



NEWS RELEASE

Resources Prima revenue surges 51.3% to USD68.5m on higher sales volume of 1.30m MT for 9M2015

- EBITDA improved significantly to USD4.8m for 3Q2015 and USD14.2m for 9M2015, from negative EBITDAs in the respective corresponding periods last year
- Net loss of USD70.0m for 9M2015 primarily due to non-cash and non-recurring expenses such as goodwill written off and cost of arranger shares related to the reverse takeover completed in November 2014
- Submitted application for second “borrow-use” permit for the remaining 1624.46 ha of mining concession area which could potentially increase the Group’s coal reserves and resources

Financial Highlights USD\$ '000	3Q2015 ended 31.12.14	3Q2014 ended 31.12.13	3Q2015 vs 3Q2014	9M2015 ended 31.12.14	9M2014 ended 31.12.13	9M2015 vs 9M2014
Revenue	22,602	19,619	+15.2%	68,473	45,244	+51.3%
Gross profit	1,200	827	+45.1%	817	1,502	(45.6)%
Goodwill written off	(45,858)	-	N.M.*	(45,858)	-	N.M.
Cost of arranger shares	(15,675)	-	N.M.	(15,675)	-	N.M.
Loss for the year	(63,671)	(5,012)	>100%	(70,013)	(8,530)	>100%
EBITDA**	4,843	(2,341)	N.M.	14,207	(1,991)	N.M.

*N.M. means not meaningful

**EBITDA refers to operating profit before working capital changes

SINGAPORE – 12 February 2015 - Resources Prima Group Limited (“**Resources Prima**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) (stock code : 5MM), a coal mining company with integrated operations including coal mining facilities in Indonesia, today reported stronger EBITDA of USD14.2m on the back of higher revenue of USD68.5m for the 9-month financial period ended 31 December 2014 (“**9M2015**”).

Commenting on the results, Executive Chairman and Chief Executive Officer, Mr. Agus Sugiono says, “The Group had done well with a healthy EBITDA although it had incurred losses in 9M2015, largely due to non-cash and non-recurring accounting items such as goodwill written off and cost of arranger shares. These expenses as well as certain professional charges were incurred mostly during the 3-month financial period ended 31 December 2014 (“**3Q2015**”) as a result of the reverse takeover which was completed in November 2014. As we move into the next quarter, I expect our financial performance to improve in the absence of these non-recurring expenses.”

“I wish to highlight that operationally, we continue to move in the right direction as evidenced by the increase in our revenue and sales volume as well as the significant turnaround and improvement in EBITDA which improved to USD4.8 million in 3Q2015 and USD14.2 million in 9M2015 from negative EBITDAs in the same periods last year,” added Mr. Sugiono.

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Revenue for Resources Prima surged 51.3% to USD68.5 million in 9M2015, from USD45.2 million in the 9-month financial period ended 31 December 2014 (“**9M2014**”). This was a result of higher sales volume which reflected the on-going development of the coal mine operations in East Kalimantan, Indonesia and the completion of the all weather road connecting the Company’s own pit and jetty. The volume of coal sales increased by 58.5% to 1.30 million MT in 9M2015 from 0.82 million MT in 9M2014. In 3Q2015, revenue increased by 15.2% to USD22.6 million, from USD19.6 million in the 3-month financial period ended 31 December 2013 (“**3Q2014**”) while sales volume increased by 21.6% to 0.45 million MT in 3Q2015 from 0.37 million MT in 3Q2014.

In 3Q2015, the Group’s gross profit improved by 45.1% to USD1.2 million, from USD0.8 million in 3Q2014. The increase in gross profit was mainly due to the decrease in heavy equipment rental cost which declined as a result of the reduction in heavy equipment usage required for road maintenance purposes following the road upgrade and completion of the all-weather road.

In 9M2015, the Group’s gross profit decreased by 45.6% to USD0.8 million, from USD1.5 million in 9M2014. The decrease in gross profit was due primarily to the substantial increase in amortization of deferred stripping costs, as the actual stripping ratio was lower than the average life of mine stripping ratio.

