**RESOURCES PRIMA GROUP LIMITED**
(Incorporated in the Republic of Singapore)
(Company Registration No. 198602949M)

## NEWS RELEASE

# Resources Prima registers revenue of US$43.6m and delivers 1.1m tonnes of coal for the 9-months to 30 September 2016

- Coal sales quantity increased marginally year-on-year by 0.2% to 1.1m tonnes in 9MFYE12/16 but decreased 18.2% in 3QFYE12/16 due to heavy rainfall in September 2016
- Coal sales price decreased year-on-year by 10.5% in 3QFYE12/16 as compared to 2QFYE12/15
- Commenced coal production from second "borrow-use" permit ("**IPPKH2**") west block during 3QFYE12/16
- Improving outlook as Indonesia Coal Reference Price ("**HBA**") rebounded 30.3% in past few months from US$53.00 in July 2016 to US$69.07 in October 2016

### Financial Highlights

| US$ '000 | 3 months ended 30.09.16 | 3 months ended 30.09.15 | Change | 9 months ended 30.09.16 | 9 months ended 30.09.15 | Change |
|---|---|---|---|---|---|---|
| Revenue | 12,863 | 16,446 | (21.8)% | 43,586 | 53,441 | (18.4)% |
| Cost of goods sold | (10,690) | (13,123) | (18.5)% | (35,832) | (39,749) | (9.9)% |
| Gross profit | 2,173 | 3,323 | (34.6)% | 7,754 | 13,692 | (43.4)% |
| Gross profit margin * | 16.9% | 20.2% | (3.3)ppt | 17.8% | 25.6% | (7.8)ppt |
| Net profit / (loss) attributable to equity holders | 6 | 1,071 | (99.4)% | 23 | 7,801 | (99.8)% |
| Cost of goods sold per tonne ^ (USD) | 30.9 | 32.7 | (5.5)% | 32.3 | 33.0 | (2.1)% |

N.M. means not meaningful
*ppt means percentage point
^Cost of goods sold per tonne = cost of goods sold divided by coal production volume

SINGAPORE – 14 November 2016 - 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 in Indonesia including coal mining facilities, has reported a lower net profit attributable to equity holders of the Company of US$23,000 for the nine months ended 30 September 2016 ("**9MFYE12/16**") as compared to US$7.8 million for the same period last year ("**9MFYE15**"). For the three months ended 30 September 2016 ("**3QFYE12/16**"), the Group reported a net profit attributable to equity holders of the Company of US$6,000 as compared to a net profit of US$1.1 million in the corresponding period a year ago ("**2QFYE12/15**").

**Executive Chairman and Chief Executive Officer, Mr. Agus Sugiono** said, "Our earnings in 9MFYE12/16 and 3QFYE12/16 were impacted by lower gross margins as a result of a lower average selling price of coal and weaker coal sales revenue due to the unusually heavy rainfall in September. In 3QFYE12/16, our average coal sales price decreased by 10.5% year-on-year to US$39.0 per tonne from US$43.6 per tonne in 2QFYE12/15. I am pleased, however, to see a recovery in coal sales price as evidenced by the price rebound when compared to the immediate preceding quarter ("2QFYE12/16"). In terms of the domestic coal reference price, HBA has shown encouraging signs of recovery over the past few months having rebounded 30.3% from US$53.00 per tonne in July 2016 to US$69.07 per tonne in October 2016." (source: www.coalspot.com)

"Looking ahead, we will continue to focus on managing our cash-flows, operating costs and stripping ratios and to ramp-up production from IPPKH2 in order to improve our financial performance in the fourth quarter and in 2017," added Mr Sugiono.

