Resources Prima Group Limited
(Company Registration No : 198602949M)

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Unaudited First Quarter Financial Statements for the Financial Period Ended 30 June 2015

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) Income statement and statement of comprehensive income, or a statement of comprehensive income for the group together with a comparative statement for the – corresponding period of immediately preceding year

INCOME STATEMENT

	Group			
	3 months 30.06.15 US$'000	**3 months 30.06.14 US$'000**	**Inc/ (Dec) %**	**Ref**
Revenue	**18,600**	**22,341**	**(16.7)**	**8.1.1**
Cost of goods sold	(13,766)	(21,649)	(36.4)	**8.1.2**
Gross profit	**4,834**	**692**	>100.0	**8.1.3**
Other income	364	1,018	(64.2)	**8.1.4**
Selling and distribution expenses	(1,222)	(1,263)	(3.2)	
Administrative expenses	(673)	(372)	80.9	**8.1.5**
Finance costs	(436)	(807)	(46.0)	**8.1.6**
Other expenses	(399)	(2,004)	(80.1)	**8.1.7**
Income/(loss) before tax	**2,468**	**(2,736)**	N.M.	
Tax expense	(735)	-	N.M.	**8.1.8**
INCOME/(LOSS) FOR THE PERIOD	**1,733**	**(2,736)**	**N.M.**	
INCOME/(LOSS) ATTRIBUTABLE TO				
- Equity holders of the Company	1,564	(2,390)	N.M.	
- Non-controlling interests	169	(346)	N.M.	
	1,733	**(2,736)**	N.M.	
Other comprehensive income				
Items that may be classified subsequently to profit or loss				
- Currency translation differences arising on consolidation	269	-	100.0	
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**2,002**	**(2,736)**	N.M.	

N.M. – Not Meaningful

STATEMENT OF COMPREHENSIVE INCOME

	Group			
	3 months 30.06.15 US$'000	**3 months 30.06.14 US$'000**	**Inc/ (Dec) %**	**Ref**
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO				
- Equity holders of the Company	1,833	(2,390)	N.M.	
- Non-controlling interests	169	(346)	N.M.	
	2,002	**(2,736)**	N.M.	

1(a)(ii) Income/(loss) before tax is stated after charging/(crediting) the following:-

	Group		
	3 months 30.06.15 US$'000	**3 months 30.06.14 US$'000**	**Inc/ (Dec) %**
(Gain)/loss on foreign currency exchange, net	(138)	30	N.M.
Depreciation of property, plant and equipment	639	256	>100.0
Amortization of deferred stripping costs	-	3,427	(100.0)
Amortization of mining properties	709	570	24.3
Amortization of intangible assets	11	10	10.0
Post-employment benefits	44	-	100.0
Provision for mine reclamation and rehabilitation	34	33	3.0
Operating lease expenses	540	1,046	(48.4)
Inventories written down	-	123	(100.0)
Write-back of standby claim	-	(225)	(100.0)
Interest income	(4)	(1)	>100.0
Interest expense	436	807	(46.0)
Fair value loss on derivative financial liability	-	1,271	(100.0)
Fair value on non-current interest free loan	-	(748)	100.0

N.M. – Not Meaningful

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(b)(i) Statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Ref	Company	
	As at 30 Jun 15 US$'000 (Unaudited)	As at 31 Mar 15 US$'000 (Audited)		As at 30 Jun 15 US$'000 (Unaudited)	As at 31 Mar 15 US$'000 (Audited)
Non-current assets					
Property, plant and equipment	19,444	11,316	**8.2.1**	-	-
Investment in subsidiaries	-	-		191,628	187,577
Intangible assets	230	241		-	-
Deferred exploration and evaluation costs	640	640		-	-
Mining properties	6,411	7,120	**8.2.2**	-	-
Other receivables	749	412		-	-
Deferred tax assets	1,074	1,733	**8.2.3**	-	-
	28,548	21,462		191,628	187,577
Current assets					
Available-for-sale investment	-	2,890	**8.2.4**	-	2,890
Inventories	1,184	994	**8.2.5**	-	-
Trade and other receivables	17,693	20,564	**8.2.6**	13,307	11,945
Cash and cash equivalents	1,565	5,535	**8.2.7**	741	1,082
	20,442	29,983		14,048	15,917
Total assets	**48,990**	**51,445**		**205,676**	**203,494**
Equity					
Share capital	100,480	100,480		236,508	236,508
Currency translation reserve	(534)	(803)	**8.2.8**	(7,125)	(11,446)
Accumulated losses	(81,211)	(82,788)		(23,853)	(23,775)
Equity attributable to equity holders of the Company	18,735	16,889		205,530	201,287
Non-controlling interests	(3,634)	(3,790)	**8.2.9**	-	-
Total equity	15,101	13,099		205,530	201,287
Non-current liabilities					
Trade and other payables	15,274	17,459	**8.2.10**	-	-
Post-employment benefits	451	404		-	-
Finance lease liabilities	552	417	**8.2.11**	-	-
Provisions	984	949		-	-
	17,261	19,229		-	-
Current liabilities					
Trade and other payables	15,840	18,401	**8.2.10**	146	2,207
Finance lease liabilities	564	549	**8.2.11**	-	-
Tax payable	224	167	**8.2.12**	-	-
	16,628	19,117		146	2,207
Total liabilities	33,889	38,346		146	2,207
Net assets	**15,101**	**13,099**		**205,530**	**201,287**
Total equity and liabilities	**48,990**	**51,445**		**205,676**	**203,494**

