SAKARI RESOURCES LIMITED

ANNUAL REPORT 2020

CONTENTS

CORPORATE DIRECTORY

Directors	
Mrs Arawadee Photisaro	Chairman
Mr Ekachai Sirithammasan	Chief Executive Officer
Mr Thanakorn Poolthavee	Non-Executive Director
Mr Han Eng Juan	Non-Executive Director
Ms Julie Therese Hall	Non-Executive Director
Audit, Risk & Compliance Committee	
Mr Han Eng Juan	Chairman
Mr Thanakorn Poolthavee	Member
Company Secretaries	Seow Han Chiang Winston Lee Sock Wei
Registered & Head Office	391B Orchard Road Ngee Ann City Tower B #17-01 Singapore 238874 Tel (65) 6499 4100 Fax (65) 6327 4222
Website	www.sakariresources.com
Share Registrar	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623
Independent Auditors	PricewaterhouseCoopers LLP 7 Straits View, Marina One East Tower Level 12 Singapore 018936 Audit Partner: Debra Ann Ker

FIVE-YEAR SUMMARY

Y/E 31 Dec ($ million)	2016	2017	2018	2019	2020
Coal sales volume (Mt)	9.8	8.3	8.2	7.8	6.4
Coal revenue	459.1	578.3	634.3	494.8	343.6
Other revenue	6.5	2.3	2.4	1.7	2.1
COGS	(401.9)	(447.0)	(458.3)	(450.0)	(300.6)
Gross profit	63.7	133.5	178.4	46.5	45.1
Other operating income/(expense)	(14.5)	(18.6)	(5.6)	4.2	(243.5)
Administrative, Corp & Technical	(5.2)	(11.4)	(12.7)	(10.7)	(8.5)
Operating profit	**44.0**	**103.5**	**160.0**	**40.0**	**(206.9)**
Financial expenses	(5.6)	(3.9)	(1.2)	(0.3)	(0.3)
Profit Before Tax	38.4	99.6	158.8	39.7	(207.2)
Tax	(23.1)	(10.5)	(68.7)	19.4	8.6
Net profit	**15.3**	**89.1**	**90.1**	**59.1**	**(198.6)**
Dividend	-	-	9.0	20.0	-
Dividend Payout %	0%	0%	10%	33.9%	0%
EBITDA	110.5	185.7	227.7	126.8	96.7

Balance Sheet				(restated)*	
Total current assets	158.1	202.6	232.3	242.3	247.0
Total long-term assets	647.3	601.9	596.6	610.7	325.6
Total current liabilities	263.4	182.2	114.7	91.5	63.9
Total long-term liabilities	73.3	63.3	68.4	66.5	32.3
Total equity	468.7	559.2	645.8	695.0	476.4
Net Cash/ or (Debt)	(115.6)	9.2	107.4	144.10	180.8

* Restated upon completion of the Purchase Price Allocation exercise during the year 2020.

CHAIRMAN'S STATEMENT

Dear Shareholders

2020 was an extraordinary year and will be remembered for the pain, misery and loss of millions of human lives caused by the COVID-19 pandemic. It destroyed worldwide economic activities which went into a tailspin. Many countries had to impose lockdown measures and curtail non-essential business activities. Our coal business was also inevitably impacted as global demand declined and at the same time new work practices were introduced for the health and safety of our staff and community at large.

Sakari in 2020

2020 was also one of the most challenging years of Sakari. At the beginning of the year, the pandemic adversely affected the Newcastle coal price and it continued to exert pressure on the coal price throughout the year. On the operational aspect, we swiftly changed our short-term strategy to focus primarily on our employees' as well as contractors' employees' health and safety to ensure business continuity as our mine sites are located in Indonesia where the pandemic was widespread. During the uncertain period, we pressed on with the implementation of cost reduction initiatives and efficiency improvement initiatives in order to maximise our profitability.

During the year, despite the COVID-19 pandemic, we managed to operate our mines without interruption, and we achieved our coal production adjusted target as well as our revised sales budget. Despite the lower international coal price for several months of the year, the Group achieved a gross profit margin which was 3.7% higher than the previous year. This was due to the management's successful implementation of its cost reduction and efficiency improvement intiatives which resulted in a reduction in our cash cost of some 20% compared to the previous year.

In the light of the international concerns regarding climate change resulting from the use of fossil fuels, we revisited the long-term strategy of our mine plans and the desirability of preserving our strong cash position as well as the beneficial interest of our shareholders. In this regard the Group adopted the "Rationalisation of Existing Assets" strategy or in short the "REA" strategy, aimed at expediting the monetization of existing assets to maximise returns and to reduce further exposure in an uncertain market. Consequently, decisions were taken to suspend the Sebuku mine operation (Western Leases, and Northern Leases), and to defer the development of the JMB Prangat project which are difficult and costly to move forward at this stage because of restrictions on approvals for conversion of forest reserves. In addition, the strategy also extends to capital expenditure rationalisation pertaining to Jembayan mine operations with the objective of monetising our existing assets with minimal low risk investment. As a result of the adoption of the conservative "REA" strategy, the Group made an impairment in respect of the book value of its mining assets and spare parts inventory of $237.8 million and a reversal of deferred tax liabilities of $10.8 million consequently. This non-cash write-down of $227.0 million (net) was the cause of the Group's loss of $198.6 million for the year under review. Excluding the write-down the group would have achieved a net profit after tax of $28.4 million. The Group's strong balance sheet reinforced by its substantial cash balances, has enabled it to absorb the very large impairment and consequential loss without any threat to its financial stability. In view of the net loss for the year, the Board has not recommended any dividend payment.

Outlook and Conclusion

Hopefully the world economy will begin to see a clear path ahead after the pandemic crisis blows over. We are hopeful that the vaccination programmes which are underway in many countries will be the solution to getting our lives back to normal. Some countries have started to finalise the relaxation of lockdown measures including reciprocal relaxation arrangements between countries. Increasing energy demand resulting from a worldwide economic recovery will have a positive effect on energy prices. Despite the environmental concerns in developed countries, coal will continue to be base-load for electricity generation in developing countries in 2021 and the foreseeable future, especially in Asia, where electricity demand is growing but investments in new power infrastructure will be hampered by a lack of financial resources. The Group will closely review the changes in environmental policies and the development of new power generation infrastructure.

Lastly, I would like to extend my appreciation and thanks to the management and staff for their unstinting support and commitment to the cost and the capital expenditure reduction initiatives and for the satisfactory results in the difficult circumstances during the year. I am also grateful for the support we received from the governments and the communities where our operations are located. I look forward to seeing much better days in the year ahead.

Arawadee Photisaro
Chairman

BOARD OF DIRECTORS

Arawadee Photisaro
Chairman

Mrs Arawadee was appointed to the Board and become Chairman of Sakari in January 2020. She holds a Bachelor of Accounting from Thammasart University, Thailand, and a Master of Business Administration from the University of Dallas, USA. She has over 10 years of experience in corporate strategy and portfolio management at PTT Public Company Limited where her current position is Senior Executive Vice President, Corporate Strategy. In addition to being Chairman of Sakari, she is also a Director and a Member of the Risk Management Committee of PTT Global Chemical Public Company Limited.

Ekachai Sirithammasan
Chief Executive Officer

Mr Ekachai was appointed to the Board and the position of Chief Executive Officer of Sakari in September 2019. He holds a BSc in Electrical Engineering from King Mongkut's Institution of Technology Ladkrabang, Thailand, and a Master of Business Administration from Loyala University, USA. Mr Ekachai has been involved in the downstream business and strategic planning function of PTT Group for over 10 years. His last appointment being Executive Vice President of PTT and the acting President of PTT Energy Resources Company Limited.

Han Eng Juan
Non-Executive Director

Mr Han Eng Juan who holds a Bachelor of Accountancy (Hons) (NUS) has extensive experience in the banking industry, having spent 24 years in Dexia Banque Internationale à Luxembourg (Asia) Ltd (Dexia BIL Asia Ltd) and Dexia Banque Internationale à Luxembourg Singapore Branch (Dexia BIL Singapore Branch). He was the General Manager and Country Head of Dexia BIL Singapore Branch and the Senior Managing Director of Dexia BIL Asia Ltd. In this capacity, he was also responsible for the Bank's subsidiary's operations in Hong Kong. He was appointed Deputy Chairman of the bank in 2002, a position he held until 2005. Prior to joining the banking sector, Mr Han served in a senior capacity in the former Board of Commissioners of Currency Singapore and the Monetary Authority of Singapore. He was also a Director of the Singapore Deposit Insurance Corp Ltd. from its inception in 2006 to 2017. He also served as a member of the Citizenship Committee of Inquiry for some 20 years and the Singapore Red Cross Society for over 25 years in various capacities including Treasurer, Council Member and Chairman of the Audit Committee. Mr Han has been awarded the Public Administration Medal (Silver) and the Public Service Medal for community work.

BOARD OF DIRECTORS (cont'd)

Julie Therese Hall
Non-Executive Director

Ms Hall holds an Honors Degree in Geology and several post graduate diplomas in corporate directorship and financial planning. She is a Senior Fellow of the Corporate Directors Association, a member of the Australian Institute of Directors and a Senior Fellow of the Financial Securities Institute. Ms Hall has 30 years' experience in mining projects and managing minerals companies in Australia and Asia, including 13 years at BHP Ltd with her final position being Head of Strategy for World Coal and Industrial Minerals. She has been on the Boards of several organisations both within BHP ventures and external organisations including ITA, promoting and developing Australian Tertiarty education facilities particularly within Asia. She is also an Executive Director of Far East Energy Pty Limited and Pegnel Resources Pty Limited and their operating subsidiaries.

Thanakorn Poolthavee
Non-Executive Director

Mr Thanakorn was appointed to the Board of Sakari in May 2014. He holds a Bachelor in Mining Engineering from Chulalongkorn University, Thailand. Mr Thanakorn has extensive experience in the energy industry in a career that included his holding the position of Deputy Governor, Fuel for The Electricity Generating Authority of Thailand (EGAT). He was formerly a Director of EGAT International Company Limited and Ratchaburi Electricity Generating Holding Public Company Limited.

CHIEF EXECUTIVE OFFICER'S REVIEW

Dear Shareholders

In 2020, the COVID-19 pandemic which caused a worldwide economic downturn and lower global power demand resulted in an oversupply and a deterioration of Newcastle coal price. These adversely impacted the Group's revenue for the year. The average 2020 Newcastle coal price was $60.45/t, a drop from $77.77/t achieved in 2019, due mainly to higher stock levels of domestic coal in China and India which faced lower power demand and an oversupply from coal exporters. Sakari management has been carefully monitoring external factors that affect our business, and has kept our focus on cost reduction and efficiency improvement initiatives to respond to this challenging situation.

Operations

In Indonesia where our operations are located, we faced a severe situation of COVID-19 pandemic during the year. We implemented all necessary measures to protect our employees' and the contractors' employees' health and safety to ensure that our operations were uninterrupted and were in compliance with government regulations. We have conducted rapid test and PCR test for all employees on our sites to ensure our employees' safety, and to keep our operations running smoothly. We also continued to focus on occupational health and safety measures to prevent losses from life-threatening incidents, property damage, process and transport operations.

For the year, Jembayan Mine produced 5.8 Mt of coal (2019: 7.2 Mt), representing nearly 94% of our Group's total production, while Sebuku Mine produced 0.4 Mt of coal (2019: 0.5 Mt). The decrease in Jembayan and Sebuku production was in response to the slowdown of global coal demand resulting from the pandemic. The mine sites continued its good working relationship with Tiger Energy Trading, our marketing company, to ensure that we meet our customers' requirements, timely delivery to customers, and also strengthen our customer relationship.

The Group's operations had focused on internal operating costs control through both cost initiative improvements, and in cooperation with our contractors to derive lower mining rates during the coal market downturn. In addition, linking production charges to Newcastle prices in this volatile market has resulted in the sharing of benefits and risks with our mining contractors. This in addition to the other cost reduction initiatives adopted by the Group resulted in the Group's average cash cost decreasing by about 20% on a year-on-year basis.

Marketing

The average Newcastle price in 2020 dropped by 22.3% year-on-year. Sakari's weighted average selling price (ASP) which was in line with the global coal price, dropped to $51.2/t in 2020 (2019: $63.5/t). Total coal sales volume was 6.4 Mt (2019: 7.8 Mt), mainly supplied from Jembayan mine as the activities for coal trading and third party coal blending were limited. The decrease in total coal sales volume was due to lower coal production, in response to the slowdown of global coal demand. In 2020, we increased sales to Southeast Asia markets where our major buyers are power generating companies. Our strategy is to focus on a programme of reliability of delivery, customer service and appropriate risk management to achieve our profitability target.

CHIEF EXECUTIVE OFFICER'S REVIEW (cont'd)

Financial Performance

Sakari decided to adopt the "Rationalisation of Existing Assets" strategy or "REA" strategy to monetise existing assets to achieve a maximum return commensurate with low risk profile and to reduce further loss exposure by suspending Sebuku mine, development of JMB Prangat, and minimisation of capital expenditure at Jembayan operation. As a result of the adoption of the "REA" strategy, the Group is required to impair the book value of its assets amounting to $237.8 million and a reversal of deferred tax liabilities of $10.8 million consequently. The non-cash impairment charge of $237.8 million relates to the current book value of mining infrastructures, spare parts inventory and the cost of acquisition of our mines.

In terms of performance of the underlying business, Sakari's consolidated revenue was $345.7 million (2019: $496.6 million). The Group achieved a gross profit of $45.1 million (2019:$46.5 million) despite a $150.8 million reduction in revenue resulting from lower ASP and a decision to cut production by 19% from 7.7 Mt in 2019 to 6.2 Mt in 2020. In the year, the Group would have achieved a net profit after tax of $28.4 million (2019: $59.1 million) if the non-cash impairment charge including reversal of deferred tax liabilities, of $227.0 million were to be excluded.

Business Development

The acquisition of Penajam Mine in 2019 which includes two greenfield concessions located in East Kalimantan, PT Sentika Mitra Persada (PT SMP) and PT Mutiara Kapuas (PT MK) increased our coal reserves and enhanced the variety of coal product specification for Sakari. This will strengthen our coal operation in Indonesia. Currently, we are exploring the participation of a potential partner to develop Penajam Mine to its full potential.

