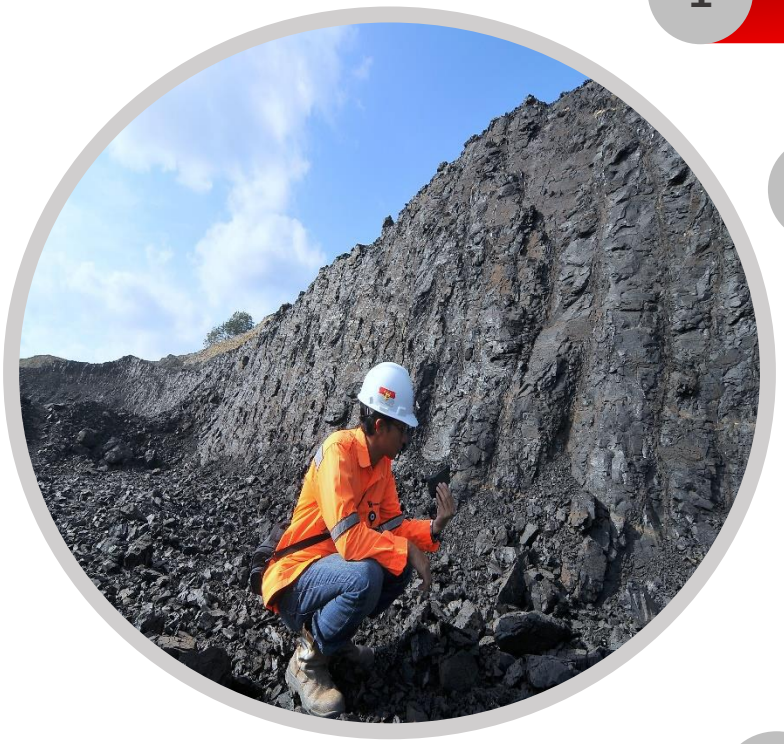
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FY2016 Results Briefing

March 2017

Presentation Outline



1. Performance Overview
2. Operational Highlights
3. Financial Highlights
4. Outlook & Growth Strategies
5. Q & A

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Performance Overview



FY2016 Performance Highlights

GEARing Up for Growth

1 Ramp-up in production output

- Production volume increased by **over 40%** from 6.6 MT in FY2014 to **9.5 MT in FY2016**
- **On track** to achieve 14 MT production target for FY2017

2 Operational improvement

- Achieved **broad-based growth** in revenue contributions across business divisions
- Returned to profitability with **record net profit US$33.7 million** in FY2016

3 Robust balance sheet

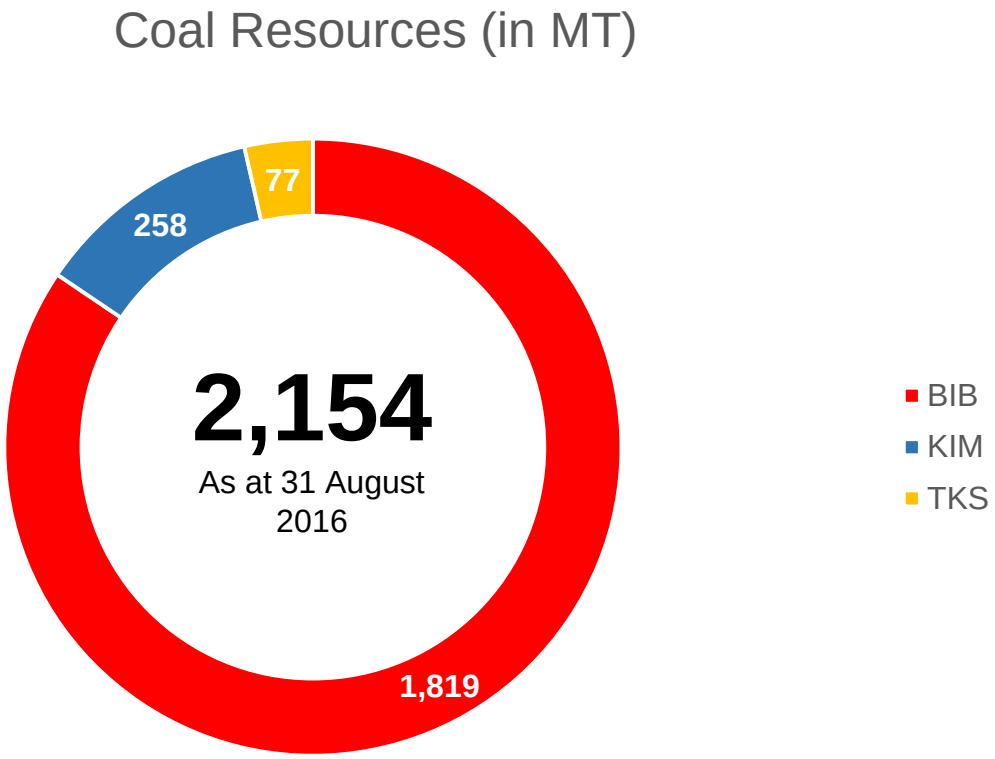
- **Low gearing** at 0.11 times post-compliance placement and in **Net Cash** position
- **Healthy cash position** of US$79.0 million