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

(a) Amount repayable in one year or less, or on demand

As at 30 Jun 15		As at 31 Mar 2015	
US$'000	**US$'000**	**US$'000**	**US$'000**
Secured	**Unsecured**	**Secured**	**Unsecured**
564	198	549	194

(b) Amount repayable after one year

As at 30 Jun 15		As at 31 Mar 2015	
US$'000	**US$'000**	**US$'000**	**US$'000**
Secured	**Unsecured**	**Secured**	**Unsecured**
552	704	417	661

(c) Details of any collateral

Certain vehicles with an aggregate carrying amount of US$2.5 million as at 30 June 2015 (31 March 2015: US$1.7 million) are pledged under existing finance lease arrangements.

Fiduciary security over coal inventory of PT Rinjani Kartanegara ("**Rinjani**") (a subsidiary of the Company held through PT Pilar Mas Utama Perkasa ("**Pilar Mas**")) and corporate guarantee by Pilar Mas have been provided to secure the debt of Rinjani to a main supplier, included in the trade payables of the Group as at 30 June 2015 and 31 March 2015.

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1(c) **A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group	
	3 months 30.06.15 US$'000	**3 months 30.06.14 US$'000**
Cash flows from operating activities		
Income/(loss) before tax	2,468	(2,736)
Adjustments for:-		
Depreciation of property, plant and equipment	639	256
Amortization of deferred stripping costs	-	3,427
Amortization of mining properties	709	570
Amortization of intangible assets	11	10
Post-employment benefits	44	-
Provision for mine reclamation and rehabilitation	34	33
Fair value loss on derivative financial liability	-	1,271
Finance costs (interest expense)	436	807
Interest income	(4)	(1)
Inventories written down	-	123
Fair value on non-current interest free loan	-	(748)
Unrealised foreign currency exchange gain	(138)	28
Operating profit before working capital changes	**4,199**	**3,040**
Inventories	(190)	922
Trade and other receivables	2,534	(6,382)
Trade and other payables	(3,159)	2,794
Currency translation adjustments	269	-
Cash generated from operations	**3,653**	**374**
Interest received	4	1
Income tax credit/(paid)	-	(38)
Net cash generated from operating activities	**3,657**	**337**
Cash flows from investing activities		
Additions to deferred exploration and evaluation cost	-	(58)
Purchase of property, plant and equipment	(8,424)	(1,142)
Proceeds from disposal of available for sale investment	996	-
Net cash used in investing activities	**(7,428)**	**(1,200)**
Cash flows from financing activities		
Proceeds from loan from related party	-	1,402
Interest paid	(39)	(1)
Repayment of finance lease	(160)	(83)
Net cash (used in)/generated from financing activities	**(199)**	**1,318**
Net (decrease)/increase in cash and cash equivalents	(3,970)	455
Cash and cash equivalents at beginning of period	5,535	166
Cash and cash equivalents at end of period	**1,565**	**621**

1(d)(i) A statement (for the issuer and group) showing either (I) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Changes in Equity

Group	Share capital US$'000	Accumulated losses US$'000	Equity attributable to equity holder of the Company US$'000	Non-controlling interests US$'000	Total equity US$'000
At 31 March 2014 and at 1 April 2014	**1,591**	**(18,938)**	**(17,347)**	**(3,352)**	**(20,699)**
Loss for the 3 months ended 30 June 2014	-	(2,390)	(2,390)	(346)	(2,736)
At 30 June 2014	**1,591**	**(21,328)**	**(19,737)**	**(3,698)**	**(23,435)**