Sustainability

Sakari's Sustainability Report for 2020 is included in this Annual Report.

Outlook

Moving forward, we will continue to face challenges in 2021 as the economic outlook remains highly uncertain due to the risks from international and domestic developments in the coal mining industry. China–United States trade war continues unabated, and China's policy of import restriction on Australian coal remains in place. However, we expect the vaccination rollouts and the relaxation of lockdown in 2021 will bolster economic recovery and boost demand in the global coal markets. Our key strategies for 2021 are to monetise our existing assets, optimise production rates and maximise our selling price. In addition, we will strengthen our relationship with our partners to develop our business, aimed at reducing cost. Sakari management will continue to monitor the ever changing external environment which will impact our business, and will prepare risk mitigation plans where necessary, and tighten control on both operation and overhead costs to deliver the best outcomes for all stakeholders.

Ekachai Sirithammasan
Chief Executive Officer

FINANCE REVIEW

Revenue and Profit

($ million)	2020	2019	YoY Change
Revenue	**345.7**	**496.6**	-30%
EBITDA	**96.7**	**126.8**	-24%
Net Profit After Tax (NPAT)	**28.4**	**59.1**	-52%
Net Profit/(Loss) After Tax (After impairment)	**(198.6)**	**59.1**	-436%
EBITDA Margin (%)	**28.0%**	**25.5%**	+10%

2020 continued to be a challenging year for the coal industry. Downtrend prices continued from 2019 falling to its lowest at $50/t between Q2 and Q3 before recovering to $68/t in Q4. The weak coal prices coupled with the global economic uncertainties resulted in 30% decline in revenue to $345.7 million and 52% in NPAT to $28.4 million. Despite the significant dropped in revenue, the group has managed to limit the decline in NPAT margin from 11.9% to 8.2%. This was attributed mainly to successful joint efforts with our customers, contractors, suppliers and other stakeholders to reduce operation costs and to improve operational efficiencies.

During the year, the Board of Directors has approved the adoption of "Rationalisation of Existing Assets" strategy or "REA" strategy whereby the company shall focus on monetisation of existing assets to maximise returns whilst minimising financial risk from economic uncertainties. The "REA" strategy shall entail:

a) Sebuku Mine - Indefinite suspension of development of Western Leases
b) Sebuku Mine - Indefinite suspension of mining operation of Northern Leases (MBR mine)
c) JMB Mine - Indefinite suspension of development of JMB Prangat
d) JMB Mine - Minimum Capital expenditure at JMB mine

With the uncertainties in global economic coupled by the continued restriction on approvals for conversion of forest reserves, the management has decided to suspend the development of Western leases indefinitely. With the indefinite suspension of Western Leases, it is no longer economically viable to continue mining the remaining reserves of Northern Leases (MBR), thus the decision to suspend all mining operations in Sebuku Mine.

Similarly, due to continued restrictions on approvals for conversion of forestry reserves, uncertainties in obtaining government approvals and the risk of further investments in opening new mining areas, the management has decided to suspend the development of JMB Prangat and certain part of JMB mine.

With the indefinite suspension, the group is required to impair cost relating to the above assets as the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and the recoverable amounting to $237.8 million is recognised as an impairment loss in profit and loss.

Balance Sheet

($ million)	2020	2019 (restated)
Total current assets	247.0	242.3
Total long-term assets	325.6	610.7
Total current liabilities	63.9	91.5
Total long-term liabilities	32.3	66.5
Total equity	476.4	695.0
Net Cash	180.8	144.1

Total equity declined from $695.0 million to $476.4 million, mainly impacted by impairment charge taken. Management believes such move is necessary to strengthen future assets by minimising future losses arising from Sebuku operation whilst allowing management to align their resources to focus on viable operations to maximise future returns and cash flow to shareholders.

The Group cash position continues to improve from previous year $144.1 million to $180.8 million.

Outlook

Global coal prices took a positive up tick post 2020 with January 2021 closing at $86.17/t.

The management believes the coal market has bottomed in 2020 and an upward trend is in progress. The Group shall continue to rationalise its operation and working towards a lean and efficient organisation through the elimination of inefficiency and wastages by improving work processes.

Our business partners and other stakeholders continue to be key drivers to develop better business practices to reduce cost. Management will continue its efforts to strengthen the Group balance sheet by closely monitoring inventory levels, receivables and payable. Prudent fund management and utilisation remain fundamental tenet of the Group, through quality capital and operation expenditure.

Mike Koay
Chief Financial Officer

OPERATIONS REVIEW

Production and Sales Volumes

Kt	Year Ended 31 December	
	2020	2019
Sebuku		
Product coal	392	489
Own coal sales	461	466
Jembayan		
Product coal	5,817	7,189
Own coal sales	5,905	7,345
Total		
Product coal	6,209	7,678
Own coal sales	6,366	7,811

Overview

The effect of lockdown amid COVID-19 pandemic has curtailed electricity use and industrial production in many countries, pushing down global coal consumption and price. In order to reduce further exposure and expedite the monetisation of existing assets, Sakari has adopted "Rationalisation of Existing Assets" strategy or "REA" strategy in Q4 2020. This strategy includes the suspension of Sebuku mine (Western Leases, and Northern Leases), the suspension of development of JMB Prangat, and minimisation of capital expenditure in Jembayan operation.

Sebuku Mine

Mining at Sebuku still faces numerous technical and non-technical issues, particularly in relation to mud and stripping ratio. As a result, Sebuku coal production decreased slightly from 489 kt in 2019 to 392 kt in 2020. Simultaneously, in accordance with uncertain demand and fluctuated coal price under the COVID-19 pandemic together with the end of mining contractor contract on 31st December 2020, Sakari decided to mitigate risks by temporary suspension of the Sebuku operation in 2021, mainly due to high stripping ratio at the new mining area.

OPERATIONS REVIEW (cont'd)

Jembayan Mine

Corresponding to the impact of COVID-19 pandemic, Jembayan has been selected to decrease production target to protect coal reserve. As a result, production volume at Jembayan decreased from 7.19 Mt in 2019 to 5.82 Mt in 2020. In the meantime, Jembayan had finished the exploration process in 2020 in order to update new JORC report.

During 2020, Jembayan experienced an excessive precipitation and mining conditions on a number of different occasions, affecting mine-out plan delay and mining sequence change. The operation could not achieve in-pit dumping as planned, causing the increasing in OB distance mainly due to the limited working area.

Other challenges for operations came from water treatment issues and high expectations for land compensation values. The difficulty in water treatment forced operation to take a longer time to pump water and it also needs extra equipment to maintain the efficiency. Land acquisition is the biggest forward-looking challenge for Jembayan where we must strike a balance between paying excessive prices and acquiring enough land to plan and execute mining in these new areas. However, after Sakari adopted the "REA" strategy in Q4 2020, Jembayan selected to minimise capital expenditure in 2021 and suspend the development of JMB Prangat until it is beneficial to the company.

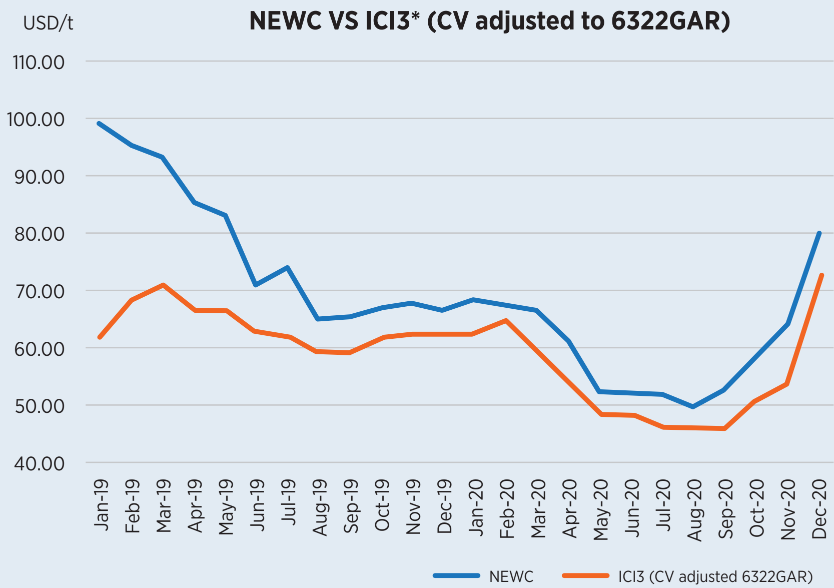
All these challenges have high impact on Jembayan site cash cost. However, we put our effort in the negotiation with our mining contractor when the Newcastle price hit the bottom to derive to a lower mining rates and the lower mining cost rates remained throughout the year. In addition, we also negotiated with barging contractor to maintain the same cost throughout the year. In total, we derived about 20% lower cash cost compared to plan despite all those challenges and conditions.

Quality Security Safety Health Environment (QSSHE)

Quality, Security, Safety, Health and Environment (QSSHE) compliance were closely monitored and carried out across the Group. For more information and other Sustainable business initiatives, please see our Sustainability Report later in this Annual Report.

MARKETING AND SALES REVIEW

2020 was the exceptional year of uncertainties and global disruptions caused by the pandemic. Thermal coal market in 2020 was affected as global energy demand slumped. Nevertheless, coal producers were promptly responding to declines in demand. As a result, the market correction was seen at the end of the year. Tiger Energy focused on maximising margins, optimising its sales positions while ensuring that performance risks were limited.



*ICI3 - Indonesian Coal Index 3 (5000GAR)

2020 Coal Markets

Seaborne coal trade was significantly impacted by an abrupt contraction in demand caused by COVID-19. The rapid drop in energy demand created oversupply and drove prices to fall sharply. Average NEWC price in 2020 was $60.45/t, comparable level to the price in 2015. Indonesian indices were at the lowest since they were first created in 2009.

Coal producers adjusted their production in response to the lower demand and price environment. However, supply correction was materialised only by the end of Q3. Further economic recovery in Q4 and a cold northern hemisphere winter led to higher prices, particularly in the domestic market of China. Overall, the market ended 2020 in a balanced position.

In 2020, the seaborne thermal coal trade was approximately 100 Mt lower than in 2019. The Atlantic market demand declined due to impact of COVID-19, low LNG import prices, higher carbon prices and growth in renewables power. In Asia, despite import growth in Vietnam, Malaysia, Pakistan and Bangladesh, overall demand still fell mainly in South Korea (preferential use of LNG) and India (extended COVID-19 shutdown).

MARKETING AND SALES REVIEW (cont'd)

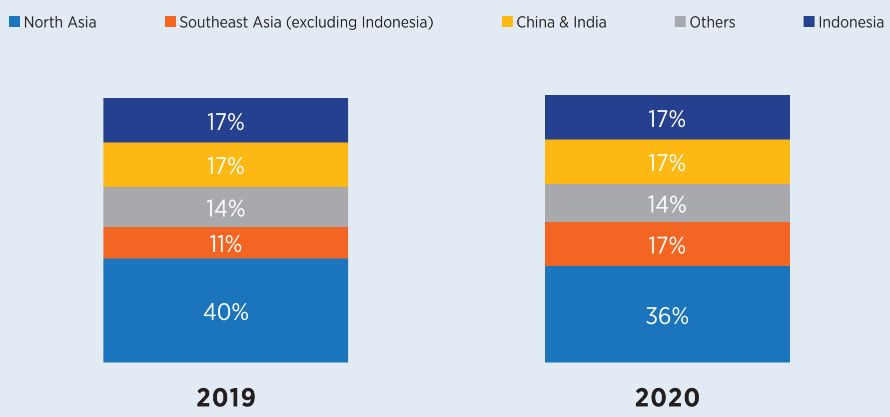
On supply side, almost half of the supply cuts came from Indonesia (48 Mt). In addition to being the world's largest supplier, Indonesia was also a swing supplier depending on a situation in China and India. Australia remained the dominant supplier of higher energy coals. Despite the hard ban imposed by China from October, Australian's thermal coal export dropped only around 10 Mt. The impact to Russian's export was minimal due to the weakening Rouble currency and the on-going market diversification from Europe. Export from Atlantic suppliers (Colombia & USA) declined approximately 30% (33 Mt) year-over-year. South African export decreased marginally.

Chinese policies will continue to create uncertainties in the global market. In the near term, the current trade disputes between China and Australia has caused the Chinese government to ban Australian coal import. Concurrently the China import policy continues to vary widely on market conditions and long-term efforts to reduce imported coal over time.

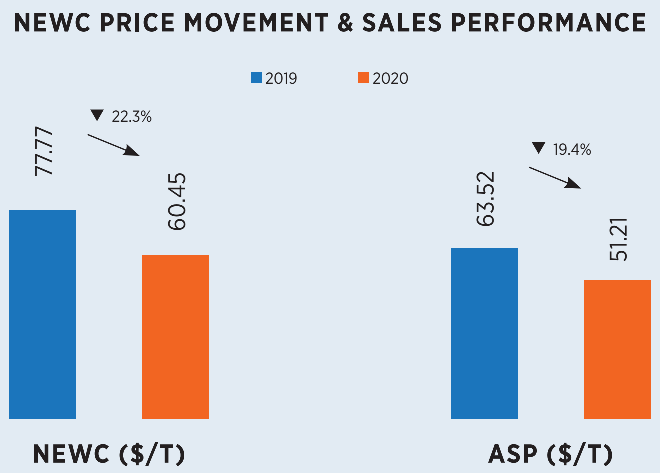
Tiger Energy's Performance

Aligning with future coal demand Tiger Energy has been developing new markets into Southeast Asia. In 2020, we increased sales into Southeast Asia, in particular to Vietnam and the Philippines. In addition, we make a continuous effort to maintain our position in high value markets such as North Asia. Buyers of Sakari coal are mainly power plant companies (approximately 88%); while the remaining are industrial users. This had strengthened our position during the course of the global slowdown caused by the pandemic.