Revenue for the Group in 9MFYE12/16 decreased by 18.4% to US$43.6 million from US$53.4 million in 9MFYE15 as a result of lower coal sales and lower facility usage income. Coal sales decreased by 18.2% to US$42.3 million in 9MFYE12/16 from US$51.7 million in 9MFYE15 due to a decrease in average sales price. In 9MFYE12/16, although coal sales volume increased marginally by 0.2% to 1.1 million tonnes, the average sales price of coal decreased by 18.2% to US$37.8 per tonne from US$46.2 per tonne over the same period. In 3QFYE12/16, revenue for the Group decreased by 21.8% to US$12.9 million due to lower coal sales. In 3QFYE12/16, coal sales quantity decreased year-on-year by 18.2% to 297,868 tonnes as a result of lower production due to the unusually heavy rainfall in September 2016. Facility usage income on the other hand increased 94.0% in 3QFYE12/16 to US$1.2 million as a result of changes in quantity of throughput of coal from a third party mine owner.

The Group's gross profit in 9MFYE12/16 decreased by 43.4% to US$7.8 million from US$13.7 million in 9MFYE15 due to a decrease in Group revenue and the lower average selling price of coal. In 3QFYE12/16, the Group's gross profit decreased by 34.6% to US$2.2 million from US$3.3 million in 9MFYE15 due to a decrease in coal sales quantity and lower average selling price of coal. The Group's gross profit margins in 9MFYE12/16 and 3QFYE12/16 decreased to 17.8% from 25.6% and to 16.9% from 20.2% respectively mainly due to the lower average sales price of coal.

Cost of goods sold ("**COGS**") for 9MFYE12/16 and 3QFYE12/16 comprised mainly waste mining costs, which accounted for 55.1% and 64.7% of COGS respectively. The other main costs included coal hauling costs as well as depreciation and amortisation. COGS in 9MFYE12/16 decreased by 9.9% to US$35.8 million from US$39.7 million in 9MFYE15 mainly due to lower waste mining costs, coal hauling costs and fuel. These lower costs were partly offset by the increases in other costs. The costs of goods sold per metric tonne decreased by 2.1% to US$32.3 per tonne in 9MFYE12/16 from US$33.0 per tonne in 9MFYE15. In 3QFYE12/16, COGS decreased by 18.5% to US$10.7 million from US$13.1 million primarily due to lower coal production. The costs of goods sold per metric tonne in 3QFYE12/16 decreased by 5.5% to US$30.9 per tonne in 3QFYE12/16 from US$32.7 per tonne in 2QFYE12/15.

In 9MFYE12/16, net cash generated from operating activities amounted to US$1.2 million. Net cash used in investing activities of US$2.1 million was mainly used for additions to mining properties as well as for property, plant and equipment. Net cash used in financing activities of US$2.3 million for 9MFYE12/16 was mainly in relation to the repayment of loans from related and third parties as well as for finance leases. The Group's cash and cash equivalents as at 30 September 2016 was US$1.5 million compared to US$4.7 million as at 31 December 2015.

**Outlook**

**Cost maintenance programme**
The Group is continuously monitoring all costs. Management is pleased to report improvements in cost of goods sold per metric tonne for 9MFYE12/16 and 3QFYE12/16. 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 as well as control over its coal hauling road and trucks, the Group will continue to maintain tight control of its operating costs.

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

**Diversification and additional source of income**
The Group will continue to explore all possibilities to diversify its recurring income through the provision of its coal mining facilities to additional third party mine owners.

**Exploration and development of the IPPKH2 which could lead to an increase in coal reserves and resources**
With the IPPKH2 approved, the Group shall continue its exploration plan which is expected to lead to an increase in the Group's coal reserves and resources as well as production from IPPKH2-West Block to supplement the reduction in coal production from the first borrow-use permit ("**IPPKH1**"). Exploration and development shall initially be concentrated in the West Block with further exploration of IPPKH2-South Block, dependent on available cash flows.

**Production of higher quality coal**
Based on outcrop data, IPPKH2-South Block is expected to produce coal with a higher calorific value than IPPKH1 and consequently lead to an improvement in the average unit price received for the Group's coal.

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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 two "borrow-use" permits by the Indonesian Minister of Forestry, the first in respect of an area covering 308.54 ha ("**IPPKH1**") and the second in respect of an area covering 897.56 ha ("**IPPKH2**") of the mining concession area. The Group, through PT Rinjani, has commenced mining operations in IPPKH1 since June 2012 and subsequently in IPPKH2 West Block since August 2016.

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.

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