Group	Share capital US$'000	Currency translation reserve US$'000	Accumulated losses US$'000	Equity attributable to equity holder of the Company US$'000	Non-controlling interests US$'000	Total equity US$'000
At 31 March 2015 and at 1 April 2015	**100,480**	**(803)**	**(82,788)**	**16,889**	**(3,790)**	**13,099**
Contributions by and distributions to owners:						
- Acquisition of non-controlling interest	-	-	13	13	(13)	-
Profit for the 3 months ended 30 June 2015	-	-	1,564	1,564	169	1,733
Other comprehensive loss:						
- Currency translation differences	-	269	-	269	-	269
Total comprehensive income for the 3 months ended 30 June 2015	-	269	1,564	1,833	169	2,002
At 30 June 2015	**100,480**	**(534)**	**(81,211)**	**18,735**	**(3,634)**	**15,101**

Statement of Changes in Equity

Company	Share capital US$'000	Share option reserve US$'000	Currency translation reserve US$'000	Accumulated losses US$'000	Total equity US$'000
At 31 March 2014 and at 1 April 2014	**10,498**	**16**	**1,572**	**(9,155)**	**2,931**
Loss for the period ended 30 June 2014	-	-	-	(80)	(80)
Other comprehensive loss:-					
Currency translation differences	-	-	22	-	22
Total comprehensive loss for the period	**-**	**-**	**22**	**(80)**	**(58)**
Contributions by and distributions to owners					
Employee share options exercised	168	(16)	-	-	152
At 30 June 2014	**10,666**	**-**	**1,590**	**(9,235)**	**3,025**
At 31 March 2015 and at 1 April 2015	**236,508**	**-**	**(11,446)**	**(23,775)**	**201,287**
Loss for the 3 months ended 30 June 2015	-	-	-	(78)	(78)
Other comprehensive income:-					
Currency translation differences	-	-	4,321	-	4,321
Total comprehensive loss for the period	**-**	**-**	**4,321**	**(78)**	**4,243**
At 30 June 2015	**236,508**	**-**	**(7,125)**	**(23,853)**	**205,530**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	No. of Ordinary Shares	Issued Share Capital (S$)
At 31 March 2015 and at 30 June 2015	**1,832,999,998**	**307,306,455**

As at 30 June 2015 and 30 June 2014, the Company had no outstanding share options, other convertibles or treasury shares.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	At 30 June 2015	At 31 March 2015
Total number of issued shares (excluding treasury shares)	**1,832,999,998**	**1,832,999,998**

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company does not have any treasury shares.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in item 5 below, the Group and the Company have applied the same accounting policies and methods of computation for the current reporting period as compared with the audited financial statements of the Group and the Company for the preceding financial year.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group and Company have adopted all the new and revised standards and interpretations of the Singapore Financial Reporting Standards that are effective for annual periods beginning on or after 1 April 2015. The adoption of these standards and interpretations did not have any significant effect on the financial performance or position of the Group and the Company for the 3 months ended 30 June 2015.

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	Group	
	3 months	**3 months**
	30.06.15	**30.06.14**
Earnings/(loss) per ordinary share:-		
Basic (US$ cents)	0.09	(0.20)
Diluted (US$ cents)	0.09	(0.20)
Weighted average number of ordinary shares for basic earnings/(loss) per share	1,832,999,998	1,172,000,000

Diluted earnings/(loss) per share was the same as basic earnings/(loss) per share for the 3 months ended 30 June 2015 as there were no outstanding convertible instruments.

The reported loss attributable to equity holders of the Company for the comparative 3 months ended 30 June 2014 was that of Energy Prima Pte. Ltd. ("**Energy Prima**"), a wholly-owned subsidiary of the Company. The acquisition of Energy Prima by the Company in November 2014 constituted a reverse takeover of the Company by Energy Prima. Financial reporting in the case of a reverse takeover treats Energy Prima as the accounting acquirer and the Company as the accounting acquiree. Therefore, financial results are prepared as a continuation of the consolidated financial statements of Energy Prima and its subsidiaries. As such, the weighted average number of ordinary shares used to compute loss per share for the 3 months ended 30 June 2014 was also that of Energy Prima. As at 30 June 2014, Energy Prima had outstanding convertible bonds which were subsequently converted into 262,540 ordinary shares of Energy Prima. As the effect of the conversion of convertible instruments was anti-dilutive for the 3 months ended 30 June 2014, diluted loss per share was equivalent to basic loss per share.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.**