Although the Group generated cash from operating activities before working capital of approximately USD14.2 million and USD4.8 million for 9M2015 and 3Q2015 respectively, the cash generated was used for working capital purposes primarily due to payment to the waste mining contractor of approximately USD9.7 million and USD7.7 million for 9M2015 and 3Q2015 respectively.

Outlook

“Despite the competitive environment and cautious sentiment with respect to the coal industry in Indonesia, our senior management remains confident about the long term growth prospects of our Company due to our fundamentally strong integrated business model as well as the diversification of our income stream through provision of coal mining facilities to third party mine owners,” says Mr. Sugiono.

The Company’s Indonesian-incorporated subsidiary, PT Rinjani Kartanegara (“**PT Rinjani**”), has commenced a cost reduction programme covering a number of areas. The management is confident that this programme, coupled with its existing cost advantage enjoyed through the usage of its own fully integrated coal mining facilities such as the coal stockpile, coal crushers, coal conveyor system and jetty facilities, will allow the Company to continue to operate and grow both organically and through future M&A opportunities.

The cost reduction programme includes:

- A review of waste mining rates in conjunction with the Company’s waste mining operator to better reflect current industry conditions and changes in mining operations
- Review of heavy equipment requirements and management of such costs e.g. rent versus lease purchase
- Review of fuel supply arrangements to ensure fuel costs are minimised

Although PT Rinjani has been granted a Production Operation IUP (a production operations mining business license) to carry out coal mining operations in the mining concession area covering 1,933 ha, currently only an area covering 308.54 ha of the total mining concession area has secured a “borrow-use” permit or IPPKH from the Indonesian Minister of Forestry. The “borrow-use” permit is required in order for the Group to clear forested land to commence mining operations at the mine site in East Kalimantan, Indonesia. Currently, the Group has submitted an application to secure a “borrow-use” permit for the remaining 1,624.46 ha of the total mining concession area. Once the second “borrow-use” permit is approved, the Company shall make the necessary announcement and commence further exploration which could lead to an increase in coal reserves and resources from the remaining 1,624.46ha.

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About Resources Prima Group Limited

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

The Group, through its Indonesia-incorporated subsidiary PT Rinjani Kartanegara (“**PT Rinjani**”), has been granted a Production Operation IUP which is valid for an initial term of 12 years until 24 November 2021 (extendable for up to two (2) additional ten (10)-year tenures) to carry out coal mining operations in the mining concession area (with an area of 1,933 ha). The Group has been issued with a “borrow-use” permit by the Indonesian Minister of Forestry in respect of an area covering 308.54 ha of the mining concession area. The Group, through PT Rinjani, commenced mining operations in June 2012 with first sales in November 2012. Currently, the Group has submitted an application for a “borrow-use” permit for the remaining 1,624.46 ha of the mining concession area.

The Group also derives additional income through the provision of coal mining facilities (such as coal stockpile, coal crushers, coal conveyor system and jetty facilities) to third party mine owners as the Group may from time to time have excess capacity in respect of such coal mining facilities.

The Group’s competitive strengths, including the location of the mine, supply chain advantages, supportive vendors, strong relationships with local government and a committed management team, will allow it to fulfil its economic potential. This potential is expected to be achieved through both organic growth via an expansion to the existing mining area and future M&A transactions.

Note :

This release may contain predictions, estimates or other information that may be considered forward-looking statements. Actual results may differ materially from those currently expected because of a number of factors. These factors include (without limitation) changes in general industry and economic conditions, interest rate movements, cost of capital and capital availability, competition from other companies and venues for sale/manufacture/distribution of goods and services, shift in customer demands, changes in operating expenses, including employee wages and raw material prices, governmental and public policy changes, social and political turmoil and major health concerns. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events. The Company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise, except as required by law.

For enquiries :

Mr. Agus Sugiono
Executive Chairman & CEO
Tel : +62-21-29347912
Email : info@resourcesprima.com.sg

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The contact person for the Sponsor is Mr Alex Tan, Chief Executive Officer, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854-6160.

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