



## NEWS RELEASE

### **RESOURCES PRIMA STAGES TURNAROUND IN 1Q2016 WITH NET PROFIT OF USD1.7M AS COMPARED TO A LOSS OF USD2.7M IN 1Q2015**

- 1Q2016 gross profit surged 598.6% to USD4.8m from USD0.7m in 1Q2015 primarily due to a reduction in cost of goods sold
- 1Q2016 gross profit margin improved significantly to 26.0% from 3.1% in 1Q2015
- New waste mining rate with a cost reduction of USD0.31/bank cubic metres (“bcm”) to commence in 2Q2016

#### **Financial Highlights**

| USD '000                           | 1Q2016<br>ended<br>30.06.15 | 1Q2015<br>ended<br>30.06.14 | change   |
|------------------------------------|-----------------------------|-----------------------------|----------|
| Revenue                            | 18,600                      | 22,341                      | (16.7)%  |
| Cost of goods sold                 | (13,766)                    | (21,649)                    | 36.4%    |
| Gross profit                       | 4,834                       | 692                         | >100%    |
| Gross profit margin                | 26.0%                       | 3.1%                        | 22.9ppt* |
| EBITDA***                          | 4,337                       | 2,366                       | 83.3%    |
| Net profit / (loss) for the period | 1,733                       | (2,736)                     | N.M.**   |

\*ppt refers to percentage point

\*\*N.M. means not meaningful

\*\*\*EBITDA refers to earnings before interest, tax, depreciation and amortization

SINGAPORE – 12 August 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, is pleased to report a turnaround in its bottom-line in the first quarter ended 30 June 2015 (“**1Q2016**”) with a net profit of USD1.7 million as compared to a net loss of USD2.7 million in the first quarter ended 30 June 2014 (“**1Q2015**”). The turnaround in 1Q2016 was driven by better management of costs leading to a significant improvement in the gross profit margin for the Group.

Commenting on the results, **Executive Chairman and Chief Executive Officer, Mr. Agus Sugiono said**, “Despite the challenging macro environment facing the coal industry, I am pleased to deliver a positive performance for the Group in 1Q2016. Although our average coal sales price has decreased in line with general market conditions, we managed to maintain our coal sales volume at 402,153 metric tonnes (“**MT**”) for 1Q2016, similar to 1Q2015 as the quality of coal which we offer to our major customer, PT Anugerah Bara Kemilau (“**ABK**”) is of a higher grade with an average calorific value of approximately 5,600 kcal/kg (gar).

“Operationally, we reported improvements on several fronts including our gross profit, gross profit margin, EBITDA and staged a turnaround in our bottom-line. Although it is not possible

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for management to control the macro factors surrounding the Group, what we can do is to adopt a disciplined approach in managing our internal costs and operational efficiencies. This approach has yielded positive results thus far and encourages us to push forward with the same focus. For the second quarter ending 30 September 2015 (“**2Q2016**”), we will continue to focus on various cost control measures. We expect to commence drilling and blasting activities in 2Q2016 which would enable us to benefit from the reduced waste mining rate with a cost reduction of USD0.31/bcm. If we were to maintain a similar strip ratio of 7.1 bcm/MT for 2Q2016 as per 1Q2016, this would result in a cost saving of USD2.20/MT,” added Mr. Sugiono.

Revenue for the Group in 1Q2016 decreased by 16.7% to USD18.6 million from USD22.3 million for 1Q2015 mainly due to decreases in the coal sales price. Although coal sales volume had remained stable at 402,153 MT for 1Q2016 as compared to 1Q2015, the average coal sales price had decreased by 13.8% to USD45.0/MT for 1Q2016 from USD52.2/MT for 1Q2015. The lower coal sales price resulted in a 15.9% decline in coal sales revenue to USD18.1 million for 1Q2016 from USD21.5 million for 1Q2015. Facility usage income also decreased by 37.7% to USD0.5 million for 1Q2016 from USD0.8 million for 1Q2015 due to lower throughput of coal from a third party mine owner.

In 1Q2016, the Group’s gross profit surged by 598.6% to USD4.8 million from USD0.7 million for 1Q2015. The significant increase in gross profit for 1Q2016 was primarily due to a reduction in cost of goods sold. In 1Q2016, the Group’s gross profit margin improved sharply to 26.0% from 3.1% for 1Q2015. The gross profit margin for the Group improved as a result of lower cost of goods sold per MT arising from (i) a decrease in waste mining costs due to a lower stripping ratio of 7.1 bcm/MT for 1Q2016 compared to 8.9 bcm/MT for 1Q2015; (ii) lower depreciation and amortization expenses as a result of deferred stripping cost being fully amortized in November 2014; (iii) reduced heavy equipment rental costs as part of the Group’s cost reduction programme; and (iv) a decrease in other cost due to inventory movement.

The Group generated cash from operating profit before working capital of USD4.2 million for 1Q2016, up from USD3.0 million for 1Q2015. The cash generated was used for the Group’s working capital purposes, primarily for payment to vendors. Net cash used in investing activities of USD7.4 million for 1Q2016 was primarily in relation to the purchase of land to increase the stockpile facility capacity for future use by the Group and third party mine owners. Net cash used in financing activities of US\$0.2 million for 1Q2016 was mainly in relation to finance lease repayments. As a result of the above, the Group’s cash and cash equivalents as at 30 June 2015 decreased to USD1.6 million as compared to USD5.5 million as at 31 March 2015.

**Outlook****Cost reduction programme**

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 2Q2016.

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**Potential increase in coal reserves and resources through second “borrow-use” permit**

Although the Company’s subsidiary, PT Rinjani Kartanegara (“**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 (“**IPPKH1**”) 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.

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, PT 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.

**Diversification and additional source of income**

On top of coal sales, the Group presently derives additional facility usage income from one third party mine owner. Going forward, the management intends to diversify and grow its recurring income through the provision of its coal mining facilities to additional third party mine owners.

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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.

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