	Group	
	30.06.15	**31.03.15**
Net asset value per ordinary share (US$ cents)	1.02	0.92
Number of ordinary shares in issue (excluding treasury shares)	1,832,999,998	1,832,999,998

	Company	
	30.06.15	**31.03.15**
Net asset value per ordinary share (US$ cents)	11.21	10.98
Number of ordinary shares in issue (excluding treasury shares)	1,832,999,998	1,832,999,998

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8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

INTRODUCTION

The main factors affecting the Group's financial performance are:

(a) **Coal production**. The Company, through 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 (1,933 ha). Rinjani 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 ("**IPPKH1**"). Coal production from IPPKH1 increased by 24,567 metric tonnes ("**MT**") or 5.9% to 438,117 MT for the three months ended 30 June 2015 ("**1Q2016**") from 413,550 MT for the three months ended 30 June 2014 ("**1Q2015**").

(b) **Coal sales price**. The Indonesian coal index (HBA/HPB) for Indonesian 5,800 kcal/kg GAR of coal fell from US$66.7/MT in early April 2014 to US$53.63/MT in end June 2015.

(c) **Stripping ratio**. The stripping ratio, which is the key determinant of operating cost, and mine plan are continually reviewed and updated based on current and future market considerations. During 1Q2016, the average stripping ratio was reduced to 7.1 bank cubic metres of overburden per MT ("**bcm/MT**") from 8.9 bcm/MT in 1Q2015 in response to the decrease in coal sales price. The stripping ratio will continue to be managed through a dynamic mine plan.

(d) **Cost of waste mining operations**. Waste mining is contracted out to a third party specialist waste mining operator. Although waste mining costs, which represent the single largest component of the cost of goods sold, are set by long-term contract, the Company continues to have regular dialogue with its waste mining operator to ensure rates are adjusted to reflect changes in market conditions. Although waste mining rates were last adjusted and reduced in July 2013, an agreement for a further reduction was reached on 2 April 2015. (Refer also item 10.1).

(e) **Efficient operation cost**. The Company is cost competitive as a result of its own fully integrated coal mining facilities such as the coal stockpile, coal crushers, coal conveyor system and jetty facilities. This cost competitiveness when coupled with cost and operational efficiencies from having its own coal hauling road provides a competitive advantage for the Company in the currently low coal pricing environment. Costs are controlled through competitive bidding and the introduction of new suppliers when appropriate.

(f) **Additional recurring income**. The Company is able to generate additional recurring income and cash flow through provision of its coal mining facilities to third party mine owners. For 1Q2016, this recurring income contributed 2.8% of revenue whereas for 1Q2015 it contributed 3.7% of revenue.

(g) **Accounting policy for deferred stripping costs**. Stripping costs for the removal of overburden to expose the coal are recognised as production costs based on the average life of mine stripping ratio. When the actual stripping ratio exceeds the average life of mine stripping ratio, the excess stripping costs are deferred and recorded in the consolidated statements of financial position as deferred stripping costs. When the actual stripping ratio is lower than the average life of mine stripping ratio, the deferred stripping costs are charged to profit or loss accounts. Because the Company's actual stripping ratio was reduced to below the life of mine stripping ratio, the balance of the deferred stripping costs as at 30 June 2014 was fully amortized/charged to profit or loss in November 2014.

(h) The accounting policy for the amortization of mining properties and deferred charges is based on the Independent Qualified Person's Report ("**IQPR**"), Coal Reserves and Coal Resources Estimates dated 31 March 2015.

8.1 INCOME STATEMENT

8.1.1 Revenue

Revenue is generated primarily by Rinjani, through the sale of coal from its coal mining activities. Rinjani currently sells its coal through an offtake agreement with a sole trader and the price of such coal sales is based on international prices, FOB barge. Additional revenue is generated from the use of Rinjani's facilities by a third party mine owner.

	1Q2016 US$'000	1Q2015 US$'000	Inc/ (Dec) %
Revenue by division			
Coal sales	18,081	21,508	(15.9)
Facility usage income	519	833	(37.7)
Total	**18,600**	**22,341**	**(16.7)**

Coal sales revenue decreased by US$3.4 million for 1Q2016 mainly due to decreases in the coal sales price. The average coal sales price decreased by 13.8% to US$45.0/MT for 1Q2016 from US$52.2/MT for 1Q2015.