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Operational Highlights



Operational Overview – Coal Mining

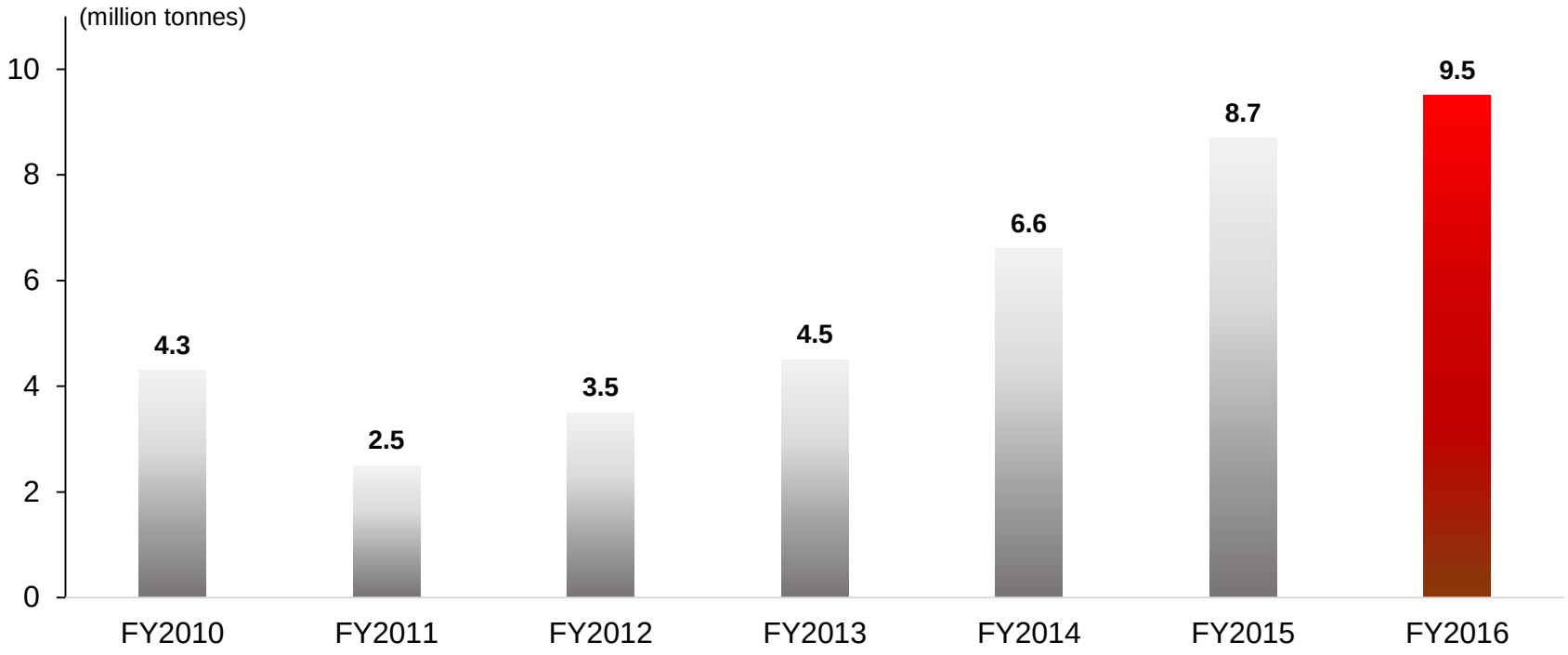


GEAR's coal business valued at **US$3.1 billion** by Jones Lang LaSalle Corporate Appraisal and Advisory Limited

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Operational Overview – Coal Mining

GEAR's Production Volume



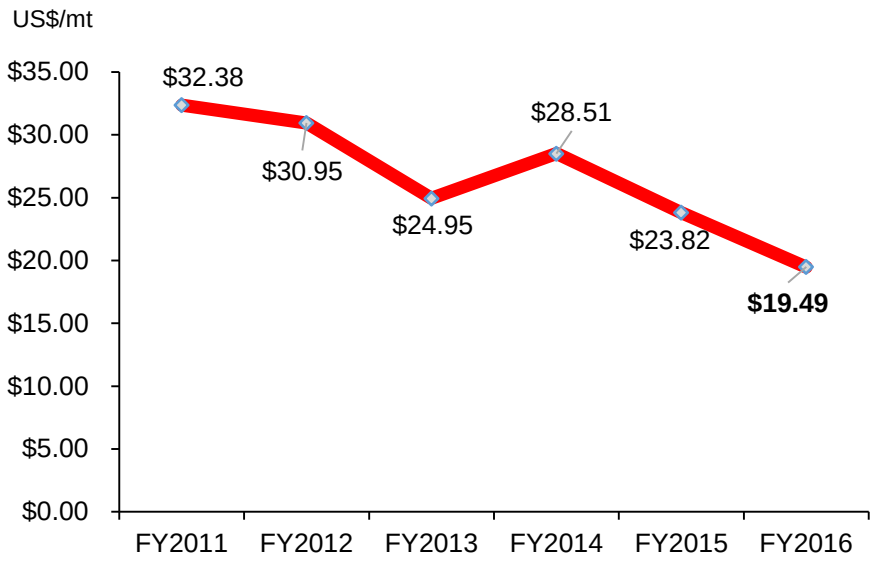
FY denotes financial year ended 31 December

- One of the **top 10 key coal producers in Indonesia** by production volume
- In September 2016, GEAR attained Indonesian Government approval to **raise production output in BIB concession to 7.5 MT**
- **On track to achieving its target coal production volume of 14 MT** for FY2017