MARKET DISTRIBUTION



MARKETING AND SALES REVIEW (cont'd)



2020 was another year that we achieved a good performance on our Average Selling Price (ASP). In 2019, ASP discount to NEWC price after Calorific Value (CV) adjustment was approximately 4%. The discount was at -0.6% (premium) in 2020.

In spite of a 22.3% decrease on NEWC price year-over-year, our ASP (inclusive of hedging) decreased at the rate of 19.4% for the same period.

On business improvement and initiatives, Tiger Energy generated approximately $380k revenue from chartering activities on CIF sales.

The activities for coal trading and third party coal blending were limited. Instead, we focused on a quality optimisation programme within our organic assets. We also developed a partnership with a domestic end user for sales of an unconventional coal product (washing plant by-product) from our Sebuku mine.

For 2021, we expect increased sales into the Southeast Asia market as our new long-term contracts are commencing. Tiger Energy remains focus on maintaining and developing good relationship with reputable buyers and committing to deliver quality products and service to the market.

Ekachai Sirithammasan
President
Tiger Energy Trading Pte Ltd

SUSTAINABILITY

Overview

Sakari aspires to conduct business in line with the principles of sustainable development through providing leadership, building trust and creating a sustainable future for the society and the environment in which it operates through innovation, excellence and transparency both in holding office in Singapore and the operations in Indonesia.

We encourage stakeholders to actively share information with us to provide feedback on any issue affecting our relationships.

This Sustainability Report covers the period between 1 January 2020 and 31 December 2020.

Community

Over in Indonesia, Sakari is integrally involved with, and sees itself as part of the local communities. The objectives of our work with communities is to offer development opportunities, education and training so that they are self-sufficient after we ceased our mining operation . We recognise the rights of community members and treat them with respect and equality.

Every mine has a Community Development Department, whose task, is to ensure that the Community Social Responsibility (CSR) programmes benefit the livelihood of local community members who are affected by the mining operations.

In order to ensure that our engagement with the communities is effective, social mapping programmes have been undertaken at both Jembayan and Sebuku in prior years. The data collection has greatly assisted us to identify areas where our sustainability efforts may best be applied. Regular meetings are held with community members, village leaders and local politicians to discuss current and potential programmes. During 2020, Sakari staff also participated in local government strategic planning sessions to ensure that our efforts synchronise with those of local government bodies.

1. Jembayan

Below are the summaries of the major initiatives that Jembayan supported during 2020:

1) **Health:** During the COVID-19 pandemic, in 2020, Jembayan through its health programme had supplied face masks, hand sanitisers, disinfectants and hand washing soap to support the implementation of health protocols. We also collaborated with the COVID-19 task force of the ESDM Service for East Kalimantan Province to provide essential supplies for distribution to several hospitals in Samarinda. Meanwhile, we also donated a total of 200 rapid antibody test kits to Puskesmas Separi and Puskesmas Teluk Dalam. Jembayan is also committed to support the health education programmes that were implemented in selected villages.

2) **Agriculture and Animal Husbandry:**

   - **Rice Fields**. In the Segihan Village an area covering 20 ha has been used for planting rice. Jembayan has provided agricultural equipment such as hand-tractor units to lighten the arduous tasks of the farmers. However, during the two harvests in 2020, the results were not optimal due to measures were inadequate since irrigation problems still persisted.

- **Doyo 12 ha plant**. After many year of planting the Doyo, a local plant commonly found in East Kalimantan. In year 2020, we temporary halted the planting to carry out major maintenance and improvement works in the 12 ha plant.

- **Corn crop**. The JMB Cattle Farming Group is implementing a five ha Nasa-29 hybrid maize planting programme, the results of which are used to meet the feed supply of the cows. The number of cows increased rapidly from 43 to 60 by the end of 2020. The Nasa-29 hybrid maize planting programme provided the farmers with a good six months of animal feed stockpile for the cows. Meanwhile the company also collaborates with the sub-district PPTD Puskeswan (Animal Health Centre) to monitor the health and well being of the cows.

- **Citronella Plant**. In collaboration with the village government of Mulawarman and the Faculty of Pharmacy, University of Mulawarman Samarinda, lemongrass has been planted in an area of 6 ha. This programme involves a group of farmers from the village community. It is expected to be an alternative source of income for the community. Meanwhile, for the Faculty of Pharmacy, Mulawarman University, the lemongrass planting programme is also used for educational purposes such as research and hand-on practice for students who are undergoing courses (KKN).

- **Kelulut Honey Cultivation**. In collaboration with the Mulawarman Village, we have developed Kelulut Honey bee farm in an area of 16 ha. 240 logs of Kelulut honey breeders have been supported by Kukar Regency Government. Kelulut honey produced by the Trigona Stingless Bees is powerful and has ten times more antioxidants than regular honey. Moreover it is low in sugar. Hence it does not cause blood sugar to rise quickly. This programme is expected to be a source of alternative income for the community.

3) **Dam:** Together with the villagers and farmers, the condition of a reservoir has been checked. A floodgate will be built for irrigating rice fields in Selam area. At the moment, a temporary wall dam is being built while waiting for the process of building a permanent one.

4) **Education and Training:** In collaboration with the district and district education offices, Jembayan assisted in the implementation of capacity building for the educators to develop and strengthen the skills by providing training for the village officials as well as improving the skills of the community members.

5) **Disaster relief assistance:** Jembayan was also involved in helping flood victims in

Samarinda city in May and November 2020 by deploying an Emergency Response Team (ERT) to help evacuate flood victims in Bukit Pariaman Village.

6) **Youth and Sports.** Jembayan provided assistance for the construction of a volleyball court in Karya Harapan Hamlet, Mulawarman Village, where young people use for sports activities. The company has also provided sports equipment for schools in the villages of Separi, Bukit Pariaman and Mulawarman, in the form of volleyball, net, football, shot put and discuses.

7) **Organic Composting Plant.** In collaboration with our major contractor, an organic composting plant unit with the functions of processing solid and liquid waste from households was built. This plant has been utilised by employees and members of the assisted village community. In 2020, a total of 6553 kg of compost was produced.

2. Sebuku

In 2020, Sebuku has prepared master plan for the community development programme/ Rencana Induk Programme Pemberdayaan Masyarakat (RIPPM) which synchronised with Blue Print/Master Plan of South Kalimantan Province and provide supports in preparing Village Profile for each of the five villages around mine operation.

Below are the summaries of the major initiatives that Sebuku supported during 2020:

1) **Infant mortality and maternal health.** Sebuku continued to provide food supplements for infants and pregnant mothers in local communities as well as the support for the midwives to work closely with Puskesmas (Public Health) and doctors in monitoring the health and wellness of women throughout their pregnancies with the aim of improving the birth outcomes and reduce infant mortality in the communities. Sebuku supported maternal health facilities and inpatient cares for mothers after giving birth. In 2020, there were 32 mothers giving birth in the Sekapung Public Health.

2) **Farming and Livestock Farming:** We continued to give support for the Integrated Farming System (IFS) programmes in the form of "Demplot" that we have been promoting to groups of farmers and fishermen. This is done to increase self-sufficiency of the local community members. For many of the locals, the production from the farms gives them a modest monthly income. In 2020, Sebuku continued to increase the building capacity in Demplot with learning and training for groups consisting mainly the farmers and fishermen.

Sebuku continued to support Paddy Field Programme since it began in 2013. At the end of 2020, total area of food securities programme for paddy field totalling 120 ha, comprising 20 ha in Kanibungan Village, 65 ha in Sekapung Village, and 35 ha in Mandin Village. During 2020, Sebuku continued to support through its activities of monitoring and counselling for a group of farmers in preparation towards the community's economic independence.

Sebuku continued to support the programmes in Demplot with an aim of increasing the income generated from paddy, pepper and rubber in Serakaman Village and Sekapung Village and also to provide support in administration and marketing to the honeybee farming groups at Kanibungan Village for economic independence. In addition, Sebuku also promotes capacity building for a group of farmers in order to increase their income and to use Demplot as a pilot project to develop farming products for other potential villages.

3) **Education:** In 2020, Sebuku continued to provide education by building facilities and expansion of school buildings in the five villages: Kanibungan, Sekapung, Mandin, Serakaman and Belambus. 16 schools - one high school, one junior high School, five elementary schools, and nine kindergartens have benefitted from our contribution.

4) **Health awareness:** In cooperation with the medical staff and physicians of public health in Sebuku, we continued to provide free routine check-up and treatment programmes according to the health protocol policy in five villages during COVID-19 pandemic. We supported five public health in the villages and a public health in Sebuku sub district. During the COVID-19 pandemic, Sebuku has assisted medical personnel in public health in Sebuku, associated Doctor of Kotabaru and communities in eight villages with the aim of preventing the spread of the virus and handling of COVID-19.

5) **Disaster relief assistance:** The fire disaster which ravaged the areas of Sungai Bali Village in Pulau Sebuku Sub district on 24 November 2019, destroying hundreds of houses and public facilities. Sebuku assisted with land clearing for an area of 2.5 ha, mud dredging and landfill around 3,410 m^3 and rehabilitated an area of 2.7 ha. In addition, there was another fire disaster in Kotabaru on 31 October 2020, affecting 159 household and 505 people homeless. Sebuku provided foods and groceries to the victims of the fire disaster.

6) **Social activities and community bonding:** Sebuku continued to support local culture routine in 5 villages, namely Kanibungan, Serakaman, Mandin, Belambus and Sekapung. During COVID-19 pandemic, some national and local events could not be carried out. The pandemic affected the residents livelihoods, Sebuku distributed 3,500 pieces of cloth masks and essential groceries to the villagers during the pandemic.

7) **Youth and sport:** Every year, Sebuku supports the youth activities in form of materials and in cultural events such as fishing boats (traditional local competitions) for the provincial, district and sub-district competitions. However, during COVID-19 pandemic, many of these events could not be carried out at Kotabaru District and Pulau Sebuku Sub District.

Consumer

We have considered our coal products carefully and concluded that nothing we sell is inherently dangerous to customers in the form in which it is sold. It is organically and chemically stable and can be handled, stored and stockpiled safely with low risk to the environment and people, given that normal industry safety standards are followed.

Sakari discloses specifications for its products in a clear and transparent manner. Independent analysis of the products prior to sale ensures that customers are certain about the quality and that a fair price is achieved for each sale. Any discrepancies between quoted and actual specifications are openly resolved with customers.

Many of Sakari's customers request multi-year contracts so that they can enjoy stable supplies and a long-term relationship with Sakari. These long-term relationships evidence the value we place on consumer service, support and responsibility when making sales.

Environment

Minimising the effect our operations have on the environment is another of the Sakari's sustainability focuses. Our goal is to reduce the impact of our footprint on the local flora and fauna so as to preserve the ecosystem and protect biodiversity in areas under our care. Ensuring that our environmental impact is minimal will contribute to the long-term livelihoods of local communities who rely on a well-balanced environment for their day to day living. We ensure that we are achieving our goals through diligent monitoring of air and water quality and look to the future targets through ongoing environmental impact assessments.

Both mines are regularly visited by staff from the Department of Mines and Energy and other state and local government agencies that undertake environmental audits and reviews. The results of the 2020 audits and reviews were positive, with only minor items raised, most of which have been rectified at the date of this report.

In 2020, we achieved 31% of the targeted rehabilitation area of 195.16 ha. By the end of December 2020, the total rehabilitated area of the Jembayan's life of mine was 1,609 ha.

During the year 2020, Sebuku continued on rehabilitation of MBRS out pit mud cell and KM to accelerate planting and also planting on the less topsoil in Sebuku using planting method without spreading topsoil. Total area of 14.10 ha (from the target of 41.71 ha) has been re-vegetated in 2020. This brings total rehabilitated area over Sebuku's life of mine to 785.98 ha as of December 2020 (from total disrupted areas are 1,715.63 ha and areas cannot be planted (void) is 469.63 ha)

Awards and Certifications

In 2020, Jembayan has been certified under ISO 45001 for Occupation and Health. Sebuku has also remained certified under OHSAS 18001.

Both mines remained certified under ISO 14001:2015 Environmental Management Systems throughout the year. Recertification of ISO 14001 for Jembayan was completed in March 2018 and it will be effective until March 2021. There was no major finding in the recertification audit, received Gold Award for Management of the Environment in 2020 from East Kalimantan Governor. Recertification audit of ISO 14001 for Sebuku conducted in early 2017 and was effective until January 2020. Starting from January 2020, Sebuku did not renew both licences of ISO 14001:2015 and OHSAS 18001 but adopted Indonesia Mining Safety System ("Sistem Managemen Keselamatan Pertambangan "or "SMKP") as an alternative occupational health and safety guiding framework after considering the re-size of existing mining operations.

Fair Operating Practices

Fair Operating Practices (FOP) relates to Sakari applying ethical practices in dealings with all other entities. FOP consists of five key areas; anti-corruption, responsible political involvement, fair competition, promoting social responsibility and respect for property rights. FOP is a core area that Sakari monitors at the corporate level and reports upon annually.

Sakari has a long history of conducting its operations in accordance with principles of FOP and during 2020 we operated all business units with the ethics and transparency expected by our Corporate Code of Conduct. Each year, all staff are required to confirm that they have read the code and agree to comply with its terms.

A central contracts register has been established to assist in confirming that Sakari has complied with FOP in the negotiation of key contracts.

Human Rights

Sakari has a solid reputation for upholding international human rights' principles. Supporting Sakari's adherence to these principles are our Corporate Code of Conduct, our Whistle Blower Policy, policies for equal opportunity of employment, training procedures, our Occupational Health and Safety Policy, anti-discrimination procedures, local community procedures, purchasing procedures, marketing procedures and our Legal and Anti-Corruption Policy.

A statement on human rights has been adopted by senior management and staff has been made aware of this statement. Ongoing business operations with communities, suppliers and customers have not revealed any indication of possible breaches of the commitment to human rights. Should Sakari become aware that a breach may have occurred, Sakari would immediately review the matter and determine appropriate remedial action.