Facilities usage income decreased by US$0.3 million for 1Q2016 due to lower throughput of coal from a third party mine owner.

8.1.2 Cost of Goods Sold

	1Q2016 US$'000	1Q2015 US$'000	Inc/ (Dec) %
Waste mining costs	8,138	10,315	(21.1)
Coal hauling costs	2,218	2,406	(7.8)
Heavy equipment rental cost	540	1,046	(48.4)
Fuel	548	949	(42.3)
Staff costs	761	494	54.0
Depreciation and amortization	1,361	4,237	(67.9)
Other	200	2,202	(90.9)
Total	**13,766**	**21,649**	**(36.4)**

Cost of goods sold for 1Q2016 and 1Q2015 comprised mainly waste mining costs which accounted for 59.1% and 47.6% of the cost of goods sold, respectively. The other main costs included coal hauling costs as well as depreciation and amortization, which in total comprised 26.0% and 30.7% of the cost of goods sold for 1Q2016 and 1Q2015, respectively. Waste mining and coal hauling costs are contracted through specific agreements.

Cost of goods sold decreased by 36.4% to US$13.8 million for 1Q2016 from US$21.6 million for 1Q2015. This was primarily due to decreases in (i) depreciation and amortization of US$2.9 million; (ii) waste mining costs of US$2.2 million; (iii) other of US$2.0 million; and (iv) heavy equipment rental cost of US$0.5 million. The decrease in depreciation and amortization was a result of deferred stripping cost being fully amortized in November 2014 while waste mining costs decreased due to a reduction in the stripping ratio by 20.2% to 7.1 bcm/MT for 1Q2016 from 8.9 bcm/MT for 1Q2015.

The decrease in other cost of goods sold was primarily due to inventory movement whereby the ending inventory balance exceeded the beginning inventory balance. The higher ending inventory was a result of higher production compared to sales in the month of June 2015.

The decrease in the heavy equipment rental cost was due to the purchase in February 2015 of certain heavy equipment previously rented. In addition, there was a reduction in the number of heavy equipment required for road maintenace purposes following the road upgrade and completion of the all weather road.

8.1.3 **Gross Profit**

	1Q2016	1Q2015	Inc/ (Dec) %
Gross profit (US$'000)	4,834	692	>100.0
Gross profit margin (%)	26.0	3.1	

Gross profit increased by US$4.1 million or 598.6% to US$4.8 million for 1Q2016 from US$0.7 million for 1Q2015, primarily due to a reduction of cost of goods sold.

The gross profit margin improved to 26.0% for 1Q2016 from 3.1% for 1Q2015. The improvement in gross profit margin was primarily due to lower cost of goods sold per MT for the reasons noted in item 8.1.2 above.

8.1.4 **Other income**

Other income decreased by US$0.6 million to US$0.4 million for 1Q2016 from US$1.0 million for 1Q2015 mainly due to a non-recurring fair value credit of US$0.8 million in respect of the loan from a related party, Forrest Point Enterprise Limited ("**Forest Point**"), to Energy Prima for 1Q2015.

8.1.5 **Administrative expenses**

Administrative expenses comprise mainly staff costs, professional fees, travelling and transportation, office rental, SGX listing fees, sponsorship fees and investor relation costs.

Administrative expenses increased by US$0.3 million to US$0.7 million for 1Q2016 from US$0.4 million for 1Q2015, due to increased staff costs and administrative expenses pertaining to the listing status of the Company following completion of the reverse takeover in November 2014.

8.1.6 **Finance costs**

Finance costs comprise interest expenses incurred mainly in relation to (i) the debt due to Rinjani's waste mining contractor; and (ii) amortized interest on the loan from Forrest Point.

Finance costs decreased by US$0.4 million due to the full conversion of the convertible bonds, final settlement of the loan from a bondholder and partial settlement of the amount owed to Rinjani's waste mining contractor in the 3 months ended 31 December 2014 ("**3Q2015**").

8.1.7 **Other expenses**

Other expenses decreased by US$1.6 million to US$0.4 million for 1Q2016 from US$2.0 million for 1Q2015, mainly due to the full conversion of the convertible bond in 3Q2015 and as such, no loss on derivative financial liability was recorded in 1Q2016.

8.1.8 **Tax expense**

The tax expense is calculated based on the current statutory income tax rates in Singapore and Indonesia. During 1Q2016 and 1Q2015, the applicable tax rates in Singapore and Indonesia were 17% and 25% respectively. The tax expense in 1Q2016 was in respect of tax provision for 1Q2016.