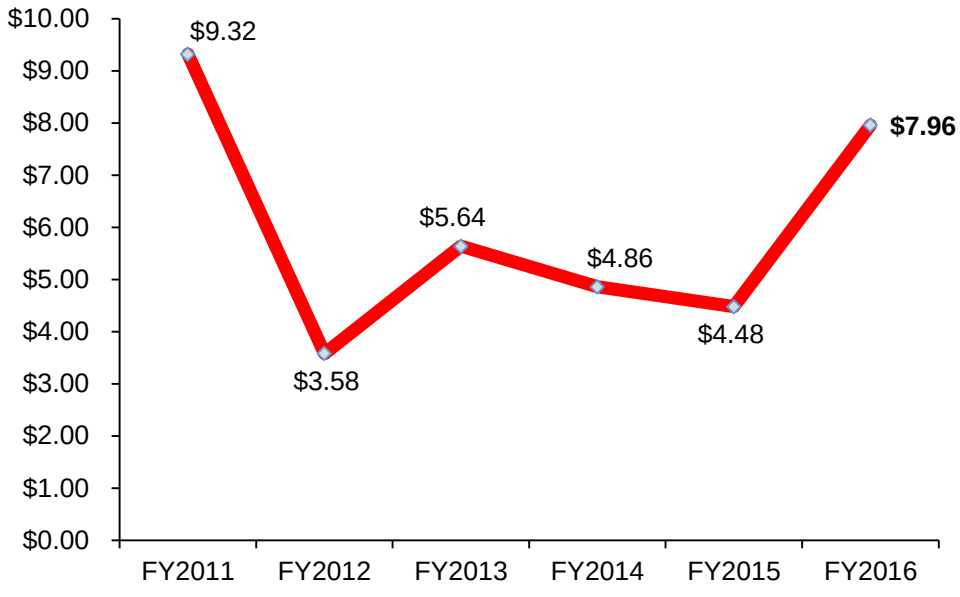
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Low Cost Mining Producer

Coal Cash Cost per Metric Tonne
(Incl COGS & Selling Expenses; Excl Royalty)



EBITDA per Metric Tonne



- Lower stripping ratio compared to other domestic and international coal producers
  - ❖ Open-cut mining methods
  - ❖ Average life of mine stripping ratio at the BIB concession areas ranges from 1:3 to 1:6
- Supported by excellent dedicated transport infrastructure that offers greater cost and time savings in the coal transshipment process
- Concessions are strategically located near GEAR's major customers and end-users in Asia

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Operational Overview – Forestry Business

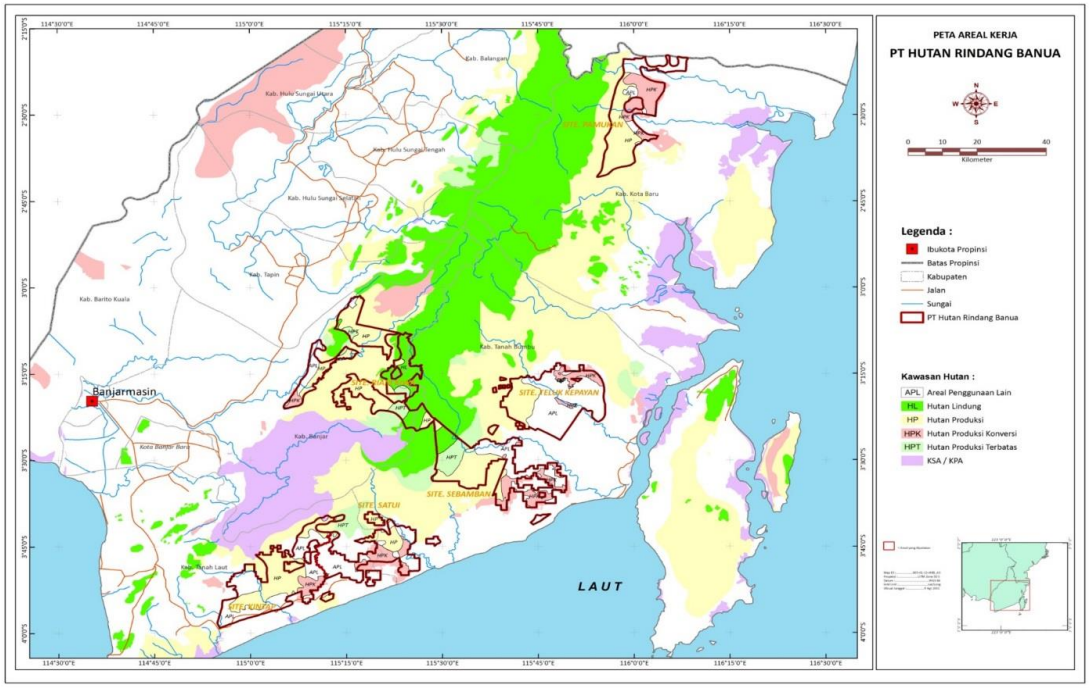
- **Forestry revenue increased from US$6.4 million in FY2015 to US$7.1 million in FY2016** due to higher average realised selling price offset by lower sales volume

- PT Hutan Rindang Banua (“HRB”) holds a forestry concession right of 265,095 hectares in South Kalimantan

- Substantially overlaps with BIB and other third party mine concessions
  - ❖ Affords large land compensation savings for BIB
  - ❖ Potential compensation collection from other miners

HRB Forestry Concession	
Location (& size)	Across four regents in South Kalimantan (265,095 ha)
Forestry Products*	• Acacia Mangium • Jabon • Sengon • Rubber (4,731 ha)
License	Valid till 2041

(*) As at 31 December 2016



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Financial Highlights



Financial Highlights (GEAR)

Financials of the Enlarged Group

US$'000	FY2011	FY2012	FY2013	FY2014	FY2015*	FY2016
Revenue#	327,318	421,565	423,861	435,953	359,771	393,272
EBITDA	64,780	(25,491)	25,591	24,467	36,675	87,296
Profit/(loss) after tax and MI	28,611(1)	(49,568)(2)	(10,135)(3)	(17,407)(4)	(8,889)(5)	21,755(6)