SUSTAINABILITY (cont'd)

Safety

Safety of all personnel is of paramount importance to Sakari. Management is fully committed to creating a workplace that places safety as the primary objective, striving to achieve zero injury. Occupational health and safety is an integral part of employee culture at all levels of the Group. A comprehensive framework of health and safety policies and procedures has been implemented to protect our staff and ensure Sakari complies with all relevant laws and regulations. Sakari encourages our key stakeholders to exercise the highest levels of safety standards relevant to their area of operations. Personal safety equipment is readily available for all persons.

The primary indicator of safety is the Lost Time Injury Frequency Rate (LTIFR). In 2020, Sebuku site had 0.89 LTIFR. Jembayan site had 0.06 LTIFR. The safety programmes were on our focus and will be conducted and improved in 2021.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

The directors present their statement to the members together with the audited financial statements of Sakari Resources Limited and its subsidiaries ("the Group") for the financial year ended 31 December 2020 and the balance sheet of Sakari Resources Limited ("the Company") as at 31 December 2020.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 31 to 125 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Mrs Arawadee Photisaro	Non-executive Chairman
Mr Ekachai Sirithammasan	Chief Executive Officer/Executive Director
Mr Han Eng Juan	Independent Director
Ms Julie Therese Hall	Independent Director
Mr Thanakorn Poolthavee	Independent Director

Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

Directors' interests in shares or debentures

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2020	At 1.1.2020	**At 31.12.2020**	At 1.1.2020
PTT Public Company Limited Ultimate holding corporation (No. of ordinary shares)				
Mrs Arawadee Photisaro	**-**	-	**1,140**	1,140
Mr Ekachai Sirithammasan	**106,170**	108,170	**-**	-
PTT Global Chemical Plc Related corporation (No. of ordinary shares)				
Mr Ekachai Sirithammasan	**38,617**	38,617	**-**	-
IRPC Public Company Limited Related corporation (No. of ordinary shares)				
Mr Ekachai Sirithammasan	**-**	-	**53,300**	53,500

(b) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year hold any interests in options to subscribe for ordinary shares of the Company.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

Share options

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unisssued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Ekachai Sirithammasan	**Arawadee Photisaro**
Director	*Director*

10 February 2021

INDEPENDENT AUDITOR'S REPORT

To The Members of Sakari Resources Limited

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying consolidated financial statements of Sakari Resources Limited ("the Company") and its subsidiaries ("the Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated income statement of the Group for the financial year ended 31 December 2020;
- the consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2020;
- the balance sheets of the Group and the Company as at 31 December 2020;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the annual report ("the Other Sections"), which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 10 February 2021

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2020

		Group	
	Note	**2020** **US$'000**	2019 US$'000
Revenue	4	**345,683**	496,560
Cost of sales	7	**(300,612)**	(450,026)
Gross profit		**45,071**	46,534
Other income	5	**3,211**	3,066
Other (losses)/gains - net			
- Impairment loss on property, plant and equipment	6	**(224,074)**	-
- Impairment loss on exploration and evaluation assets	6	**(12,463)**	-
- Others	6	**(10,195)**	1,105
Expenses			
- Finance	9	**(266)**	(337)
- Corporate and technical support	7	**(8,483)**	(10,717)
(Loss)/profit before income tax		**(207,199)**	39,651
Income tax credit	10	**8,596**	19,405
(Loss)/profit for the year		**(198,603)**	59,056
(Loss)/profit attributable to:			
Equity holders of the Company		**(198,816)**	59,056
Non-controlling interests		**213**	-
		(198,603)	59,056

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2020

		Group	
	Note	**2020** **US$'000**	2019 US$'000
(Loss)/profit for the year		**(198,603)**	59,056
Other comprehensive loss:			
Item that will not be reclassified subsequently to profit or loss:			
Financial assets, at FVOCI			
- Fair value gain/(loss) – equity investment	16	**149**	(1,253)
Remeasurement of defined benefit plans		**(250)**	233
Other comprehensive loss, net of tax		**(101)**	(1,020)
Total comprehensive (loss)/income		**(198,704)**	58,036
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(198,917)**	58,036
Non-controlling interests		**213**	-
		(198,704)	58,036

The accompanying notes form an integral part of these financial statements.

BALANCE SHEETS

As At 31 December 2020

	Note	Group 2020 US$'000	Group 2019 (restated) US$'000	Company 2020 US$'000	Company 2019 US$'000
ASSETS					
Current assets					
Cash and cash equivalents	11	**180,773**	144,057	**12,720**	12,822
Derivative financial instruments	23	**658**	498	**-**	-
Inventories	13	**11,670**	23,003	**-**	-
Trade and other receivables	12	**37,243**	57,990	**90,545**	290,012
Tax receivables	14	**16,665**	16,710	**54**	-
		247,009	242,258	**103,319**	302,834
Non-current assets					
Financial assets, at FVOCI	16	**719**	570	**-**	-
Other receivables	15	**28,652**	27,333	**-**	-
Tax receivables	14	**1,196**	23,318	**-**	-
Investments in subsidiaries		**-**	-	**54,607**	67,350
Property, plant and equipment	17	**291,895**	539,947	**711**	1,161
Exploration and evaluation	19	**-**	12,463	**-**	-
Goodwill	20	**174**	174	**-**	-
Deferred income tax assets	21	**2,978**	6,918	**-**	-
		325,614	610,723	**55,318**	68,511
Total assets		**572,623**	852,981	**158,637**	371,345
LIABILITIES					
Current liabilities					
Trade and other payables	22	**52,997**	78,850	**589**	389
Derivative financial instruments	23	**71**	5,773	**-**	-
Current income tax liabilities		**3,589**	607	**-**	252
Lease liabilities	24	**696**	498	**494**	433
Provisions	25	**6,561**	5,760	**326**	432
		63,914	91,488	**1,409**	1,506

The accompanying notes form an integral part of these financial statements.

BALANCE SHEETS

As At 31 December 2020

		Group		Company	
		2020	2019 (restated)	**2020**	2019
	Note	**US$'000**	US$'000	**US$'000**	US$'000
Non-current liabilities					
Derivative financial instruments	23	**-**	1,451	**-**	-
Deferred income tax liabilities	26	**14,831**	47,343	**911**	890
Lease liabilities	24	**278**	679	**230**	675
Provisions	25	**17,224**	17,067	**-**	-
		32,333	66,540	**1,141**	1,565
Total liabilities		**96,247**	158,028	**2,550**	3,071
NET ASSETS		**476,376**	694,953	**156,087**	368,274
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	27	**328,767**	328,767	**328,767**	328,767
Treasury shares	27	**(286)**	(286)	**(286)**	(286)
Other reserves	28	**(19,762)**	(19,661)	**8,403**	8,403
Retained profits/(Accumulated losses)	29	**167,657**	386,346	**(180,797)**	31,390
		476,376	695,166	**156,087**	368,274
Non-controlling interests		**-**	(213)	**-**	-
Total equity		**476,376**	694,953	**156,087**	368,274

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

		← Attributable to equity holders of the Company →						
		Share capital	Treasury shares	Other reserves	Retained profits	Total	Non-controlling interests	Total equity
	Note	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2020								
Balance at 1 January 2020		**328,767**	**(286)**	**(19,661)**	**386,346**	**695,166**	**(213)**	**694,953**
(Loss)/profit for the year		-	-	-	(198,816)	(198,816)	213	(198,603)
Other comprehensive loss for the year		-	-	(101)	-	(101)	-	(101)
Total comprehensive loss for the year		**-**	**-**	**(101)**	**(198,816)**	**(198,917)**	**213**	**(198,704)**
Dividend paid	30	-	-	-	(19,873)	(19,873)	-	(19,873)
Total transactions with owners, recognised directly in equity		**-**	**-**	**-**	**(19,873)**	**(19,873)**	**-**	**(19,873)**
Balance at 31 December 2020		**328,767**	**(286)**	**(19,762)**	**167,657**	**476,376**	**-**	**476,376**
2019								
Balance at 1 January 2019		**328,767**	**(286)**	**(18,641)**	**336,210**	**646,050**	**(213)**	**645,837**
Profit for the year		-	-	-	59,056	59,056	-	59,056
Other comprehensive loss for the year		-	-	(1,020)	-	(1,020)	-	(1,020)
Total comprehensive income for the year		**-**	**-**	**(1,020)**	**59,056**	**58,036**	**-**	**58,036**
Dividend paid	30	-	-	-	(8,920)	(8,920)	-	(8,920)
Total transactions with owners, recognised directly in equity		**-**	**-**	**-**	**(8,920)**	**(8,920)**	**-**	**(8,920)**
Balance at 31 December 2019		**328,767**	**(286)**	**(19,661)**	**386,346**	**695,166**	**(213)**	**694,953**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020

	Note	Group 2020 US$'000	2019 (restated) US$'000
Cash flows from operating activities			
Receipts from customers		**367,546**	521,223
Payments to suppliers and employees		**(290,574)**	(419,419)
(Payments)/receipts for derivative financial instruments - net		**(12,220)**	11,634
Cash generated from operations		**64,752**	113,438
Interest received		**3,196**	3,067
Income taxes paid		**(11,650)**	(52,853)
Income taxes refunded		**16,702**	17,726
Net cash provided by operating activities	35	**73,000**	81,378
Cash flows from investing activities			
Payment for acquisition of subsidiaries, net of cash acquired		**-**	(11,700)
Additions to property, plant and equipment		**(15,305)**	(23,520)
Disposal of property, plant and equipment		**9**	117
Loans to a related corporation		**-**	(2)
Net cash used in investing activities		**(15,296)**	(35,105)
Cash flows from financing activities			
Principal payment of lease liabilities		**(516)**	(1,052)
Interest paid		**(62)**	(83)
Dividends paid to equity holders of the Company	30	**(19,873)**	(8,920)
Net cash used in financing activities		**(20,451)**	(10,055)
Net increase in cash and cash equivalents		**37,253**	36,218
Cash and cash equivalents at beginning of the financial year		**144,057**	107,421
Effect of exchange rate movements on cash and cash equivalents		**(537)**	418
Cash and cash equivalents at end of the financial year	11	**180,773**	144,057

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020

Reconciliation of liabilities arising from financing activities

	1 January	Principal and interest payments	Non-cash changes			31 December
			Addition during the year	Interest expense	Foreign exchange movement	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Lease liabilities						
2020	1,177	(578)	301	62	12	974
2019	1,821	(1,135)	391	83	17	1,177

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

The Company is incorporated and domiciled in Singapore. The address of its registered office is 391B Orchard Road, Ngee Ann City, Tower B #17-01, Singapore 238874. Sakari Resources Limited and its subsidiaries together are referred to in these financial statements as the Group.

The principal activity of the Company is that of investment holding. The Group is principally engaged in the exploration for and mining and marketing of coal.

The Company's immediate parent company is PTT Mining Ltd, a company incorporated in Hong Kong. The Company's ultimate parent company is PTT Public Company Limited, a company incorporated in Thailand. The address of PTT Public Company Limited is 555 Vibhavadi Rangsit Road, Chatuchak, Bangkok 10900, Thailand.

2. Summary of significant accounting policies

(a) Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2020

On 1 January 2020, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2020 (continued)

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and had no material effect on the amounts reported for the current or prior financial years.

Early adoption of amendments to FRS 116 Leases

The Group has elected to early adopt the amendments to FRS 116 which introduced a practical expedient for a lessee to elect not to assess whether a rent concession is a lease modification, if all the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
(b) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
(c) there is no substantive change to other terms and conditions of the lease.

The Group has elected to apply this practical expedient to all property leases. As a result of apply the practical expedient, rent concessions of US$22,000 (Note 7) was recognised as negative variable lease payments (i.e. reduction in the rental expenses) in the profit or loss during the year.

(b) Group accounting

(i) Subsidiaries

<u>Consolidation</u>

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

2. Summary of significant accounting policies (continued)

(b) Group accounting (continued)

(i) Subsidiaries (continued)

Consolidation (continued)

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated income statement, consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

2. Summary of significant accounting policies (continued)

(b) Group accounting (continued)

(i) Subsidiaries (continued)

Acquisitions (continued)

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable assets acquired net of the fair values of the liabilities and any contingent liabilities assumed, is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(ii) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2. Summary of significant accounting policies (continued)

(c) Currency translation

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in United States Dollars, which is the functional currency of the Company.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments) and financial liabilities.

Foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other gains/losses – net".

Non-monetary items are measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(iii) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

2. Summary of significant accounting policies (continued)

(c) Currency translation (continued)

(iii) Translation of Group entities' financial statements (continued)

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

(d) Revenue

(i) Sale of goods – Coal

The Group recognises revenue from the sales of coal when control of the products has transferred to its customers, being when the products are delivered to the locations specified by its customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risk of loss has been transferred to the customer, and either the customer has accepted the products in accordance with the sales contracts or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract, net of value added tax, rebates, discounts and after eliminating sales within the Group. No element of financing is deemed present as the sales are made either with letter of credit or credit terms up to 30 days.

A receivable (financial asset) is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

The Group's coal sales may be subject to adjustment based on the inspection of shipments by the customer. In these cases, sales are recognised based on the Group's best estimate of the grade and/or quantity at the time of shipment and any subsequent adjustments are recorded against sales. Historically, the difference between estimated and actual grade and/or quantity are not significant.

2. Summary of significant accounting policies (continued)

(d) Revenue (continued)

(ii) Rendering of services

Revenue from logistics services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided.

The customers are invoiced monthly. A contract asset is recognised for the cumulative revenue recognised but not yet invoiced.

(iii) Interest income

Interest income from financial assets at amortised cost is recognised using the effective interest method.

(iv) Dividend income

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of dividend can be reliably measured.

(e) Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

2. Summary of significant accounting policies (continued)

(e) Income taxes (continued)

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2. Summary of significant accounting policies (continued)

(f) Leases

When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

  The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

  These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Right-of-use assets are presented within "Property, plant and equipment".

- Lease liabilities

  The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

  Lease payments include the following:

  - Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
  - Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
  - Amount expected to be payable under residual value guarantees;
  - The exercise price of a purchase option if is reasonably certain to exercise the option; and
  - Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

2. Summary of significant accounting policies (continued)

(f) Leases (continued)

- Lease liabilities (continued)

  For a contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

  Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

  - There is a change in future lease payments arising from changes in an index or rate;
  - There is a change in the Group's assessment of whether it will exercise an extension option; or
  - There are modification in the scope or the consideration of the lease that was not part of the original term.