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8.2 ASSETS, LIABILITES AND EQUITY

8.2.1 Property, plant and equipment

Property, plant and equipment ("**PP&E**") increased by US$8.1 million (net of current period depreciation of US$0.6 million) to US$19.4 million as at 30 June 2015 from US$11.3 million as at 31 March 2015. The increase was mainly due to land acquisition in 1Q2016 to increase the capacity of the stockpile facility for use by the Group and third party mine owners.

8.2.2 Mining properties

Mining properties include costs transferred from deferred exploration and evaluation following completion of technical feasibility and commercial viability of IPPKH1 as well as mine development costs. As at 30 June 2015, the balance decreased by US$0.7 million due to the normal amortization of such costs. Amortization of mining properties uses the units-of-production method based on estimated coal reserves as at 31 March 2015.

8.2.3 Deferred tax assets

A deferred tax asset is recognised on carried forward tax losses to the extent there are sufficient estimated future taxable profits and/or taxable temporary differences against which the tax losses can be utilised. In computing the tax expense for 1Q2016, it was assumed that the tax authorities would allow deduction of current tax losses against future taxable profits. The decrease in the deferred tax assets balance by US$0.7 million to US$1.1 million as at 30 June 2015 from US$1.7 million as at 31 March 2015 was mainly due to the utilization of tax-losses carried forward in a subsidiary as a result of taxable income in 1Q2016.

8.2.4 Available-for-sale investment

The Company had an investment in Sky One Network (Holding) Ltd, which as at 31 March 2015 was carried at US$2.9 million. This investment was disclosed under "available-for-sale" as it was acquired by Energy Prima solely with the view to benefit from its sale. The disposal was completed in 1Q2016.

8.2.5 Inventories

Inventories include coal on hand, fuel and spare parts and are stated at the lower of cost and net realisable value. Inventories increased by US$0.2 million to US$1.2 million as at 30 June 2015 from US$1.0 million as at 31 March 2015, due to an increase in the quantity of coal on hand by 3,549 MT to 33,325 MT as at 30 June 2015 from 31 March 2015 as the production volume exceeded the sales volume during 1Q2016.

8.2.6 Trade and other receivables

The current balance of trade and other receivables decreased by US$2.9 million to US$17.7 million as at 30 June 2015 from US$20.6 million as at 31 March 2015, mainly due to the reduction in trade receivables balance at 30 June 2015.

8.2.7 Cash and cash equivalents

	Group	
	3 months ended 30 June 2015 US$'000	**3 months ended 30 June 2014 US$'000**
Cash and cash equivalents at beginning of period	5,535	166
Cash flows generated from Operating Activities	3,657	337
Cash flows used in Investing Activities	(7,428)	(1,200)
Cash flows (used in)/generated from Financing Activities	(199)	1,318
Net (decrease)/increase in cash and cash equivalents	(3,970)	455
Cash and cash equivalents at 30 June 2015	**1,565**	**621**

<u>Cash flows from operating activities</u>
The Group generated cash from operating activities before working capital of US$4.2 million and US$3.0 million for 1Q2016 and 1Q2015, respectively. The cash generated was used for the Group's working capital purposes of US$0.5 million and US$2.4 million for 1Q2016 and 1Q2015, respectively, primarily for payment to vendors. As a result of the above, net cash generated from operating activities amounted to US$3.7 million and US$0.3 million for 1Q2016 and 1Q2015, respectively.

<u>Cash flows from investing activities</u>
Net cash used in investing activities of US$7.4 million for 1Q2016 was primarily in relation to the purchase of land to increase the capacity of the stockpile facility for use by the Group and third party mine owners, partially offset by proceeds from the disposal of available-for-sale investment. In 1Q2015, investing activities were primarily for the acquisition of heavy equipment.

<u>Cash flows from financing activities</u>
Net cash used in financing activities of US$0.2 million for 1Q2016 was mainly in relation to finance lease repayments, whereas net cash generated from financing activities of US$1.3 million for 1Q2015 was mainly from proceeds from a related party loan.

8.2.8 Currency translation reserve

The currency translation reserve decreased as result of the translation from the Company's functional currency (in SGD) to presentation currency (in USD) as at 30 June 2015.

8.2.9 Non-controlling interests

The negative balance in non-controlling interests decreased due to the profit attributable to non-controlling interests of US$0.2 million.