FY denotes financial year ended 31 December

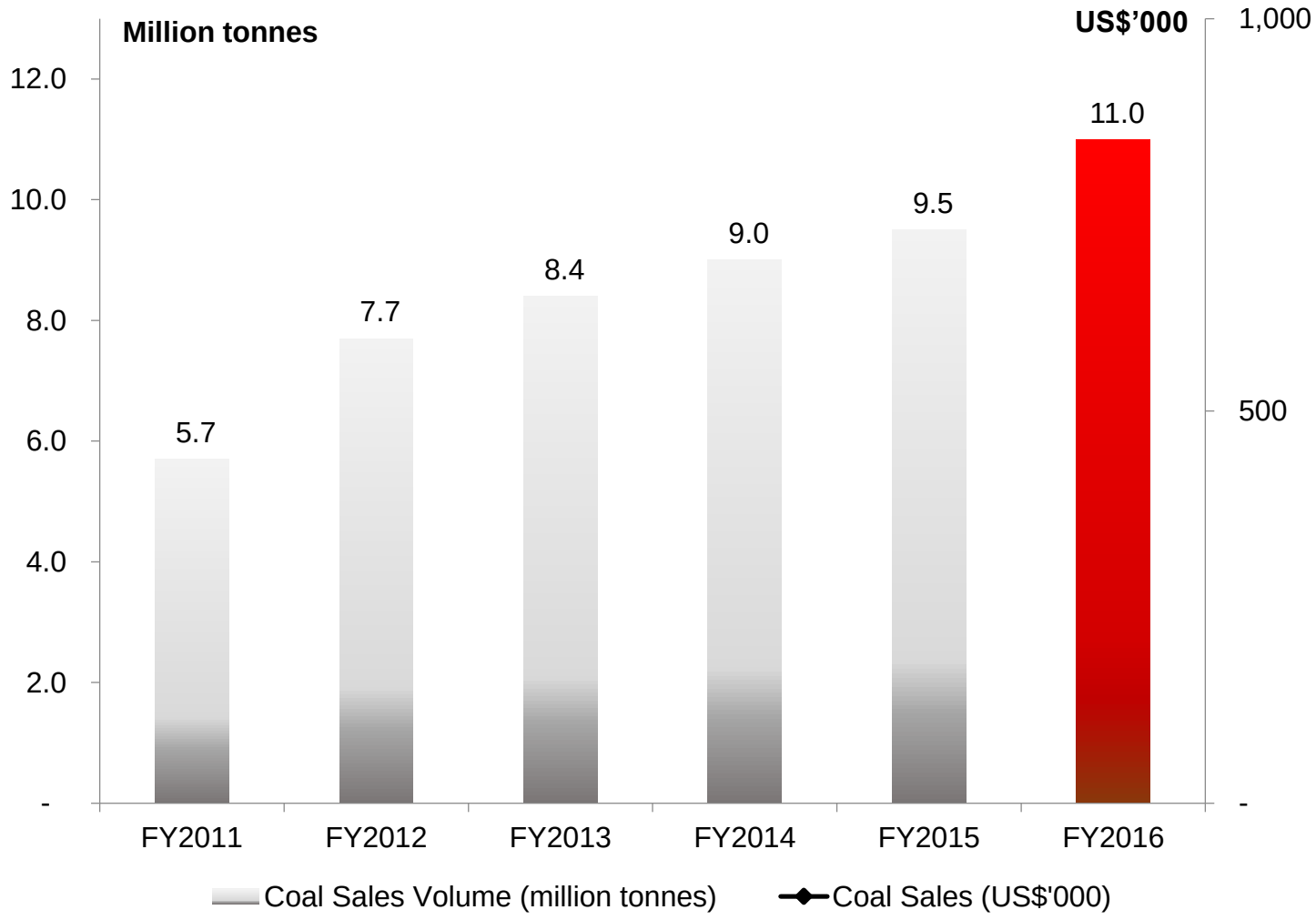
Average IDR weakened 6.98%, 12.47%, 12.34%, 2.81% and 0.5% y-o-y for FY2012, FY2013, FY2014, FY2015 and FY2016, respectively.

For illustrative purposes, proforma financials of the Enlarged Group from FY2011 to FY2014 are based on audited IFRS accounts of both GEMS Group and UFS Group translated at the average exchange rates of the respective years

*Comprise 12 months of GEMS Group and 8 months of GEAR Group results
^ Comprise 9 months of GEMS Group and 5 months of GEAR Group results
# Sales volume increased by 35%, 9%, 8%, 5% and 16% y-o-y from FY2013 to FY2016, average realisable selling prices are US$57.26/mt, US$54.81/mt, US$50.05/mt, US$48.36/mt, US$37.28/mt and US$35.00/mt for, respectively, FY2011, FY2012, FY2013, FY2014, FY2015, and FY2016

(1) PATMI was contributed by Negative Goodwill of US$18.9 m as a result of the business combination and compensation income recognised from forestry concession of US$48 m, offset by fair value loss on forestry asset US$47 m.
(2) LATMI was attributable by softening of average realisable selling price of US$54,.81/mt (from US$57.26/mt), impairment of compensation income from forestry concession and fair value loss on forestry asset of US$22.9 m and US$32.2 m respectively.
(3) LATMI was attributable by softening of average realisable selling price of US$50.05/mt (from US$54.81/mt), legal and professional fees of US$13.3 m (from the RTO exercise) and MTSA, fair value loss of forestry asset of US$16.1 m; and offset by exchange gain of US$15.5 m.
(4) LATMI was attributable by softening of average realisable selling price of US$48.36/mt (from US$50.05/mt), legal and professional fees of US$11.3m, higher finance cost by US$4.5m as a result of GEMS trade financing and fair value loss of forestry asset of US$5.0 m.
(5) LATMI was mainly attributable by softening of average realisable selling price of US$37.28/mt (from US$48.36/mt), legal and professional fees of US$8.8m and exchange loss of US$5.3m.
(6) PATMI was contributed by higher average realisable selling price of US$38.68 in 4Q2016 and higher sales volume in 2H 2016.