  Lease liability is remeasured with a corresponding adjustment to the right-of-use assets, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short term and low value leases

  The Group has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

(g) Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2. Summary of significant accounting policies (continued)

(h) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

(i) Inventories

Run of mine coal and finished product coal are valued at the lower of cost and net realisable value. The cost of coal inventories is determined using the weighted average cost method. Costs includes direct material, overburden removal, mining, processing, labour incurred in the extraction process and an appropriate proportion of variable and fixed overhead costs directly related to mining activities. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

Inventories are classified as follows:

(i) Run of mine: This is material extracted through the mining process.
(ii) Finished product coal: These are products that have passed through all stages of the production process.
(iii) Consumables: These are goods or supplies to be either directly or indirectly consumed in the production process.

2. Summary of significant accounting policies (continued)

(j) Financial assets

Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables.

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest method.

2. Summary of significant accounting policies (continued)

(j) Financial assets (continued)

At subsequent measurement (continued)

(ii) Equity investments

The Group subsequently measures all its equity investments at their fair values. The Group has elected to classify equity investments as FVOCI as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are recognised as “fair value gains and losses” in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as “dividend income”.

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 32 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

2. Summary of significant accounting policies (continued)

(j) Financial assets (continued)

Recognition and derecognition (continued)

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

(k) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(l) Derivative financial instruments

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. Changes in its fair value are recognised in profit or loss. The Group does not apply hedge accounting for its derivative financial instruments.

(m) Property, plant and equipment

(i) Measurement

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

2. Summary of significant accounting policies (continued)

(m) Property, plant and equipment (continued)

(ii) Components of cost

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, as well as the estimated future costs of dismantling and removing the asset. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

(iii) Mining properties

Development expenditure incurred by the Group is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises costs directly attributable to the construction of a mine and the related infrastructure and exclude physical assets, which are recorded in property, plant and equipment.

Once a development decision has been taken, the carrying amount of the exploration and evaluation assets relating to the area of interest is transferred to “mines under development” within mining properties and aggregated with the subsequent development expenditure.

A “mine under development” is reclassified to “mines in production” within mining properties at the end of the commissioning phase, when the mine is capable of operating in the manner intended by management.

Mining properties comprise:

- Capitalised exploration and evaluation assets for properties now in production
- Development expenditure (including pre-production stripping)
- Acquisition costs and mineral rights acquired
- Production stripping (as described below in “deferred stripping costs”)

2. Summary of significant accounting policies (continued)

(m) Property, plant and equipment (continued)

(iii) Mining properties (continued)

No amortisation is recognised in respect of development properties until they are reclassified as "mines in production".

When further development expenditure is incurred in respect of a mining property after the commencement of production, such expenditure is carried forward as part of the "mines in production" asset when it is probable that additional future economic benefits associated with the expenditure will flow to the Group. Otherwise, such expenditure is classified as a cost of production.

"Mines in production" are amortised using the units-of-production method, with separate calculations being made for each area of interest. The units-of-production basis results in an amortisation charge proportional to the depletion of proved and probable reserves.

Identifiable mining properties acquired in a business combination are recognised as assets at their fair value. Development expenses incurred subsequent to the acquisition of the mining properties are accounted for in accordance with the policy outlined above.

These assets are tested for impairment in accordance with the policy in Note 2(p).

2. Summary of significant accounting policies (continued)

(m) Property, plant and equipment (continued)

(iii) Mining properties (continued)

Deferred stripping costs

Overburden and other mine waste materials are often removed during the initial development of a mine site in order to access the mineral deposit. This activity is referred to as development stripping. The directly attributable costs are capitalised under mining properties. Capitalisation of development stripping costs ceases at the time that saleable material begins to be extracted from the mine and these costs are depreciated over the life of the mine based on the 'waste to coal' ratio.

Production stripping commences from the point saleable materials are being extracted from the mine. Stripping costs incurred during the production phase might benefit current period production and improve access to ore bodies in future periods. Where benefits are realised in the form of inventory produced in the current period, these costs are accounted for as part of the cost of producing inventory. Where a benefit of improved access exists, the costs are recognised as part of mine properties when the following criteria are met:

(a) it is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the entity;
(b) the Group can identify the component of the ore body for which access has been improved; and
(c) the costs relating to the stripping activity associated with that component can be measured reliably.

In identifying the components of the ore body, mining operations personnel will analyse the Group's mine plans. Generally a component will be subset of the total ore body and a mine may have several components, for example, certain quantities of coal within separate mining pits.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. This is accounted for as an addition to an existing asset, which the Group has determined to be "Mining properties".

2. Summary of significant accounting policies (continued)

(m) Property, plant and equipment (continued)

(iii) Mining properties (continued)

Deferred stripping costs (continued)

When the costs of stripping to improve access to a coal seam are not clearly distinguishable from the costs of producing current inventories, i.e., there is a mixture of waste and ore being removed, the stripping costs are allocated based on a relevant measure of production. This production measure is calculated for the identified component of the ore body. The Group uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production.

The stripping activity asset is subsequently amortised using the units of production method over the life of the identified component of the ore body for which access has been improved. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the ore body. The stripping activity asset is then carried at cost less depreciation and impairment losses, if any.

(iv) Depreciation of plant, property and equipment

The depreciable amount of items of property, plant and equipment are depreciated over their useful lives, or over the remaining life of the mine if shorter. Depreciation commences when an asset is available for use. The major categories of property, plant and equipment are depreciated either on a units-of-production and/or straight-line basis as follows:

Units-of-production basis

For mining properties, land rights and certain mining equipment, the economic benefits from the asset are consumed in a pattern which is linked to the production level. Except as noted below, such assets are depreciated on a units-of-production basis.

2. Summary of significant accounting policies (continued)

(m) Property, plant and equipment (continued)

(iv) Depreciation of plant, property and equipment (continued)

Straight line basis

Assets which have a physical life shorter than the related mine or whose usage is not directly related to production levels, are depreciated on a straight line basis as follows:

• Buildings	20 years
• Plant and equipment	3 – 15 years
• Capital work in progress	Not depreciated

Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Changes to the estimated residual values or useful lives are accounted for prospectively. In applying the units-of- production method, depreciation/amortisation is normally calculated using the quantity of material extracted from the mine in the period as a percentage of the total quantity of material to be extracted in current and future periods based on proved and probable reserves. Non-reserve material may be included in depreciation/amortisation calculations where there is a high degree of confidence in its economic extraction. Reserves/ resources and life of mine estimates are reviewed on an annual basis and depreciation calculations are adjusted accordingly where necessary.

(v) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(vi) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within “other gains/losses – net”.

2. Summary of significant accounting policies (continued)

(n) Exploration and evaluation assets

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of the commercial viability of an identified resource. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the income statement. Exploration and evaluation expenditure are capitalised in respect of each area of interest for which the rights to tenure are current and where:

(i) The exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest; or alternatively, by its sale; or

(ii) Exploration and evaluation activities in the area of interest have not reached a stage which permits a reasonable assessment of the existence (or otherwise) of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

Exploration and evaluation expenditure comprises costs that are directly attributable to: acquisition of rights to explore, researching and analysing existing exploration data, gathering exploration data through topographical, geochemical and geophysical studies, exploratory drilling, trenching and sampling, and activities involved in evaluating the technical feasibility and commercial viability of extracting mineral resources.

General and administration costs are allocated to, and included in, the cost of an exploration and evaluation asset only to the extent that those costs can be related directly to operational activities in the area of interest to which the exploration and evaluation asset relates. In all other cases, these costs are expensed as incurred.

Exploration and evaluation assets are transferred to mining properties, a component of property, plant and equipment, when the technical feasibility and commercial viability of extracting the mineral resource are demonstrable and sanctioned by the Board.

Capitalised exploration and evaluation expenditure is written off where the above conditions are no longer satisfied.

2. Summary of significant accounting policies (continued)

(n) Exploration and evaluation assets (continued)

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. To the extent that capitalised exploration and evaluation expenditure is not expected to be recovered, it is charged to the income statement.

Cash flows associated with exploration and evaluation expenditure are classified as investing activities in the consolidated statement of cash flows.

(o) Intangible assets

Goodwill

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold.

(p) Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

2. Summary of significant accounting policies (continued)

(p) Impairment of non-financial assets (continued)

(a) Goodwill (continued)

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Property, plant and equipment
Right-of-use assets
Investments in subsidiaries

Property, plant and equipment, right-of-use assets and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and the recoverable amount is recognised as an impairment loss in profit and loss.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2. Summary of significant accounting policies (continued)

(q) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

(r) Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of property, plant and equipment. This includes those costs on borrowings acquired specifically for the construction or development of property, plant and equipment, as well as those in relation to general borrowings used to finance the construction or development of property, plant and equipment.

(s) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2. Summary of significant accounting policies (continued)

(s) Provisions (continued)

Provision for rehabilitation and dismantling

The Group has present obligations to dismantle, remove, restore and rehabilitate certain items of property, plant and equipment and mining pits. The Group recognises the estimated costs of dismantlement, removal or restoration or rehabilitation of items of property, plant and equipment arising from the acquisition or use of assets. The provisions are estimated based on the best estimate of the expenditure required to settle or transfer the obligation, taking into consideration the time value of money.

The estimated costs are measured at the present value of the expenditure expected to be required to settle the obligation using the discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the income statement under finance expenses. Changes in the estimated timing or amount of the expenditure or discount rate are accounted for as a change in the corresponding capitalised cost of the related assets, unless the decrease in the liability exceeds the carrying amount of the asset has reached the end of its useful life. In such cases, the excess or the decrease over the carrying amount of the assets or the changes in the liability is recognised in profit or loss immediately.

(t) Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(i) Wages and salaries

Liabilities for wages and salaries expected to be settled within 12 months of the reporting date are recognised under Trade and other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

2. Summary of significant accounting policies (continued)

(t) Employee compensation (continued)

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for a restructuring that is within the scope of FRS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(iv) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are due.

2. Summary of significant accounting policies (continued)

(t) Employee compensation (continued)

(v) Defined benefit plans

Defined benefit plans are post-employment benefit pension plans other than defined contribution plans, which the Group pays to an employee on termination of employment, whether the termination is voluntary or not. These benefits are mandatory under certain jurisdictions the Group operates within.

The liability recognised in the balance sheet in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (considering there is no deep market for high-quality corporate bonds) that are denominated in the currency in which the benefits will be paid, and have tenures approximating to that of the related post-employment benefit obligations.

Actuarial gains and losses arising from changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period when they arise.

Past service costs are recognised immediately in profit or loss.

(vi) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2. Summary of significant accounting policies (continued)

(u) Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants related to expenses are deducted against the related expense.

(v) Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

(w) Dividends to the Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

(i) Estimation for the provision for rehabilitation and dismantling

Provisions for rehabilitation and dismantling of property, plant and equipment and mining pits are estimated taking into consideration facts and circumstances of the Group's mining properties available at the balance sheet date. These estimates are based on the expenditure required to transfer or settle the obligation for rehabilitation and dismantling, taking into consideration the time value of money. Cost estimates can vary in response to many factors including changes to the relevant legal requirements, the Group's environmental policies, the emergence of new restoration techniques, the timing of the expenditures and the effects of inflation. Experience gained at other mine or production sites is also a significant consideration. Cost estimates are updated throughout the life of the operation.

The expected timing of expenditure included in cost estimates can also change, for example in response to changes in ore reserves, production rates, operating license or economic conditions. Cash flows are discounted if this has a material effect. The selection of appropriate sources on which to base calculation of the risk-free discount rate used for this purpose also requires judgement.

Changes in these estimates and assumptions may impact the carrying value of the provision for rehabilitation and dismantling of property, plant and equipment and mining pits. The provision recognised is reviewed at each reporting date and updated based on the facts and circumstances available at that time.

(ii) Impairment of property, plant and equipment

The Group recognised an impairment charge on its property, plant and equipment of US$224,074,000 during the financial year, which resulted in the carrying amount of property, plant and equipment as at 31 December 2020 to reduce to US$291,895,000.

In performing the impairment assessment of the carrying amount of property, plant and equipment (Note 17), the recoverable amount of the property, plant and equipment is determined using value-in-use ("VIU") calculation.

3. Critical accounting estimates, assumptions and judgements (continued)

(ii) Impairment of property, plant and equipment (continued)

The determination of value-in-use requires management to make estimates and assumptions about expected production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), reserves, operating costs, closure and rehabilitation costs, future capital expenditure and discount rate. These estimates and assumptions are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in profit or loss.

If the estimated coal price used in the VIU calculation had been 5% lower than management's estimates, the Group would have recognised a further impairment charge on property, plant and equipment of US$22,899,000.

If the estimated discount rate applied to the discounted cash flows were 1% higher than management's estimates (for example: 11% instead of 10%), the Group would have recognised a further impairment charge on property, plant and equipment of US$2,597,000.

(iii) Uncertain tax positions

The Group is subject to income taxes in Singapore and Indonesia. The Group operates in these jurisdictions where legislative applications can give rise to uncertain tax positions. Management believe that the current tax positions taken by the Group are appropriate and supportable by expert advice where relevant. In determining the income tax liabilities, management is required to estimate the taxable income and the deductibility of certain expenses ("uncertain tax positions") at each jurisdiction. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made. Details of the uncertain tax positions are disclosed in Note 10.

Deferred tax assets, including those arising from unutilised tax losses, capital allowances and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production, sales volumes or sales of service, commodity prices, reserves, operating costs, restoration and reclamation costs, capital expenditure, dividends and other capital management transactions.

3. Critical accounting estimates, assumptions and judgements (continued)

(iv) Determination of coal reserves

Judgement is required in determining the Group's coal reserves taking into account various assumptions regarding mining costs and the sale price of the particular resource concerned. The Group's economically recoverable coal reserves are sensitive to the cost and revenue assumptions used due to the geological structure of the deposits, which means that, all other factors remaining the same, higher cost assumptions or lower price assumptions will result in lower estimated reserves, and lower cost assumptions or higher price assumptions will result in higher estimated reserves. The Group bases all assumptions on geological reports and uses only measured reserves.

