced disclosures, and the following change to recognition and measurement policies:
 - Potential early recognition of credit losses based on the expected loss model in relation to the Group's financial assets measured at amortised costs upon application of SFRS(I) 9.
- (b) Management has performed a preliminary analysis of those relevant pronouncements which are effective from annual periods beginning on or after 1 January 2019, and does not expect material adjustments to arise other than:
 - Change in the accounting for leases as a lessee under SFRS(I) 16.

Impact of adoption of SFRS(I) 1

The following table provides an estimate of the expected impacts on initial application of SFRS(I) 1 on the Group's financial position as at 1 January 2017 and 31 December 2017.

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NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2017

Statement of Changes in Equity

	As at 1 January 2017 US\$	Effects of retrospective application of SFRS(I) 1 US\$	As at 1 January 2017 US\$
	(As reported)		(Restated)
Translation reserve	(18,232,460)	18,232,460	–
Retained earnings	52,681,429	(18,232,460)	34,448,969

	As at 31 December 2017 US\$	Effects of retrospective application of SFRS(I) 1 US\$	As at 31 December 2017 US\$
	(As reported)		(Restated)
Translation reserve	(12,858,989)	18,232,460	5,373,471
Retained earnings	70,051,598	(18,232,460)	51,819,138

OTHERS

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STATISTICS OF SHAREHOLDINGS

AS AT 8 MARCH 2018

Issued and fully paid-up capital	:	S\$128,039,548.73
Number of issued shares	:	1,329,273,113
Class of shares	:	Ordinary shares
Voting rights	:	On a poll - One vote per ordinary share
Treasury shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	3	0.07	180	0.00
100 – 1,000	61	1.53	41,534	0.00
1,001 – 10,000	1,053	26.44	8,404,840	0.63
10,001 – 1,000,000	2,810	70.55	198,955,480	14.97
1,000,001 AND ABOVE	56	1.41	1,121,871,079	84.40
TOTAL	3,983	100.00	1,329,273,113	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	162,865,857	12.25
2	DB NOMINEES (SINGAPORE) PTE. LTD.	138,029,996	10.38
3	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	100,941,000	7.59
4	KGI SECURITIES (SINGAPORE) PTE. LTD.	100,853,696	7.59
5	DBS NOMINEES (PRIVATE) LIMITED	97,138,739	7.31
6	PHILLIP SECURITIES PTE. LTD.	75,396,400	5.67
7	CITIBANK NOMINEES SINGAPORE PTE. LTD.	65,956,920	4.96
8	MAYBANK KIM ENG SECURITIES PTE. LTD.	56,787,755	4.27
9	DHAMMA SURYA	47,159,453	3.55
10	NG KIAN ANN @ ANTHONY WIJAYA	34,212,751	2.57
11	UOB KAY HIAN PRIVATE LIMITED	27,333,900	2.06
12	LIM BOK HOO	25,500,000	1.92
13	OCBC SECURITIES PRIVATE LIMITED	25,232,500	1.90
14	TAN SONG KAR	16,275,746	1.22
15	MABEL LEE KIM LIAN	12,400,000	0.93
16	TAN KWEE HIANG	12,000,000	0.90
17	RAFFLES NOMINEES (PTE) LIMITED	11,649,526	0.88
18	LEE CHENG PECK	10,150,000	0.76
19	TUNG KUM HON	10,000,000	0.75
20	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	7,725,370	0.58
TOTAL		1,037,609,609	78.04

STATISTICS OF SHAREHOLDINGS

AS AT 8 MARCH 2018

SUBSTANTIAL SHAREHOLDINGS

(As recorded in the Register of Substantial Shareholders as at 8 March 2018)

Name of Shareholder	Direct Interest (No. of Shares)	%	Deemed Interest (No. of Shares)	%
Master Resources International Limited ⁽²⁾	218,326,287	16.42	–	–
Huang She Thong ⁽³⁾	29,825,620	2.24	218,326,287	16.42
Charles Antonny Melati ⁽⁴⁾	293,345,406	22.07	–	–
Heah Theare Haw	75,999,996	5.72	–	–
International Resources Investment Ltd.	117,000,000	8.80	–	–
Batubara Development Pte. Ltd. ⁽⁵⁾	–	–	117,000,000	8.80
Cheng Xin Investment Pte. Ltd. ⁽⁶⁾	–	–	145,722,222	10.96
Lenny Limanto ⁽⁷⁾	–	–	145,722,222	10.96

Notes:

- ⁽¹⁾ Based on the issued share capital of the Company comprising 1,329,273,113 ordinary shares as at 8 March 2018.
- ⁽²⁾ Master Resources International Limited ("Master Resources") is a company incorporated in the British Virgin Islands. The shareholders of Master Resources are Charles Antonny Melati (19.6%), Huang She Thong (26.4%), Richard Kennedy Melati (18%), Ng See Yong (18%) and Yanto Melati (18%). All of the foregoing shareholders are also directors of Master Resources.
- ⁽³⁾ The Company's Executive Director, Huang She Thong, holds 26.4% of the shares in Master Resources. As such, Huang She Thong is deemed to be interested in the 218,326,287 shares held by Master Resources by virtue of Section 7 of the Companies Act (Chapter 50).
- ⁽⁴⁾ Charles Antonny Melati has granted to James Beeland Rogers Jr a call option over 2,000,000 shares of the Company (owned or to be owned by Charles Antonny Melati). The call option's exercise price is S\$0.35 per share, with exercise period of 10 years, commencing 1 January 2015. The call option is exercisable in whole or in part and subject to conditions precedent. The number of shares under the call option is subject to adjustment provisions.
- ⁽⁵⁾ International Resources Investment Ltd. is a wholly-owned subsidiary of Batubara Development Pte. Ltd. ("Batubara Development"). As such, Batubara Development is deemed to be interested in 117,000,000 shares held by International Resources Investment Ltd.
- ⁽⁶⁾ International Resources Investment Ltd is a wholly-owned subsidiary of Batubara Development Pte. Ltd. which is wholly-owned by Cheng Xin Investment Pte. Ltd.. Infinity Pacific Investment Ltd. holds 28,722,222 shares and is a wholly-owned subsidiary of Infinity Source Investment Pte. Ltd. which is wholly-owned by Cheng Xin Investment Pte. Ltd.. Accordingly, Cheng Xin Investment Pte. Ltd. is deemed to be interested in 145,722,222 shares comprising the 117,000,000 shares and 28,722,222 shares held by International Resources Investment Ltd. and Infinity Pacific Investment Ltd. respectively.
- ⁽⁷⁾ Lenny Limanto is the sole beneficial owner of Cheng Xin Investment Pte. Ltd.. Accordingly, Lenny Limanto is deemed to be interested in 145,722,222 shares comprising the 117,000,000 shares and 28,722,222 shares held by International Resources Investment Ltd. and Infinity Pacific Investment Ltd. respectively.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information available to the Company as at 8 March 2018, approximately 37.22% of the Company's shares listed in the Singapore Exchange Securities Trading Limited ("SGX-ST") was held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING of the Company will be held at L3 Cassia Junior Ballroom 3211-3212, Marina Bay Sands Singapore, 10 Bayfront Avenue, Singapore 018956 on Monday, 23 April 2018 at 10.00 a.m. to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2017 together with the Directors' Statement and the Auditor's Report thereon. **(Resolution 1)**
2. To re-elect the following Directors of the Company retiring pursuant to Article 91 of the Company's Articles of Association:
 - (i) Mr Charles Antonny Melati **(Resolution 2)**
 - (ii) Mr Lu King Seng **(Resolution 3)**
 - (iii) Mr Dhamma Surya **(Resolution 4)**

(See Explanatory Note 1)
3. To approve the payment of Directors' fees of S\$525,000 for the financial year ending 31 December 2018, to be paid half-yearly in arrears. (2017: S\$525,000) **(Resolution 5)**
4. To re-appoint Messrs Deloitte & Touche LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as Ordinary Resolution with or without modifications:

5. AUTHORITY TO ALLOT AND ISSUE SHARES

"That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company ("shares") 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) options, 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 of the Company may in their absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