Coal Sales Volume (GEAR)

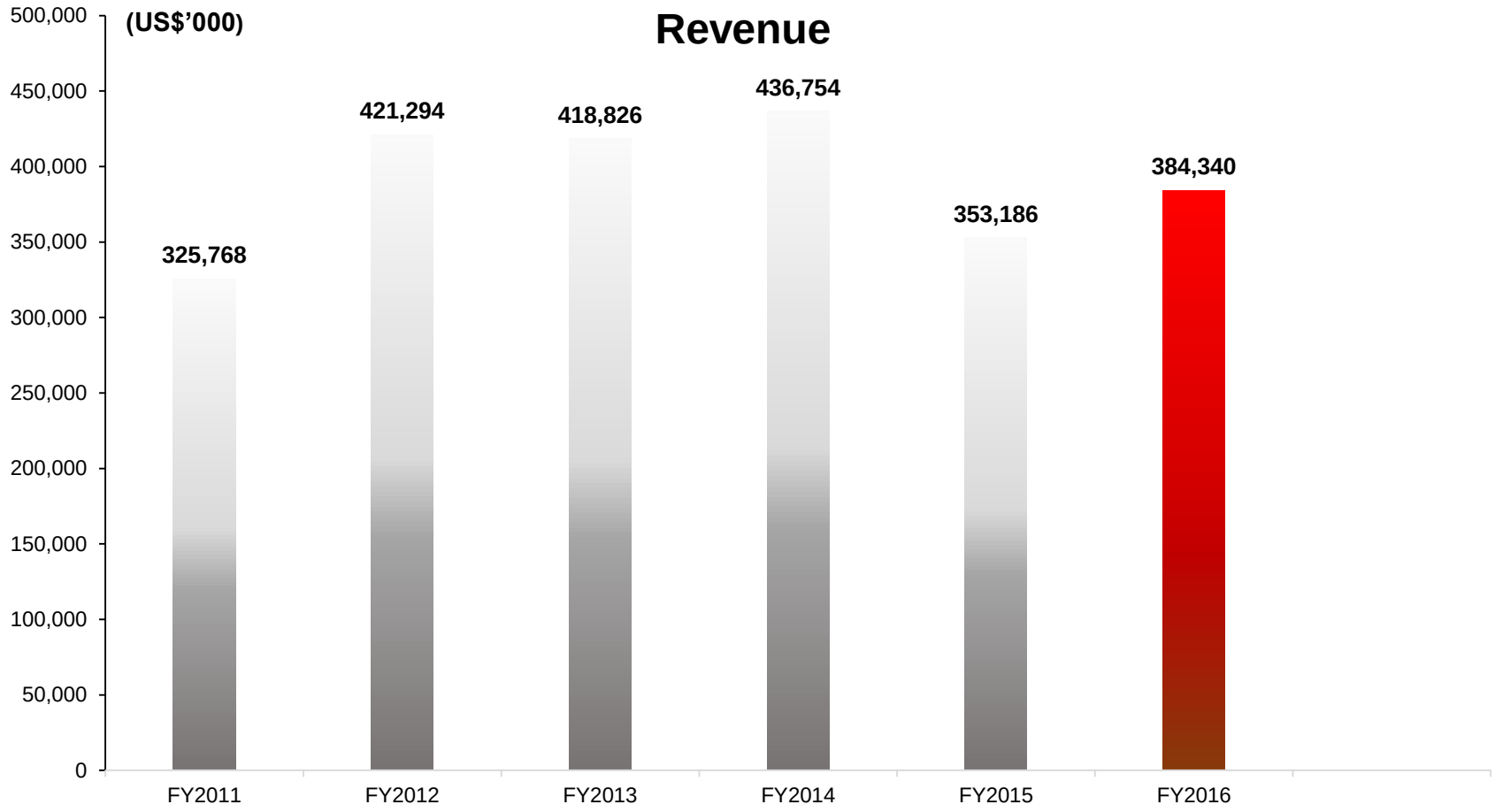


FY denoted financial year ended 31 December

FY2011 to FY2014 financials are based on GEMS audited IFRS Accounts translated at the average exchange rates of the respectively years

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Revenue (GEAR) – Coal Business