Additional geological data is gathered during the course of mining operations and this, in conjunction with the various assumptions used, could result in a change in estimated coal reserves from period to period. Changes in estimated coal reserves could affect the Group's financial results in a numbers of ways, including the value of mining properties from business acquisition, the depreciation and amortisation charged to profit or loss where such charges are determined by the unit-of-production basis as well as the carrying value of certain mine assets due to change in estimates of mine life and future discounted cash flows.

(v) Deferred stripping costs

Certain mining costs, principally those that relate to the stripping of waste and which relate to future economically recoverable coal to be mined, are capitalised and included in mining properties, which is classified in the balance sheet under property, plant and equipment. These costs are deferred and subsequently taken to the cost of production through the amortisation of mining properties. The waste to ore ratio and the remaining life of the mine are regularly assessed by the Board and senior management to ensure the carrying value and rate of deferral is appropriate taking into consideration the available facts and circumstances from time to time.

3. Critical accounting estimates, assumptions and judgements (continued)

(v) Deferred stripping costs (continued)

Significant judgement is required to distinguish between stripping costs related to the extraction of inventory and that which relates to the creation of a stripping activity asset.

The carrying value of the deferred stripping cost which is included within mining properties is US$59 million (2019: US$77 million) as at 31 December 2020.

(vi) Capitalisation and impairment of exploration and evaluation assets

Exploration and evaluation expenditures are capitalised on the balance sheet, in respect of areas of interest for which the rights of tenure are current and where such costs are expected to be recouped or exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves. The carrying value of assets within each area of interest are reviewed regularly taking into consideration the available facts and circumstances, and to the extent to which the capitalised value exceeds its recoverable value, the excess is provided for or written off in the year in which this is determined.

Management suspended the development and exploration of the areas of interest during the year. Accordingly, the exploration and evaluation assets of US$12,463,000 in respect of these areas of interest were fully impaired (Note 19) as at 31 December 2020.

4. Revenue

(a) Disaggregation of revenue from contracts with customers

	Group		
	At a point in time	Over time	Total
	US$'000	US$'000	US$'000
2020			
Coal sales	**343,634**	**-**	**343,634**
Logistics service revenue	**-**	**2,049**	**2,049**
	343,634	**2,049**	**345,683**
2019			
Coal sales	494,821	-	494,821
Logistics service revenue	-	1,710	1,710
Other revenue	29	-	29
	494,850	1,710	496,560

(b) Contract assets and liabilities

		31 December		1 January
		2020	2019	2019
	Note	**$'000**	$'000	$'000
Accrued income	12	**1,057**	1,468	7,154
Unearned revenue	22	**1,000**	-	-

Unsatisfied performance obligations

As permitted under the FRS 115, the aggregated transaction price allocated to unsatisfied contracts of periods one year or less is not disclosed.

4. Revenue (continued)

(c) Trade receivables from contracts with customers

		Group		
		31 December		1 January
		2020	2019	2019
	Note	**$'000**	$'000	$'000
Current assets				
Trade receivables from contracts with customers	12	**27,797**	46,469	41,714
Loss allowance	12	**(1,047)**	(1,047)	(1,040)
		26,750	45,422	40,674

5. Other income

	Group	
	2020	2019
	US$'000	US$'000
Interest income from bank deposits	**3,211**	3,066

6. Other (losses)/gains – net

	Group	
	2020	2019
	US$'000	US$'000
Fair value losses on derivative financial instruments	**(4,908)**	(2,561)
Foreign exchange (losses)/gains – net	**(5,077)**	2,211
Loss on sale of property, plant and equipment	**(271)**	(402)
Impairment loss on property, plant and equipment (Note 17)	**(224,074)**	-
Impairment loss on exploration and evaluation assets (Note 19)	**(12,463)**	-
Gain on liquidation of a subsidiary	**63**	-
Others	**(2)**	1,857
	(246,732)	1,105

7. Expenses by nature

	Group	
	2020	2019
	US$'000	US$'000
Depreciation and amortisation (Note 17)	**33,101**	38,794
Deferred stripping amortisation (Note 17)	**32,765**	48,003
Mining	**148,009**	250,719
Processing	**6,368**	7,774
Movement in inventories	**10,629**	5,782
Inventory write down	**1,231**	-
Barging and shipping	**31,400**	42,504
Agency fees and royalties	**20,081**	31,446
Direct site support	**6,601**	12,312
Employee compensation (Note 8)	**9,585**	9,857
Corporate, consulting and technical services fees	**3,643**	5,446
Rental expense (a) (b)	**1,106**	1,305
Other expenses	**4,576**	6,801
Total cost of sales and corporate and technical support expenses	**309,095**	460,743

(a) Included within rental expense for the financial year ended 31 December 2020 are COVID-19 related rent concessions received from a lessor of US$22,000 to which the Group applied the practical expedient as disclosed in Note 2(a).

(b) Included within rental expense for the financial year ended 31 December 2020 are property tax rebates of US$14,000 received from the Singapore Government to help businesses deal with the impact from COVID-19. These property tax rebates were transferred from the lessor to the Group in the form of tenant rebates during the current financial year.

8. Employee compensation

	Group	
	2020	2019
	US$'000	US$'000
Wages and salaries	**8,449**	8,357
Employer's contributions to defined contribution plans	**403**	388
Other staff benefits	**733**	1,112
	9,585	9,857

Grant income of US$182,000 (2019: US$Nil) was recognised during the financial year under the Job Support Scheme (the "JSS") and deducted against "Wages and salaries". The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grant in relation to the gross monthly wages of eligible employees.

9. Finance expenses

	Group	
	2020	2019
	US$'000	US$'000
Interest expense - Lease liabilities	**62**	83
Bank charges	**204**	254
	266	337

10. Income taxes

	Group	
	2020	2019
	US$'000	US$'000
Income tax expense		
Tax expense attributable to (loss)/profit is made up of:		
Current income tax	**11,647**	18,102
Deferred income tax	**(14,827)**	(4,702)
	(3,180)	13,400
(Over)/under provision in prior financial years:		
Current income tax	**8,329**	(31,978)
Deferred income tax	**(13,745)**	(827)
	(5,416)	(32,805)
Total income tax credit	**(8,596)**	(19,405)

10. Income taxes (continued)

The tax on the Group's (loss)/profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2020	2019
	US$'000	US$'000
(Loss)/profit before income tax	**(207,199)**	39,651
Tax calculated at tax rate of 17% (2019: 17%)	**(35,224)**	6,741
Effects of:		
- expenses not deductible for tax purposes	**15,464**	1,519
- lower tax rate under incentive scheme	**11,227**	1,105
- different tax rates in other countries	**1,400**	4,035
- change in tax rate in Indonesia	**(1,900)**	-
- utilisation of previously unrecognised tax loss	**(2)**	-
- deferred tax asset write down	**5,855**	-
- over provision in prior years	**(5,416)**	(32,805)
Income tax credit	**(8,596)**	(19,405)

The Group has unrecognised tax losses of US$50,142,000 (2019: US$23,288,000) at the balance sheet date which can be carried forward and used to offset against future taxable income for up to five years subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their country of incorporation.

10. Income taxes (continued)

Tax audits of subsidiaries

The Group's Indonesia subsidiaries are regularly subjected to routine tax audits in accordance with tax law of Indonesia. These routine audits cover Corporate Income Tax ("CIT"), Value Added Taxes ("VAT"), Withholding Taxes ("WHT"), and Land and Building Tax ("LBT"). Additional assessments are given upon completion of these audits and these subsidiaries may disagree with any additional tax assessments and may submit objections to the Director General of Tax ("DGT"), Indonesia, failing which the company may proceed to appeal to the Indonesian Tax Court.

Management is currently disputing certain additional assessments arising from the tax audits for the following fiscal years and has either submitted objections to the DGT or proceeded to the Indonesian Tax Court for appeal.

Indonesia subsidiaries	Fiscal year	Status	Nature of tax dispute	Dispute amount US$'000
PT Jembayan Muarabara	2013	Tax Court Appeal	LBT	623
PT Arzara Baraindo Energitama	2013	Tax Court Appeal	LBT	257
PT Kemilau Rindang Abadi	2013	Tax Court Appeal	LBT	409
PT Borneo Citrapertiwi Nusantara	2016	Tax Court Appeal	CIT, VAT	666
PT Synergy Consultancy Services	2013	Tax Court Appeal	CIT, VAT	240
				2,195

* Assessments denominated in Indonesia Rupiah were translated to United States Dollar based on exchange rate as at 31 December 2020.

Management has engaged tax consultants and where necessary, legal advisors to evaluate each case prior to submission for Tax Court appeal. Management, in consultation with tax consultants and legal advisors, believes that the Group has good technical grounds to defend the challenges from the tax authorities.

The above disclosures relate only to those fiscal years which have been subject to tax audit and for which additional assessments were made and the subsidiaries do not agree and applied the objection. Additional assessments may arise for other fiscal years in subsequent financial years when the respective fiscal years become subject to audit.

11. Cash and cash equivalents

	Group		Company	
	2020	2019	**2020**	2019
	US$'000	US$'000	**US$'000**	US$'000
Cash at bank and on hand	**169,731**	132,923	**1,678**	12,822
Short-term bank deposits	**11,042**	11,134	**11,042**	-
	180,773	144,057	**12,720**	12,822

12. Trade and other receivables

	Group		Company	
	2020	2019	**2020**	2019
	US$'000	US$'000	**US$'000**	US$'000
Trade receivables				
- Related corporations	**-**	1,909	**-**	-
- Non-related parties	**27,797**	44,560	**-**	-
Less: Loss allowance	**(1,047)**	(1,047)	**-**	-
Trade receivables - net	**26,750**	45,422	**-**	-
Other receivables				
- Related corporations	**117**	117	**64**	64
- Subsidiaries	**-**	-	**274,102**	291,139
- Non-related parties	**8,405**	9,815	**787**	772
	8,522	9,932	**274,953**	291,975
Less: Loss allowance	**-**	-	**(184,502)**	(2,041)
Other receivables - net	**8,522**	9,932	**90,451**	289,934
Accrued income	**1,057**	1,468	**-**	-
Prepayments	**914**	1,168	**94**	78
	1,971	2,636	**94**	78
	37,243	57,990	**90,545**	290,012

12. Trade and other receivables (continued)

Other receivables due from subsidiaries are unsecured, interest-bearing at the London Interbank Offered Rate ("LIBOR") plus 1.5% (2019: 1.5%) and are repayable on demand.

Other receivables due from related corporations are unsecured, interest-free and repayable on demand.

13. Inventories

	Group	
	2020	2019
	US$'000	US$'000
Run of mine stockpiles	**3,323**	5,921
Finished product coal	**6,835**	14,222
Consumables	**1,512**	2,860
	11,670	23,003

14. Tax receivables

Tax receivables represent advance tax payments made by the Group for certain fiscal years. Tax receivables are presented as current assets if they are expected to be realised within 12 months after balance sheet date.

15. Other receivables

	Group	
	2020	2019
	US$'000	US$'000
Security deposits	**28,652**	27,333

Long term security bonds and deposits are placed with various agencies, which will be settled on completion of certain governmental or legal requirements.

16. Financial assets, at FVOCI

	Group	
	2020	2019
	US$'000	US$'000
Beginning of financial year	**570**	1,823
Fair value gain/(losses) (Note 28 (e))	**149**	(1,253)
End of financial year	**719**	570

	Group	
	2020	2019
	US$'000	US$'000
Listed equity securities		
- Xanadu Mines Limited	**719**	570

17. Property, plant and equipment

	Capital work in progress	Mining properties	Buildings	Plant and equipment	Land rights	Right-of-use assets	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group							
2020							
Beginning of financial year	9,451	391,782	783	44,119	92,385	1,427	539,947
Additions	5,455	38,012	-	288	-	301	44,056
Transfers (to)/ from other classes	(8,133)	3,929	-	940	3,264	-	-
Depreciation/ amortisation charge (Note 7)	-	(20,057)	(76)	(3,995)	(8,194)	(779)	(33,101)
Deferred stripping amortisation (Note 7)	-	(32,765)	-	-	-	-	(32,765)
Disposal/write-off	(1,117)	(781)	-	(270)	-	-	(2,168)
Impairment (Note 6)	-	(206,066)	(549)	(15,175)	(2,284)	-	(224,074)
End of financial year	5,656	174,054	158	25,907	85,171	949	291,895
At 31 December 2020							
Cost	5,656	1,058,947	4,323	139,092	146,281	2,513	1,356,812
Accumulated depreciation/ amortisation	-	(671,013)	(3,616)	(98,010)	(58,826)	(1,564)	(833,029)
Accumulated impairment	-	(213,880)	(549)	(15,175)	(2,284)	-	(231,888)
Net book amount	5,656	174,054	158	25,907	85,171	949	291,895

17. Property, plant and equipment (continued)

	Capital work in progress	Mining properties	Buildings	Plant and equipment	Land rights	Right-of-use assets	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group							
2019 (restated)							
Beginning of financial year	5,503	405,308	873	47,025	90,159	1,821	550,689
Additions	9,472	44,054	-	1,470	9,581	391	64,968
Acquisition of subsidiaries (Note 36)	-	13,155	-	-	634	-	13,789
Transfers (to)/ from other classes	(4,664)	3,232	-	644	788	-	-
Depreciation/ amortisation charge (Note 7)	-	(24,640)	(90)	(4,502)	(8,777)	(785)	(38,794)
Deferred stripping amortisation (Note 7)	-	(48,003)	-	-	-	-	(48,003)
Disposal/write-off	(860)	(1,324)	-	(518)	-	-	(2,702)
End of financial year	9,451	391,782	783	44,119	92,385	1,427	539,947
At 31 December 2019							
Cost	9,451	1,017,787	4,323	139,254	143,018	2,212	1,316,045
Accumulated depreciation/ amortisation	-	(618,191)	(3,540)	(95,135)	(50,633)	(785)	(768,284)
Accumulated impairment	-	(7,814)	-	-	-	-	(7,814)
Net book amount	9,451	391,782	783	44,119	92,385	1,427	539,947

17. Property, plant and equipment (continued)

Included within additions for mining properties in the consolidated financial statements are deferred stripping costs amounting to US$28 million (2019: US$41 million).