8.2.10 Trade and other payables

Trade and other payables (both current and non-current) decreased by US$4.8 million to US$31.1 million as at 30 June 2015 from US$35.9 million as at 31 March 2015 mainly due to better management of the Group's outstanding payables.

8.2.11 Finance lease liabilities

Finance lease liabilities represent the outstanding obligation for the lease of light vehicles of Rinjani and hire purchase of coal hauling trucks by PT Energy Indonesia Resources (a subsidiary of the Company). Finance lease liabilities increased by US$0.1 million to US$1.1 million as at 30 June 2015 from US$1.0 million as at 31 March 2015 due to additional finance leases for the purchase of vehicles and coal hauling trucks, partially offset with lease payments during the period.

8.2.12 Tax payable

Tax payable increased by US$0.1 million as at 30 June 2015 based on tax payable for the current period for the subsidiaries.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The coal industry continues to be challenging due to the prevailing market conditions and the continued weakening of export prices during 1Q2016.

Other factors that may impact the Group in the next 12 months include:

1) Cost reduction programme

The cost reduction programme will continue with a reduction in the waste mining rate. On 2 April 2015, the Company reached an agreement with its waste mining contractor for a reduction in the waste mining rate which will result in a cost reduction of US$0.31/bcm. This new waste mining rate will be applicable upon the commencement of drilling and blasting activities which are expected in the second quarter ending 30 September 2015 ("**2Q2016**").

Management is confident that this cost reduction 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 as well as control over its coal hauling road, will allow the Group to maintain tight control of its operating costs and, therefore, its profitability.

2) Diversification and additional source of income

Management plans to grow its recurring income through the provision of its coal mining facilities to third party mine owners.

3) Submission of application for the second "borrow-use" permit (IPPKH2) which could lead to an increase in coal reserves and resources

As disclosed in item 8 above, the Company's subsidiary, Rinjani, had secured a "borrow-use" permit ("**IPPKH1**") in respect of an area covering 308.54 ha of the total mining concession area of 1,933 ha. As previously announced, the Group has commenced the process to secure a "borrow-use" permit for the remaining 1,624.46 ha of the total mining concession area ("**IPPKH2**"). The process to secure IPPKH2 involves the following 4 (four) major steps:

a. Recommendation by the Mayor of Kutai Kartanegara;
b. Recommendation by the Governor of East Kalimantan;
c. Recommendation by the Directorate General of Coal under the Ministry of Energy and Mineral Resources; and
d. Issuance of a "borrow-use" permit by the Ministry of Forestry.

As of the date of this announcement, Rinjani has completed steps (a) to (c) and is proceeding with the final step with an application submitted to the Ministry of Forestry. Once IPPKH2 is secured, the Company shall make the necessary announcement and commence further exploration which could lead to an increase in the Group's coal reserves and resources from the remaining 1,624.46 ha.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period/year reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period/year of the immediately preceding financial year?

No.

(c) *Date payable*

Not applicable.

(d) *Books closure date*

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared or recommended for 1Q2016.

13. Interested Person Transactions

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a)(ii) of the Listing Manual Section B: Rules of Catalist of the SGX-ST (the "**Catalist Rules**").

Excluding interested person transactions with a value less than S$100,000, there were no interested person transactions entered into by the Group during 1Q2016.

Additional Information Required for Mineral, Oil and Gas Companies

14. Rule 705(6)(a) of the Catalist Rules

1) Use of funds/cash for the first quarter ended 30 June 2015:

There were no exploration activities during 1Q2016.

2) Projection on the use of funds/cash for the next immediate quarter, including principal assumptions:

The Group will continue with its existing mine operations and expects to commence blasting activities in 2Q2016. Following commencement of blasting, the waste mining rate will be reduced by USD0.31 per bcm. This will result in immediate cost savings to the Group.

As previously disclosed, PT Rinjani has secured IPPKH1 in respect of an area covering 308.54 ha of the total mining concession area of 1,933 ha and the Group has commenced the process to secure IPPKH2 for the remaining 1,624.46 ha of the total mining concession area. Once IPPKH2 is secured, the Company shall commence further exploration, evaluation and development activities in the IPPKH2 west block, which could lead to an increase in the Group's coal reserves and resources. Exploration, evaluation and development assumptions include:

- IPPKH2 is secured in 2Q2016;
- Land acquisition (west block) to allow access to carry out the necessary exploration, evaluation and development activities;
- Mobilisation of drilling rigs and commencement of drilling (including coring and non-coring) and logging; and
- Preparation of a detailed mine plan to identify mining sequence (pit locations and waste dumps).