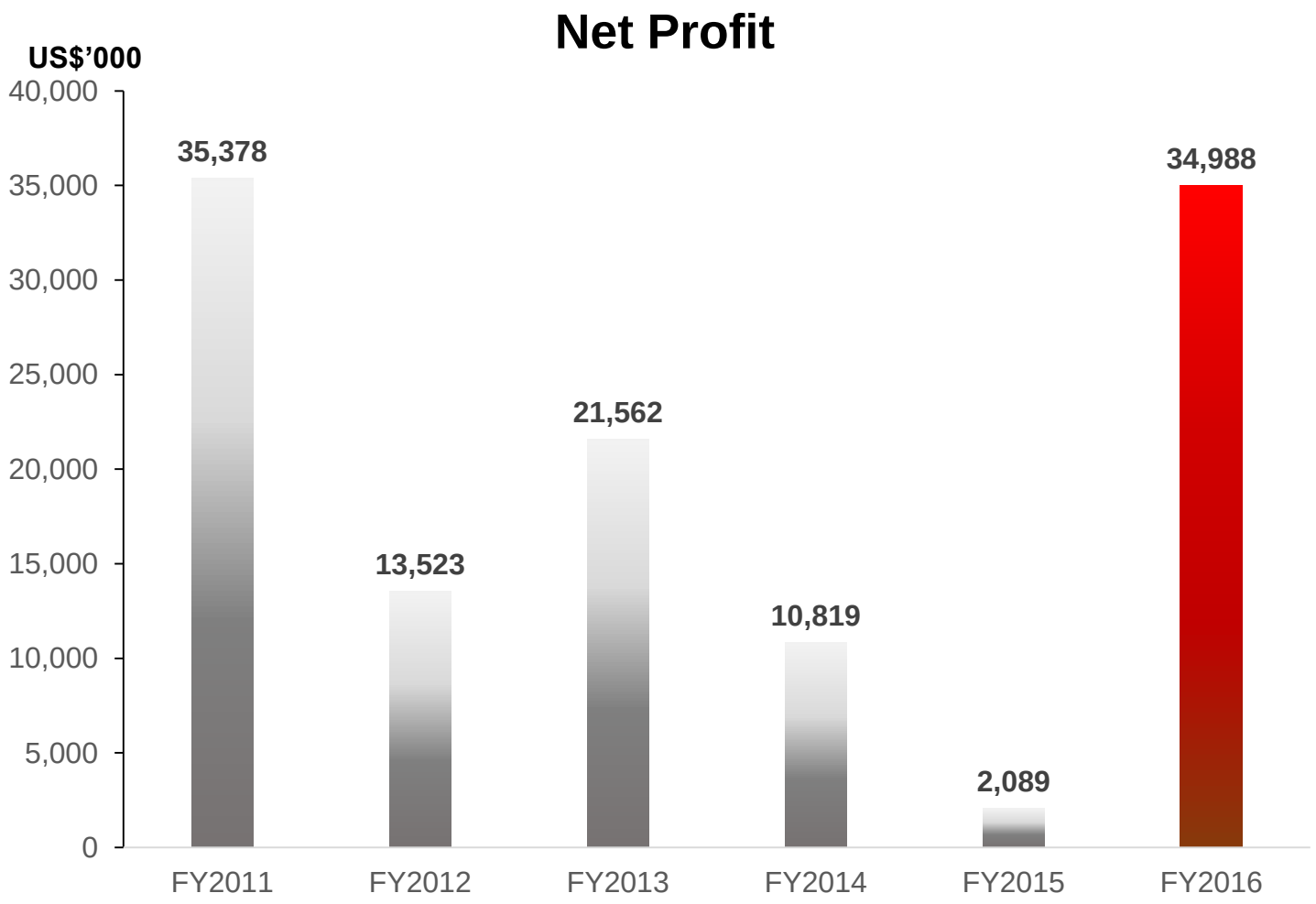


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Net Profit (GEAR) – Coal Business



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Strong Balance Sheet (GEAR)

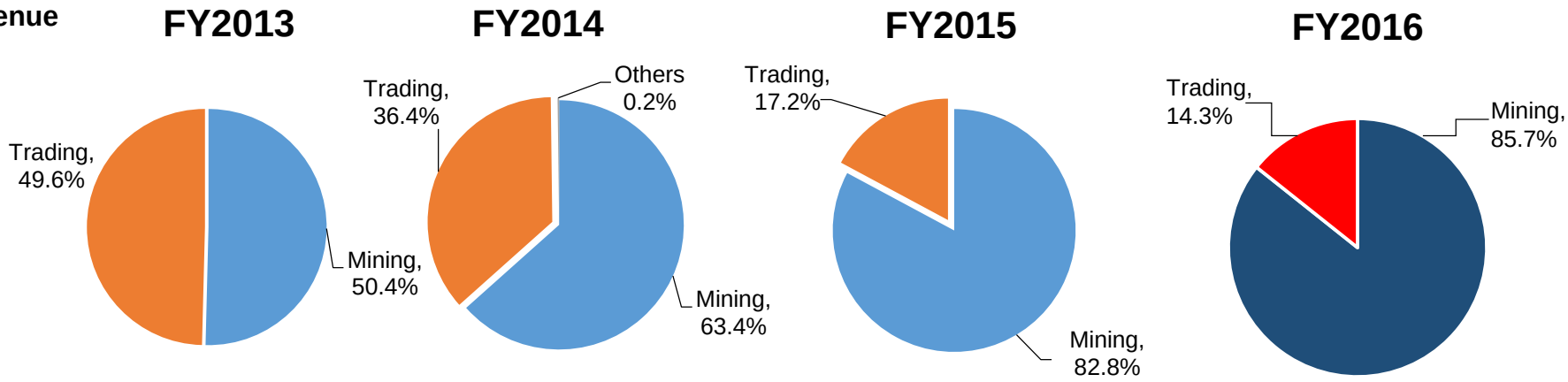
Financials of the Enlarged Group

(US$'000)	AS AT 31 DECEMBER 2015	AS AT 31 DECEMBER 2016
Shareholder's Equity	191,075	297,570
Total Assets	493,493	519,948
Total Liabilities	220,334	134,397
Cash & Cash Equivalents	**44,487**	**79,076**
Net Gearing Ratio	**0.47**	**0.11**