provided that

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall be limited as follows:
 - (a) without prejudice to sub-paragraph (1)(b) below, the aggregate number of shares to be issued shall not exceed 50 per centum (50%) of the total number of issued shares (**excluding treasury shares and subsidiary holdings**) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 20 per centum (20%) of the total number of issued shares (**excluding treasury shares and subsidiary holdings**) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below) (“**General Limit**”);
 - (b) in addition to the General Limit, the aggregate number of shares to be issued by way of renounceable rights issues on a pro rata basis (“**Renounceable Rights Issues**”) shall not exceed 50 per centum (50%) of the total number of issued shares (**excluding treasury shares and subsidiary holdings**) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below) (“**Additional Limit**”);
 - (c) where an issue of shares is to be issued by way of Renounceable Rights Issues, that issue shall first use the Additional Limit, and in the event that the Additional Limit has been fully used and is insufficient to satisfy that issue, that issue may use the General Limit, but only to the extent of the then remaining General Limit;
 - (d) where an issue of shares is to be issued otherwise than by way of Renounceable Rights Issue, that issue may only use the General Limit, but only to the extent of the then remaining General Limit;
 - (e) an issue of shares that is not for a financing purpose may only use the General Limit, but the number of such shares that may be issued shall be limited to the numerical number of the then remaining Additional Limit;
- (2) the General Limit and the Additional Limit shall not, in aggregate, exceed 100 per centum (100%) of the total number of issue shares (**excluding treasury shares and subsidiary holdings**) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below);
- (3) no shares shall be issued pursuant to this Resolution after 31 December 2018, if on that date the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) exceeds 50 per centum (50%) of the total number of issued shares (**excluding treasury shares and subsidiary holdings**) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below);
- (4) (subject to such 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)(a) and (1)(b) above, the total number of issued shares (**excluding treasury shares and subsidiary holdings**) shall be based on the total number of issued shares (**excluding treasury shares and subsidiary holdings**) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of any convertible securities;
 - (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;

NOTICE OF ANNUAL GENERAL MEETING

- (5) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (6) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.” **(Resolution 7)**

(See Explanatory Note 2)

- 6. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

By Order of the Board

Lee Wei Hsiung
Company Secretary

Date: 29 March 2018

Notes:

- 1) (a) A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend and vote at the Annual General Meeting (“AGM”). Where such member appoint two (2) proxies, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be presented by each proxy in the instrument appointing a proxy or proxies.
- (b) A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies. A proxy need not to be a member of the Company.

“Relevant Intermediary” has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

- 2) The instrument appointing a proxy or proxies must be under the hand of the appointor or by his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
- 3) The instrument appointing a proxy must be deposited at the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than 48 hours before the time appointed for the Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Note:

- 1) Mr Charles Antonny Melati will, upon re-election as a Director of the Company, remain as the Chairman of the Board and a member of the Nominating Committee.

Mr Lu King Seng will, upon re-election as a Director of the Company, remain as Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Mr Dhamma Surya will, upon re-election as a Director of the Company, remain as a member of the Nominating Committee.

Mr Charles Antonny Melati, Mr Lu King Seng and Mr Dhamma Surya have offered themselves for re-election. Mr Lu King Seng and Mr Dhamma Surya have each confirmed that, they do not have any relationships (including immediate family relationships) with the other Directors, the Company or its 10% shareholders. The current directorships in other listed companies and details of other principal commitments held by each of these Directors are set out on page 45 of this Annual Report.

- 2) The proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting ("AGM") of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding the aggregated of (i) 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders of the Company (the General Limit) and (ii) additional 50% for Renounceable Rights Issues, of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (the Additional Limit), provided that the total number of shares which may be issued pursuant to (i) and (ii) shall not exceed 100% of the issued shares (excluding treasury shares and subsidiary holdings) at the time Ordinary Resolution 7 is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

The authority for the Additional Limit is proposed pursuant to SGX-ST Practice Note 8.3 which became effective on 13 March 2017 until 31 December 2018 by which date no further shares shall be issued pursuant to this Resolution, if on that date the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) exceeds 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company ("the Enhanced Rights Issue Limit"). The Enhanced Rights Issue Limit is aimed at helping companies raise funds expediently for expansion activities or working capital. It is subject to the condition that the Company complies with applicable legal requirements including but not limited to provisions in the Companies Act requiring the Company to seek shareholders' approval and disclosure requirements under the Listing Manual on the use of the proceeds as and when the funds are materially disbursed and a status report on the use of proceeds in the annual report; and limitations in any existing mandate from shareholders.

The Board is of the view that the Enhanced Rights Issue Limit is in the interests of the Company and its shareholders as it widens fund-raising avenues available to the Company, thereby enabling it to respond to financing needs to meet on-going changes and challenges in the business environment in more expedient and cost-efficient manner.

The Enhanced Rights Issue Limit will be exercised only if the Directors believe that to do so would be likely to promote the success of the Company for the benefit of shareholders as a whole.