Mining properties and land rights are amortised using the units-of-production method based on estimated coal reserves.

Management performed an impairment assessment on the property, plant and equipment of the Sebuku and Jembayan mines and recognised an impairment charge of US$224.1 million during the year, which is included within "Other losses/gains – net" in the consolidated income statement. The impairment charge arose following a decision made by the Group to rationalise its existing assets and minimise capital expenditure.

The recoverable amount of the property, plant and equipment was determined based on value-in-use assessment, using discounted cash flows over the period of the Group's long-term production plans. The value-in-use computation was determined by estimating cash flows based on the Group's long-term production plans, including closure restoration and environmental clean-up costs. The key assumptions used in the value-in-use calculations are the thermal coal price, operating costs and a discount rate of 10.0% (2019: 9.0%). Thermal coal prices are based on the Newcastle forward price curve obtained from market observable prices. Strip Ratios and production profiles of the operations at Sebuku and Jembayan mines are derived from developed production plans. Operating costs are based on developed production plans and follow current contractual terms and pricing of the mine contractors with an inflationary element included thereafter over the period of the Group's long-term production plans.

17. Property, plant and equipment (continued)

	Plant and equipment	Capital work in progress	Right-of-use assets	Total
	US$'000	US$'000	US$'000	US$'000
Company				
2020				
Beginning of financial year	**82**	**-**	**1,079**	**1,161**
Additions	**34**	**-**	**-**	**34**
Depreciation charge	**(51)**	**-**	**(433)**	**(484)**
End of financial year	**65**	**-**	**646**	**711**
At 31 December 2020				
Cost	**3,335**	**-**	**1,511**	**4,846**
Accumulated depreciation	**(3,270)**	**-**	**(865)**	**(4,135)**
Net book amount	**65**	**-**	**646**	**711**
2019				
Beginning of financial year	91	365	1,511	1,967
Transfers from/(to) other classes	63	(63)	-	-
Depreciation charge	(72)	-	(432)	(504)
Disposal	-	(302)	-	(302)
End of financial year	82	-	1,079	1,161
At 31 December 2019				
Cost	3,301	-	1,511	4,812
Accumulated depreciation	(3,219)	-	(432)	(3,651)
Net book amount	82	-	1,079	1,161

Details of right-of-use assets are disclosed in Note 18.

18. Leases – The Group as a lessee

Nature of the Group's leasing activities

Plant and equipment

The Group leases mining equipment and motor vehicles for its mining activities and leases office space, office equipment and residential properties for back office operations.

(a) *Carrying amounts*

Right-of-use assets classified within Property, plant and equipment

	2020 US$'000	2019 US$'000
Group		
Plant and equipment	**949**	1,427

	2020 US$'000	2019 US$'000
Company		
Plant and equipment	**646**	1,079

(b) *Depreciation charge during the year*

	2020 US$'000	2019 US$'000
Group		
Plant and equipment	**779**	785

(c) *Interest expense*

Interest expense on lease liabilities	**62**	83

(d) *Lease expense not capitalised in lease liabilities*

Short-term and low value leases (Note 7)	**1,106**	1,305

18. Leases – The Group as a lessee (continued)

Nature of the Group's leasing activities (continued)

Plant and equipment (continued)

(e) Total cash outflow for all the leases during the year was US$1,684,000 (2019: US$2,440,000).

(f) Addition of right-of-use assets of the Group and of the Company during the year was US$301,000 and US$Nil (2019: US$391,000 and US$Nil) respectively.

19. Exploration and evaluation

	Group	
	2020	2019 (restated)
	US$'000	US$'000
Beginning of financial year	**12,463**	12,463
Impairment charge (Note 6)	**(12,463)**	-
End of financial year	**-**	12,463
Cost	12,463	**12,463**
Accumulated impairment	(12,463)	**-**
Net book amount	-	**12,463**

Management suspended the development and exploration of the areas of interest during the year. Accordingly, the exploration and evaluation assets of US$12,463,000 in respect of these areas of interest were fully impaired as at 31 December 2020.

20. Goodwill

	Group	
	2020	2019 (restated)
	US$'000	US$'000
Cost		
Beginning of financial year	**174**	-
Acquisition of subsidiary (Note 36)	**-**	174
End of financial year	**174**	174

Goodwill is allocated to the Group's Penajam mine cash-generating-unit ("CGU").

The recoverable amount of the CGU was determined based on value-in-use assessment, using discounted cash flows over the period of Life of Mine ("LOM") of the mining operation. The value-in-use computation was determined by estimating cash flows until the end of the life of the mine operation based on long-term production plans, including closure restoration and environmental clean-up costs. The key assumptions used in the value-in-use calculations are the thermal coal price, operating costs, and a discount rate of 10%. Thermal coal prices are based on the Newcastle forward price curve obtained from market observable prices. Strip ratios and production profiles of the mining operation is derived from developed LOM plans. Operating costs are based on developed LOM plans and follow current contractual terms and pricing with an inflationary element included thereafter over the remaining LOM.

The change in the estimated recoverable amount from any reasonably possible change on the key estimates does not materially cause the recoverable amount to be lower than its carrying amount.

21. Deferred income tax assets

	Group		Company	
	2020	2019	**2020**	2019
	US$'000	US$'000	**US$'000**	US$'000
To be recovered after one year	**3,380**	9,857	**563**	536
Set-off of deferred tax assets pursuant to set-off provisions (Note 26)	**(402)**	(2,939)	**(563)**	(536)
Net deferred income tax assets	**2,978**	6,918	**-**	-

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has concluded that the deferred tax assets will be recoverable based on the approved business plans and budgets for the subsidiaries. The subsidiaries are expected to generate taxable income in future years. The tax losses will expire between 2021 to 2026.

Movement in deferred income tax assets is as follows:

Group	**Tax losses**	**Interest payable**	**Provisions**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**
2020				
Beginning of financial year	**6,867**	**526**	**2,464**	**9,857**
Tax (charged)/credited to the income statement	**(3,837)**	**18**	**(1,880)**	**(5,699)**
Over provision in respect of prior year	**(778)**	**-**	**-**	**(778)**
End of financial year	**2,252**	**544**	**584**	**3,380**

21. Deferred income tax assets (continued)

Group	**Tax losses**	**Interest payable**	**Provisions**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**
2019				
Beginning of financial year	3,368	492	2,516	6,376
Tax credited/(charged) to the income statement	3,048	34	(222)	2,860
Under provision in respect of prior year	451	-	170	621
End of financial year	6,867	526	2,464	9,857

Company	**Interest payable**	**Provisions**	**Total**
	US$'000	**US$'000**	**US$'000**
2020			
Beginning of financial year	**527**	**9**	**536**
Tax credited to the income statement	**17**	**10**	**27**
End of financial year	**544**	**19**	**563**
2019			
Beginning of financial year	492	10	502
Tax credited/(charged) to the income statement	35	(1)	34
End of financial year	527	9	536

22. Trade and other payables

	Group		Company	
	2020	2019	**2020**	2019
	US$'000	US$'000	**US$'000**	US$'000
Trade payables	**16,398**	26,463	**-**	-
Other payables				
- Ultimate holding corporation	**72**	72	**-**	-
- Related corporations	**562**	545	**157**	199
- Non-related parties	**8,503**	6,086	**224**	166
Unearned revenue	**1,000**	-	**-**	-
Accrued expenses	**26,316**	45,684	**62**	24
Dividend payable	**146**	-	**146**	-
	52,997	78,850	**589**	389

Other payables to the ultimate holding corporation and related corporations are unsecured, non-interest bearing and repayable on demand.

23. Derivative financial instruments

	Group Fair value	
	Asset	Liability
	US$'000	US$'000
2020		
Currency forwards		
- Non-related party	**523**	**-**
Coal swaps		
- Related parties	**62**	**-**
- Non-related parties	**73**	**(71)**
Total - Current	**658**	**(71)**
2019		
Currency forwards		
- Non-related party	498	-
Coal swaps		
- Non-related parties	-	(7,224)
Total	498	(7,224)
- Current	498	(5,773)
- Non-current	-	(1,451)
Total	498	(7,224)

The derivatives used by the Group are over-the-counter commodity derivatives which are measured at fair value and will settle within 1 to 2 years from the balance sheet date. The Group did not apply hedge accounting in 2020 and 2019.

24. Lease liabilities

	Group		Company	
	2020	2019	**2020**	2019
	US$'000	US$'000	**US$'000**	US$'000
Current				
Lease liabilities	**696**	498	**494**	433
Non-current				
Lease liabilities	**278**	679	**230**	675
	974	1,177	**724**	1,108

25. Provisions

	Group		Company	
	2020	2019	**2020**	2019
	US$'000	US$'000	**US$'000**	US$'000
Current				
Employee benefits (a)	**1,118**	1,849	**326**	432
Rehabilitation and dismantling (b)	**5,443**	3,911	**-**	-
	6,561	5,760	**326**	432
Non-current				
Employee benefits (a)	**2,859**	2,331	**-**	-
Rehabilitation and dismantling (b)	**14,365**	14,736	**-**	-
	17,224	17,067	**-**	-
Total	**23,785**	22,827	**326**	432

(a) *Employee benefits*

Provision for employee benefits represents the amounts provided for in respect of defined benefit plans required by certain jurisdictions the Group operates in. The Group is required to pay these benefits on termination of employment, whether the termination was voluntary or not. These amounts are disclosed as non-current as they are not expected to be paid within 12 months from the balance sheet date.

25. Provisions (continued)

(b) *Rehabilitation and dismantling*

Provision for rehabilitation and dismantling represents the expected cost to dismantle and remove or restore and rehabilitate properties and mining pits which the Group utilises. This provision represents the best estimate of the present value of the expenditure required to settle the obligation at the balance sheet date. This amount represents provisions that are expected to be settled more than 12 months from the balance sheet date.

(c) *Movements in provisions*

Movements in each class of provision are as follows:

Group	**Employee benefits**	**Rehabilitation and dismantling**	**Total**
	US$'000	**US$'000**	**US$'000**
2020			
Beginning of financial year	**4,180**	**18,647**	**22,827**
Provision made	**406**	**2,151**	**2,557**
Provision utilised	**(609)**	**(990)**	**(1,599)**
End of financial year	**3,977**	**19,808**	**23,785**
2019			
Beginning of financial year	5,532	19,032	24,564
Provision (written back)/ made	(261)	48	(213)
Provision utilised	(1,091)	(433)	(1,524)
End of financial year	4,180	18,647	22,827

25. Provisions (continued)

(c) *Movements in provisions (continued)*

Company	Employee benefits US$'000	Total US$'000
2020		
Beginning of financial year	**432**	**432**
Provision made	**169**	**169**
Provision utilised	**(275)**	**(275)**
End of financial year	**326**	**326**
2019		
Beginning of financial year	577	577
Provision made	300	300
Provision utilised	(445)	(445)
End of financial year	432	432

26. Deferred income tax liabilities

	Group		Company	
	2020	2019 (restated)	**2020**	2019
	US$'000	US$'000	**US$'000**	US$'000
To be settled after one year	**15,233**	50,282	**1,474**	1,426
Set-off of deferred tax liabilities pursuant to set-off provisions (Note 21)	**(402)**	(2,939)	**(563)**	(536)
Net deferred income tax liabilities	**14,831**	47,343	**911**	890

Movement in deferred income tax liabilities is as follows:

Group	**Mining properties**	**Depreciation and amortisation**	**Interest receivables**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**
2020				
Beginning of financial year	**46,721**	**2,151**	**1,410**	**50,282**
Tax (credited)/charged to the income statement	**(20,894)**	**317**	**51**	**(20,526)**
Over provision in respect of prior year	**(14,523)**	**-**	**-**	**(14,523)**
End of financial year	**11,304**	**2,468**	**1,461**	**15,233**
2019 (restated)				
Beginning of financial year	46,757	1,810	1,305	49,872
Tax (credited)/charged to the income statement	(2,494)	547	105	(1,842)
Over provision in respect of prior year	-	(206)	-	(206)
Acquisition of subsidiaries (Note 36)	2,458	-	-	2,458
End of financial year	46,721	2,151	1,410	50,282

26. Deferred income tax liabilities (continued)

Company	Depreciation and amortisation	Interest receivables	Total
	US$'000	US$'000	US$'000
2020			
Beginning of financial year	**16**	**1,410**	**1,426**
Tax (credited)/charged to the income statement	**(3)**	**51**	**48**
End of financial year	**13**	**1,461**	**1,474**
2019			
Beginning of financial year	14	1,305	1,319
Tax charged to the income statement	2	105	107
End of financial year	16	1,410	1,426

27. Share capital and treasury shares

	← No. of ordinary shares →		← Amount →	
	Issued share capital	Treasury shares	Share capital	Treasury shares
			US$'000	US$'000
Group and Company				
2020				
Beginning and end of financial year	1,137,052,220	(7,908,101)	328,767	(286)
2019				
Beginning and end of financial year	1,137,052,220	(7,908,101)	328,767	(286)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

28. Other reserves

	Group		Company	
	2020	2019	**2020**	2019
	US$'000	US$'000	**US$'000**	US$'000
Share-based compensation reserve (a)	**8,403**	8,403	**8,403**	8,403
Capital reserve (b)	**(13,526)**	(13,526)	**-**	-
General reserve (c)	**329**	329	**-**	-
Merger reserve (d)	**(7,752)**	(7,752)	**-**	-
Fair value reserve (e)	**(7,837)**	(7,986)	**-**	-
Remeasurement of defined benefit plans	**621**	871	**-**	-
	(19,762)	(19,661)	**8,403**	8,403

Other reserves are non-distributable.

(a) Share-based compensation reserve

	Group and Company	
	2020	2019
	US$'000	US$'000
Beginning and end of financial year	**8,403**	8,403

Share-based compensation reserve relates to share-based payment benefits that were provided to employees via the Executive Share Acquisition Plan and Employee Share Option Plan. Both plans were terminated in 2014.