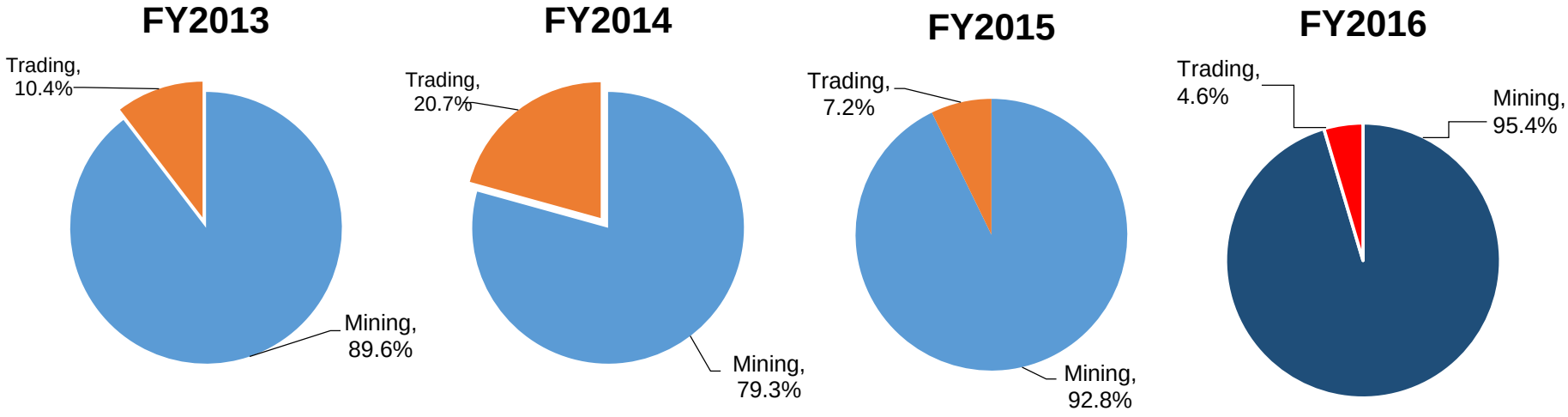
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Segmental Breakdown (GEMS)

Revenue



Gross Profit



FY denotes financial year ended 31 December

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Outlook & Growth Strategies



Outlook – Growing demand for GEAR's coal

- GEAR's BIB 4,000 – 4,200 GAR coal enjoys an established branding in the market

- Highly sought after given the versatility of the coal grade
  - ❖ Renders it suitable for both major export markets, such as China and India, as well as for domestic power producers in Indonesia

- Good for blending with higher sulphur coal due to its low sulphur specifications

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Outlook – Overseas Markets

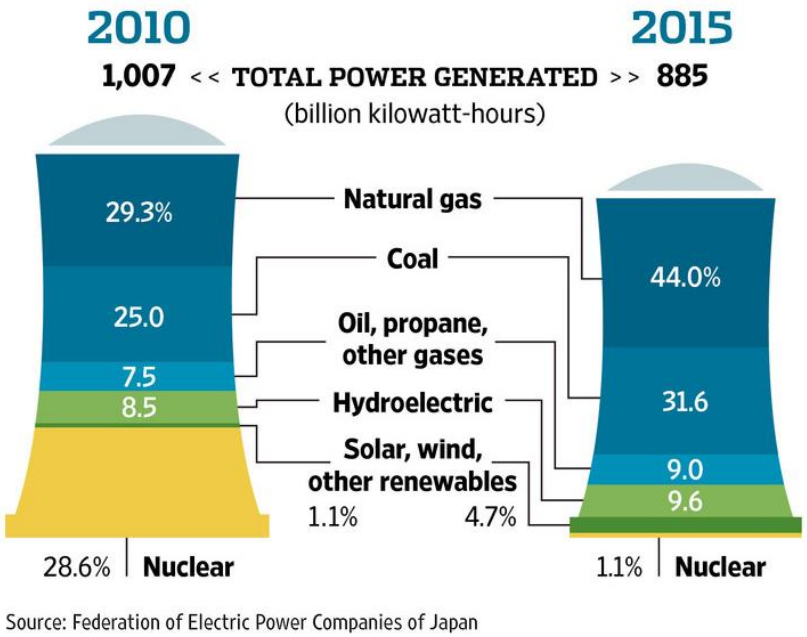
- Expectation of a supply shortfall due to strong demand growth for thermal coal among Asia's emerging markets
  - Power generation in India, which is reliant on coal-fired power to meet soaring domestic energy demand, is expected to increase to around 1,750 TWh by 2020, with coal accounting for more than 1,230 TWh
  - Southeast Asian countries, including Thailand, the Philippines and Vietnam are growth markets for thermal coal in the years out to 2020 as coal-fired electricity is used to fuel their fast-growing economies

- China's coal imports, which has surged 64% to 24.91 MT in January this year, is also projected to increase further as a result of restrictions on local productions as part of its long-term plans to manage its smog and greenhouse gas emissions
  - Country's demand for thermal coal from other sources could also increase further as a result of its recent ban on North Korean coal import

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Outlook – Overseas Markets

- Japanese companies are looking to increase the number of coal-burning power stations in the country by almost 50% in the next 12 years
  - Nearly all of the country's 50-odd nuclear plants (contributing 30% of Japan's power needs) are still shut in the wake of the Fukushima accident
  - Imported coal has helped to fill the void, contributing 31.6% of Japan's energy needs in 2015



Source: Federation of Electric Power Companies of Japan

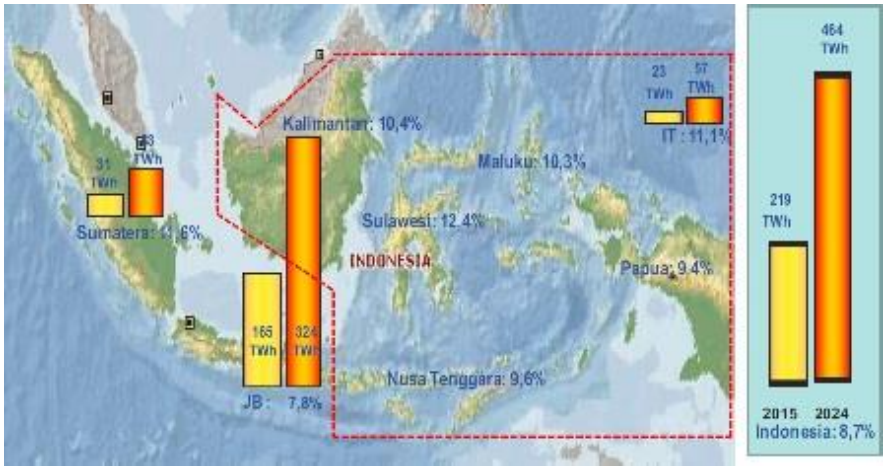
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Outlook – Domestic Market