NOTICE OF ANNUAL GENERAL MEETING

Personal Data Privacy:

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

QUOTES GLOSSARY

“Returning value to shareholders with an 8.5% dividend yield in 2017.” (p. 4)

“The secret to success is always to work towards a higher goal.” (p. 6)

“If the plan doesn’t work, change the plan but never lose sight of the goal.” (p. 7)

“We remain committed to sustainable growth and enhancing shareholder value.” (p. 8)

“2017 was the year that transformed Geo Energy.” (p. 10)

“Delivered improving cash profits with stronger coal prices while maintaining a low cost base.” (p. 11)

“Strong cash position of US\$266 million for growth and acquisition.” (p. 13)

“Achieved an EBITDA of US\$88 million and underlying net profit of US\$48 million in 2017” (p. 15)

“Delivered 7.7 million tonnes of coal for record revenue of US\$316 million in 2017.” (p. 16)

“Engaged in coal mining businesses and trading since 2008 and constantly exploring opportunities to acquire additional coal mining concessions.” (p. 19)

“Nimble and cost competitive business model.” (p. 19)

“Geo Energy’s mines produce high quality coal with attractive characteristics.” (p. 20)

“Low and stable costs structure drives better margins and business resiliency.” (p. 21)

“Access to capital through a variety of sources, providing further downside protection to its strong financial position.” (p. 22)

“Award-winning SGX-listed firm with strong governance and deeply experienced management.” (p. 22)

“Prudent acquisition criteria enable Geo to rapidly grow into a top coal producer.” (p. 23)

“Embrace the journey.” (p. 24)

“Attractive characteristics of Indonesian coal address regional demand.” (p. 26)

“Setting the tone for a strong sustainability culture.” (p. 31)

“Our leaders are invaluable to the Group in driving growth to meet strategic objectives.” (p. 32)

“More than 50 years of combined experience in the coal industry, accounting and corporate finance.” (p. 33)

“Leveraging on the strengths of our partners.” (p. 37)

“Appropriate core competencies and diversity of experience enable the Board for effective leadership.” (p. 42)

“Award-winning company and management compliant with SGX governance requirements.” (p. 43)

“Audit and remuneration committees fully comprised of independent directors.” (p. 44)

“Timely consistent disclosure to shareholders.” (p. 46)

“Trust, honesty, transparency and accountability are the building blocks of a positive reputation and the foundation of any relationship.” (p. 47)

“Transparency and trust forge strong bonds.” (p. 49)

“The currency of leadership is transparency.” (p. 50)

“It is not only what we do, but also what we do not do, for which we are accountable.” (p. 51)

“The keys to success are self-definition, transparency, authenticity and accountability.” (p. 52)

“Honesty, integrity, and accountability are the values which are the hallmark of a successful company.” (p. 53)

“Doing the right thing is more important than doing things right.” (p. 54)

“Strategically located premium coal assets with low-ash and low-sulfur, highly in demand for blending purposes.” (p. 57)

“SDJ and TBR are high quality coal assets with their low-ash and low-sulfur characteristics driving demand locally and internationally.” (p. 59)

“Sustainability is about ecology, economy and equity.” (p. 67)

“Minimising the disruption to the environment and the communities.” (p. 68)

“Together we create long-term shareholder, customer and employee value by creating a strategy aimed toward the environment, society, culture and economy.” (p. 69)

“Empowering the local community with job opportunities, education and other engagements.” (p. 70)

“Strengthening our international profile with the senior notes issuance.” (p. 73)

“Making a difference in the lives of cancer patients and their families.” (p. 83)

GEO ENERGY RESOURCES LIMITED

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

ANNUAL GENERAL MEETING

PROXY FORM

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 2(b) for the definition of "Relevant Intermediary").
2. For investors who have used their CPF monies to buy the Shares of Geo Energy Resources Limited, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
3. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF investors who wish to attend and vote at the Meeting, should contact their respective CPF Approved Nominees within the time frame specified.

*I/We (Name) _____ (*NRIC/Passport No.) _____

of _____ (Address)

being a *member/members of Geo Energy Resources Limited (the "Company"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held at L3 Cassia Junior Ballroom 3211-3212, Marina Bay Sands Singapore, 10 Bayfront Avenue, Singapore 018956 on Monday, 23 April 2018 at 10.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions set out in the Notice of Annual General Meeting as indicated hereunder. In the absence of specific instructions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.

No.	Resolutions	For*	Against*
1.	To receive and adopt the Financial Statements for the financial year ended 31 December 2017 together with the Directors' Statement and the Auditors' Report thereon.		
2.	To re-elect Mr Charles Antonny Melati as Director.		
3.	To re-elect Mr Lu King Seng as Director.		
4.	To re-elect Mr Dhamma Surya as Director.		
5.	To approve the payment of Directors' fees of S\$525,000 for the financial year ending 31 December 2018, to be paid half-yearly in arrears.		
6.	To re-appoint Messrs Deloitte & Touche LLP as Auditors and to authorise the Directors to fix their remuneration.		
7.	To authorise the Directors to allot and issue shares.		