The anticipated use of fund/cash for the above activities is as follows:

#	Activity	Projection (US$'000)	Remarks
1	Land acquisition compensation	400	Land acquisition for drilling, pit and waste dumps
2	Commencement of drilling and logging	180	Drilling rigs and logging equipment
3	Exploration and development support	160	Camp facilities, technical consultants and coal core analysis
	Total	**740**	

15. Rule 705(6)(b) of the Catalist Rules

Please see confirmation on page 18 of this announcement.

16. Rule 705(7)(a) of the Catalist Rules

Details of exploration (including geophysical surveys), mining development and/or production activities undertaken by the issuer and a summary of the expenditure incurred on those activities, including explanations for any material variances with previous projections, for the period under review. If there has been no exploration, development and/or production activity respectively, that fact must be stated.

There were no exploration (including geophysical studies) and/or development activities during 1Q2016.

In relation to production activities, the Group continued to update its mine plan in response to continued difficult market conditions in order to manage its costs, profit margins and cash flows. All production costs incurred during 1Q2016 are described in item 8.1.2 above.

17. Rule 705(7)(b) of the Catalist Rules

An update on its reserves and resources, where applicable, in accordance with the requirements as set out in Practice Note 4C including a summary of reserves and resources as set out in Appendix 7D.

On 30 June 2015, the Company announced that an updated Independent Qualified Person's Report ("**IQPR**") has been prepared by the Company's independent consultant, PT SMG Consultants, which included an estimate of Coal Reserves and Coal Resources for the 308.54 ha mining concession area of Rinjani ("**PT Rinjani Mining Concession Area**") as at 31 March 2015. The IQPR was included in the Company's annual report for the financial year ended 31 March 2015, which had been despatched to shareholders of the Company.

The estimates of Coal Reserves and Coal Resources for the PT Rinjani Mining Concession Area as disclosed in the IQPR are shown in Table 1 below. This information should be read in conjunction with the IQPR.

Save for the normal depletion in the Coal Reserves as a result of production since 31 March 2015, the Group confirms that:

- all material assumptions and technical parameters underpinning the estimates in the IQPR continue to apply and have not materially changed; and

- the form and context in which the Competent Person's findings are presented have not been materially modified.

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Table 1: Coal Reserves and Coal Resources Estimates for the PT Rinjani Mining Concession Area as at 31 March 2015

Category	Mineral Type	Gross Attributable to Licence[1]		Net Attributable to the Company		
		Tonnes (millions)	Grade	Tonnes (millions)	Grade	Change from previous update[2] (%)
RESERVES						
Proved	Coal	3.3	Subbituminous B	2.6	Subbituminous B	-44%
Probable	Coal	1.1	Subbituminous B	0.9	Subbituminous B	12%
Total	**Coal**	**4.4**	**Subbituminous B**	**3.5**	**Subbituminous B**	**-36%**
RESOURCES[3]						
Measured	Coal	14.0	Subbituminous B	11.2	Subbituminous B	-8%
Indicated	Coal	4.0	Subbituminous B	3.2	Subbituminous B	-
Inferred	Coal	4.7	Subbituminous B	3.8	Subbituminous B	-2%
Total	**Coal**	**22.7**	**Subbituminous B**	**18.2**	**Subbituminous B**	**-5%**

Notes:

(1) Licence refers to PT Rinjani's Production Operation IUP.
(2) Previous Coal Reserves and Coal Resources estimates were reported as at 31 March 2014.
(3) Resources are inclusive of Reserves.

Name of Qualified Person: Keith Whitchurch
Professional Society Affiliation/Membership: BE(Hons) MengSci MAusIMM CP(min) RPEQ. PERHAPI
Original Report Name: Qualified Persons Report, PT Rinjani Kartanegara Coal Concession, 30 June 2015
Date and Location of Original Report: 9 July 2015, SGXNet

18. Confirmation by the Board of Directors pursuant to Rule 705(5) and Rule 705(6)(b) of the Catalist Rules

We, Agus Sugiono and Gabriel Giovani Sugiono, being Directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company (the "**Board**"), that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial statements of the Group and the Company for the first quarter ended 30 June 2015 and the above additional information provided for mineral, oil and gas companies to be false or misleading in any material aspect.

On behalf of the Board

Agus Sugiono
Executive Chairman and Chief Executive Officer

Gabriel Giovani Sugiono
Director

12 August 2015