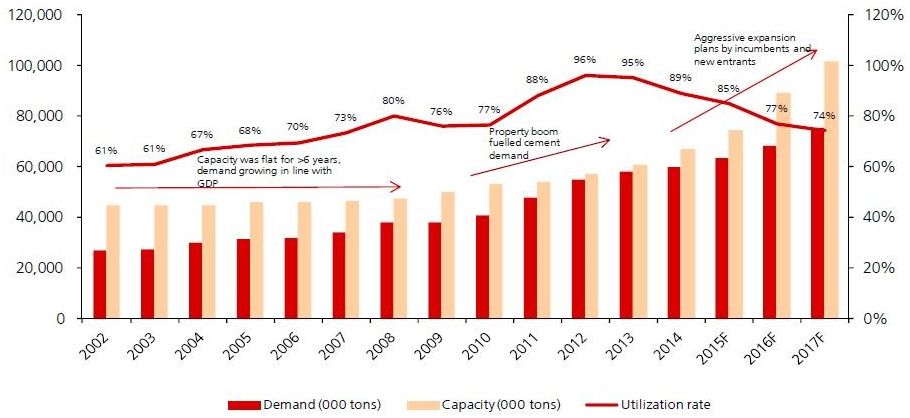
- Indonesian government under President Jokowi's administration has implemented an electrification programme to add 35,000 megawatts (MW) in power generation capacity across the country by 2019
  - ❖ Of which, almost 20,000 MW will come from coal-fired plants

- Increasing budget allocated to infrastructure development to a record of US$22 billion
  - ❖ Under the current Indonesia Government, major infrastructure projects underway including toll roads, mass housing, ports and railways
  - ❖ Demand for cement will thrive as cement is a key component used in infrastructures development
  - ❖ Coal is used intensively in the cement manufacturing processing plant

Map of Power Demand Growth in Indonesia through Year 2024



Domestic coal demand for infrastruture



Source: PLN

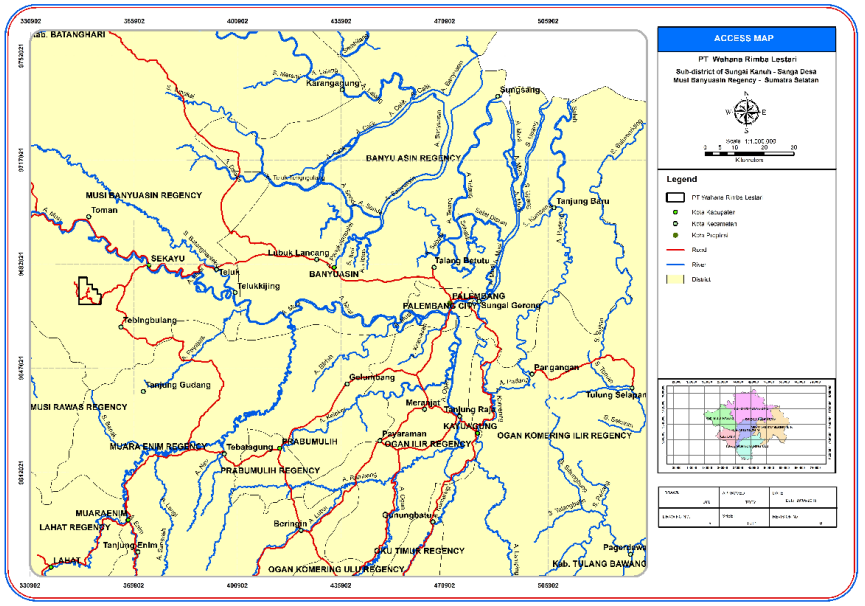
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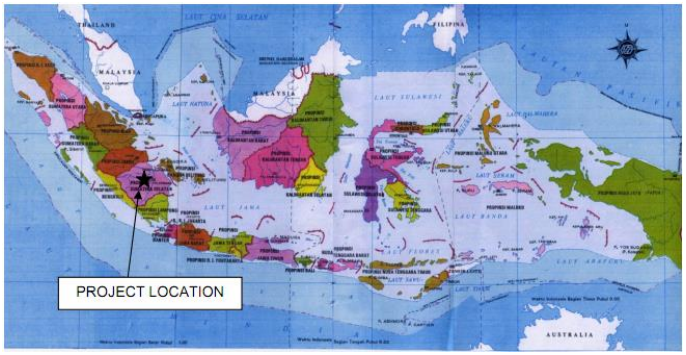
Growth Strategies

Opportunities for inorganic growth

- In FY2016, GEAR acquired entire share capital issue in PT Era Mitra Selaras ("**EMS**") with concession rights to PT Wahana Rimba Lestari ("**WRL**"), which has a JORC probable and proven coal reserve of 68 MT and coal resources of 183MT[1]

- Remains well-poised to look for additional strategic earnings accretive acquisitions with current net cash position





[1]*based on independent JORC Report as at 16 May 2016*

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Growth Strategies



Increase existing coal production and exploration activities

- Secured Indonesian governmental approval to raise coal production in BIB concession to 7.5 MT per annum
- On track with plans to raise BIB‘s output to 12 MT in 2017
- Plans to further expand key logistics infrastructure in Kusan-Girimulya and Sebamban blocks to facilitate the planned increase in coal production
- Increase exploration activities, drilling programmes and enhance exploration efforts to source for equivalent grade of coal or higher grade coal



Development customer and marketing distribution network

- Develop long term relationships with existing customers by entering into long term coal sales agreements
- Establish a customer base with an optimal mix of long term and spot contracts ie. at least 50% long term contract
- Expand marketing network domestically and internationally, including sourcing of clients/end users
- Establish representative offices in key export markets such as China

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Q & A