* If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2018.

Total Number of Ordinary Shares Held	
--------------------------------------	--

Signature(s)/Common Seal of Members

✂

Affix
Postage
Stamp

GEO ENERGY RESOURCES LIMITED

Company's Share Registrar
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place,
#32-01 Singapore Land Tower,
Singapore 048623

1st fold.

IMPORTANT

NOTES

1. If you have Ordinary Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Ordinary Shares. If you have Ordinary Shares registered in your name in the Register of Members, you should insert that number of Ordinary Shares. If you have Ordinary Shares entered against your name in the Depository Register and Ordinary Shares registered in your name in the Register of Members, you should insert the aggregate number of Ordinary Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the Proxy Form shall be deemed to relate to all the Ordinary Shares held by you.
2.
 - (a) A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend and vote at the Annual General Meeting. Where such member appoint two (2) proxies, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be presented by each proxy in the instrument appointing a proxy or proxies.
 - (b) A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies. A proxy need not to be a member of the Company.

"Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

2nd fold.

3. The instrument appointing a proxy or proxies must be under the hand of the appointor or by his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an attorney or duly authorised officer of the corporation.
4. The Proxy Form must be lodged at the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for the Annual General Meeting.
5. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

GENERAL

The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form. In addition, in the case of Ordinary Shares entered in the Depository Register, the Company may reject any Proxy Form lodged if the member, being the appointor, is not shown to have Ordinary Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 29 March 2018.

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Singapore Office

12 Marina Boulevard #16-01
Marina Bay Financial Centre Tower 3
Singapore 018982

Jakarta Office

The Suites Tower, Lantai 17
Jl. Boulevard Pantai Indah Kapuk, No.
1 Kav. OFS,
Jakarta 14470

Shareholder Inquiries

Information about the Company,
including all quarterly earnings release
and financial results, can be accessed
via our website at www.geocoal.com.

Shareholder inquiries can also be
directed to Investor Relations via email
at geoenergy@financialpr.com.sg or by
calling (65) 6438 2990

Design Agency

Equity Communications Pte Ltd
2 Jalan Kilang Barat #02-01
Singapore 159346
www.equity.com.sg

ABOUT GEO ENERGY RESOURCES LIMITED**(Bloomberg Ticker: GERL SP)**

GEO ENERGY GROUP is a coal mining group, established since 2008, with offices in Singapore and Jakarta, Indonesia and production operations in Kalimantan, Indonesia. Geo Energy has been listed on Singapore Stock Exchange's main board since 2012 and is part of the Singapore FTSE index.

Forward Looking Statements

The statements contained in this annual report that are not historical facts are "forward-looking" statements. These forward-looking statements are subject to a number of substantial risks and uncertainties, many of which are beyond the Company's control and actual results and developments may differ materially from those expressed or implied by these statements for a variety of factors. These forward-looking statements are statements based on the Company's current intentions, beliefs and expectations about among other things, the Company's financial condition, prospects, growth, strategies and the industry in which the Company operates. Forward-looking statements are typically identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "intends", "estimates", "plans", "assumes" or "anticipates" or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. In addition, from time to time, the Company or its representatives have made or may make forward-looking statements orally or in writing. Furthermore, such forward-looking statements may be included in, but are not limited to, press releases or oral statements made by or with the approval of an authorised executive officer of the Company. No assurance can be given that such future results will be achieved; actual events or results may differ materially from those expressed in or implied by these statements as a result of risks and uncertainties facing the Company and its subsidiaries. Many of these risks and uncertainties relate to factors that are beyond the Company's ability to control or estimate precisely, such as changes in taxation and fiscal policy, future market conditions, currency fluctuations, the behaviour of other market participants, the actions of governmental regulators and other risk factors such as the Company's ability to continue to obtain financing to meet its liquidity needs, changes in the political, social and regulatory framework in which the Company operates or in economic or technological trends or conditions, including inflation and consumer confidence, on a global, regional or national basis. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward looking statements. The forward-looking statements contained in this annual report speak only as of the date of this annual report and the Company undertakes no duty to update any of them publicly in light of new information or future events, except to the extent required by applicable law or regulation.



STAY DETERMINED, DON'T DOUBT

A GOAL WITHOUT A PLAN IS JUST A WISH

Doing what is right and doing what
we say we will do