(b) Capital reserve

In January 2005, the Group acquired the remaining 20% equity interest of PT Bahari Cakrawala Sebuku ("PT BCS") for a consideration of US$15,821,000. The acquisition consideration was satisfied by the allotment and issuance of 6,145,537 shares of S$1 each at a premium of S$3.18 per share. This reserve of US$13,526,000 represents the difference between the value of the consideration paid for the acquisition of the 20% non-controlling interest in PT BCS prior to 2006 and the amount that these non-controlling interests were recognised in the financial statements.

28. Other reserves (continued)

(c) General reserve

	Group	
	2020	2019
	US$'000	US$'000
Beginning and end of financial year	**329**	329

The revised Indonesian Limited Company Law No. 40/2007 dated 16 August 2007 requires Indonesian companies to set up a general reserve amounting to 20% of the company's issued and paid up share capital. This reserve has been created in respect of the Group's Indonesian subsidiaries.

(d) Merger reserve

Merger reserve arising from a restructuring exercise in prior years representing the excess of cash consideration paid over the subsidiaries capital acquired and accounted for using the pooling of interest method.

(e) Fair value reserve

	Group	
	2020	2019
	US$'000	US$'000
Beginning of financial year	**(7,986)**	(6,733)
Fair value gain/(loss) on financial assets, at FVOCI (Note 16)	**149**	(1,253)
End of financial year	**(7,837)**	(7,986)

The fair value reserve represents the mark to market over the cost of the investment (Note 16).

29. Retained profits/(Accumulated losses)

	Group		Company	
	2020	2019	**2020**	2019
	US$'000	US$'000	**US$'000**	US$'000
Beginning of financial year	**386,346**	336,210	**31,390**	35,049
Net (loss)/profit after tax	**(198,816)**	59,056	**(192,314)**	5,261
Dividends paid (Note 30)	**(19,873)**	(8,920)	**(19,873)**	(8,920)
End of financial year	**167,657**	386,346	**(180,797)**	31,390

Retained profits of the Group are distributable.

30. Dividends

	Company	
	2020	2019
	US$'000	US$'000
Ordinary dividends		
Final dividend paid in respect of the previous financial year of US 1.76 cents (2019: US 0.79 cents) per share (Note 29)	**19,873**	8,920

31. Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group		Company	
	2020	2019	**2020**	2019
	US$'000	US$'000	**US$'000**	US$'000
Property, plant and equipment	**71**	239	**-**	35

32. Financial risk management

Financial risk factors

The Group's activities are exposed to market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial and commodity markets on the Group's financial performance. The Group uses financial instruments such as over-the-counter commodity swaps to hedge certain market risk exposures.

Management establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies and presents these policies to the Board of Directors for approval.

Financial risk management is carried out by treasury to evaluate and hedge financial risks in co-operation with the Group's operating units. Regular reports are also submitted to management and the Board of the Directors.

(a) Market risk

(i) Currency Risk

The Group operates in Singapore and Indonesia. Entities in the Group regularly transact in their respective functional currency, which is the United States dollar ("USD"). Currency risk arises when transactions are denominated in foreign currencies such as the Singapore dollar ("SGD"), Indonesia rupiah ("IDR"), Australian dollar ("AUD") and Thai Baht ("THB").

The Group uses financial instruments such as forward exchange contracts to mitigate the currency risk.

32. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency Risk (continued)

The Group's foreign currency exposure based on the information provided to key management is as follows:

	SGD US$'000	IDR US$'000	AUD US$'000	THB US$'000	Total US$'000
At 31 December 2020					
Financial assets					
Cash and cash equivalents	598	5,256	-	-	5,854
Trade and other receivables	151	14,155	-	-	14,306
Financial assets, at FVOCI	-	-	719	-	719
	749	19,411	719	-	20,879
Financial liabilities					
Trade and other payables	892	42,114	85	86	43,177
Lease liabilities	725	248	-	-	973
	1,617	42,362	85	86	44,150
Net financial (liabilities)/ assets	(868)	(22,951)	634	(86)	(23,271)
Add: Currency forwards	-	26,112	-	-	26,112
Currency exposure	(868)	3,161	634	(86)	2,841

32. Financial risk management (continued)

(a) *Market risk (continued)*

(i) *Currency Risk (continued)*

	SGD US$'000	IDR US$'000	AUD US$'000	THB US$'000	Total US$'000
At 31 December 2019					
Financial assets					
Cash and cash equivalents	371	28,113	-	-	28,484
Trade and other receivables	181	17,314	-	-	17,495
Financial assets, at FVOCI	-	-	570	-	570
	552	45,427	570	-	46,549
Financial liabilities					
Trade and other payables	638	71,936	75	108	72,757
Lease liabilities	1,108	69	-	-	1,177
	1,746	72,005	75	108	73,934
Net financial (liabilities)/ assets	(1,194)	(26,578)	495	(108)	(27,385)
Add: Currency forwards	-	35,900	-	-	35,900
Currency exposure	(1,194)	9,322	495	(108)	8,515

32. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency Risk (continued)

The Company's foreign currency exposure based on the information provided to key management is as follows:

	2020			2019		
	SGD	**IDR**	**Total**	SGD	THB	Total
	US$'000	**US$'000**	**US$'000**	US$'000	US$'000	US$'000
Financial assets						
Cash and cash equivalents	**435**	**-**	**435**	202	-	202
Trade and other receivables	**128**	**-**	**128**	128	-	128
	563	**-**	**563**	330	-	330
Financial liabilities						
Trade and other payables	**363**	**4**	**367**	167	5	172
Lease liabilities	**725**	**-**	**725**	1,108	-	1,108
	1,088	**4**	**1,092**	1,275	5	1,280
Net financial (liabilities)/ assets	**(525)**	**(4)**	**(529)**	(945)	(5)	(950)

There are no foreseeable movements in the relevant exchange rates that are likely to have a material impact on the Group's and Company's results.

32. Financial risk management (continued)

(a) *Market risk (continued)*

(ii) *Price risk*

The Group is exposed to thermal coal price risk generated by its mining activities. The Group sells coal either on a contracted or spot basis, with prices either fixed or index linked. Coal price risk is managed through contractual arrangements negotiated directly with customers, usually for a period of 12 months and through the use of derivative financial instruments.

Fuel is a major component of the Group's operating costs. The Group's exposure to changes in fuel prices is ultimately based on reference to a USD Mean of Platts Singapore ("MOPS") Gas Oil assessment price. This benchmark reference is used to determine diesel fuel prices in Indonesia, which are primarily passed through to the Group by mine contractors through rise and fall adjustment clauses.

The Group uses derivative financial instruments in the form of coal and gasoil swaps to hedge adverse movements in coal prices and gas-oil prices paid as part of the Group's mining costs. These instruments are over-the-counter derivative contracts referenced to indices and therefore underlying commodity prices of coal and gas-oil. If the referenced price for the open positions as at 31 December 2020 had increased/decreased by 10% (2019: 10%) with all other variables including tax rate being held constant, the loss after tax (2019: profit after tax) would have been lower/higher by US$758,000 (2019: lower/higher US$3,385,000).

The Group has an equity investment which is classified as Financial assets, at FVOCI (2019: Financial assets, at FVOCI) on the balance sheet that is exposed to equity securities price risk. If the price for the equity security listed on the Australian Securities Exchange had changed by 4% (2019: 3%) with all other variables including tax rate being held constant, the other comprehensive loss would have been lower/higher by US$29,000 (2019: US$17,000).

32. Financial risk management (continued)

(a) *Market risk (continued)*

(iii) *Cash flow and fair value interest rate risks*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest bearing assets and liabilities, the Group's income and expenses are substantially independent of changes in market interest rates.

(b) *Credit risk*

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group adopts the policy of dealing only with customers of appropriate credit standing and history, and obtaining letter of credit where appropriate to mitigate credit risk. The Group only deals with banks and financial institutions of good repute and standing.

The Group's Credit Committee regularly evaluates and monitors all its trade customers based on a framework approved by the Board of Directors. The evaluation is based on the credit quality of each trade customer, taking into account their financial position, past experience and other relevant factors. Credit exposure to an individual customer is managed based on the credit evaluation. Customer payment profiles are monitored and reported regularly.

There are no significant concentrations of credit risk through exposure to individual customers.

As the Group and Company do not hold collateral, the maximum exposure to credit risk for each class of financial instrument is the carrying amount of that class of financial assets presented on the balance sheet.

32. Financial risk management (continued)

(b) Credit risk (continued)

Trade receivables

The Group has applied the simplified approach to measure the lifetime expected credit losses for trade receivables.

To measure the expected credit losses, these receivables have been grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers, and adjusts for forward-looking macroeconomic data such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

Receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group.

The Group's credit risk exposure in relation to trade receivables under FRS 109 as at 31 December 2020 and 2019 are set out as follows:

			Past due		
	Current	< 3 months	3 to 6 months	> 6 months	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
31 December 2020					
<u>Group</u>					
Expected loss rate	0%	0%	0%	100%	
Trade receivables	26,352	398	-	1,047	27,797
Loss allowance	-	-	-	(1,047)	(1,047)

32. Financial risk management (continued)

(b) Credit risk (continued)

		Past due			
	Current	< 3 months	3 to 6 months	> 6 months	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
31 December 2019					
Group					
Expected loss rate	0%	0%	0%	48%	
Trade receivables	42,693	1,605	-	2,171	46,469
Loss allowance	-	-	-	(1,047)	(1,047)

Cash and cash equivalents of the Group and Company are subject to immaterial credit loss. Other receivables of the Group are subject to immaterial credit loss.

The Company monitors the credit risk of the related corporations and subsidiaries based on past due information to assess if there is any significant increase in credit risk. The other receivables due from related corporations and subsidiaries of the Company are measured on 12-months expected credit losses.

32. Financial risk management (continued)

(b) Credit risk (continued)

The movement in credit loss allowance for the following financial assets are set out as follows:

	Trade receivables[a] US$'000
Group	
2020	
Balance at 1 January 2020 and 31 December 2020	**1,047**
2019	
Balance at 1 January 2019	1,040
Currency translation difference	7
Balance at 31 December 2019	1,047

[a] Loss allowance measured at lifetime ECL

	Other receivables US$'000
Company	
2020	
Balance at 1 January 2020	**2,041**
Loss allowance recognised in profit or loss during the year on: - Changes in credit risk	**182,461**
Balance at 31 December 2020	**184,502**
2019	
Balance at 1 January 2019	2,056
Gain allowance recognised in profit or loss during the year on: - Reversal of unutilised amount	(15)
Balance at 31 December 2019	2,041

32. Financial risk management (continued)

(c) *Liquidity risk*

Prudent liquidity risk management implies maintaining at all times sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities so as to enable the Group to meet its obligations as and when they fall due. At the balance sheet date, assets held by the Group and Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 11.

Liquidity risk management covers daily, short term, and long term needs. The appropriate levels of liquidity are determined by both the nature of the Group's business and its risk profile. The Group monitors its liquidity position on a daily basis and prepares short term weekly cash flows of up to thirty weeks, on a monthly basis. In addition to this, the Group looks at cash flows on a medium term (< 12 months) and long term (> 12 months) basis through regular forecasts, annual budgets and long term business plans.

The table below analyses the maturity profile of the Group's and Company's financial liabilities, including derivative financial instruments into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
	US$'000	US$'000	US$'000
2020			
Group			
Trade and other payables	(52,997)	-	-
Derivative financial instruments	(71)	-	-
Lease liabilities	(671)	(281)	-
	(53,739)	(281)	-

32. Financial risk management (continued)

(c) *Liquidity risk (continued)*

	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000
Company			
Trade and other payables	**(589)**	**-**	**-**
Lease liabilities	**(476)**	**(233)**	**-**
	(1,065)	**(233)**	**-**
2019			
Group			
Trade and other payables	(78,850)	-	-
Derivative financial instruments	(5,773)	(1,451)	-
Lease liabilities	(534)	(472)	(229)
	(85,157)	(1,923)	(229)
Company			
Trade and other payables	(389)	-	-
Lease liabilities	(468)	(468)	(229)
	(857)	(468)	(229)

32. Financial risk management (continued)

(d) *Capital risk*

The Group's objectives when managing capital are to maintain an optimal capital structure so as to maximise shareholder value and to safeguard the Group's ability to continue as a going concern. The capital structure of the Group consists of debt, which includes borrowings, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained profits.

In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The gearing ratio is calculated as net debt divided by the total book value of capital. Net debt is calculated as borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

The Group and the Company is not exposed to any externally imposed capital requirements.

	Group		Company	
	2020	2019	**2020**	2019
	US$'000	US$'000	**US$'000**	US$'000
Net debt	**-**	-	**-**	-
Total equity	**476,376**	694,953	**156,087**	368,274
Total capital	**476,376**	694,953	**156,087**	368,274
Gearing ratio	**n.m**	n.m.	**n.m**	n.m

n.m. – not meaningful

32. Financial risk management (continued)

(e) Fair value measurement

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

i. Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
ii. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
iii. Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Group				
2020				
Assets				
Derivative financial instruments	**-**	**658**	**-**	**658**
Financial assets, at FVOCI	**719**	**-**	**-**	**719**
	719	**658**	**-**	**1,377**
Liabilities				
Derivative financial instruments	**-**	**71**	**-**	**71**
2019				
Assets				
Derivative financial instruments	-	498	-	498
Financial assets, at FVOCI	570	-	-	570
	570	498	-	1,068
Liabilities				
Derivative financial instruments	-	7,224	-	7,224

32. Financial risk management (continued)

(e) *Fair value measurement (continued)*

There were no transfers between Level 1 and 2 during the year.

The fair value of financial instruments traded in active markets (such as trading securities) is based on the quoted market prices at the balance sheet date. The quoted market prices used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (e.g. over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at balance sheet date. Quoted market prices and index-linked prices for similar instruments are used to estimate fair value. The fair value of currency forward contracts is determined using quoted forward currency rates at the balance sheet date. The fair value of coal swaps is determined using quoted Newcastle forward price curves at the balance sheet date. These instruments are classified as Level 2. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

(f) *Financial instruments by category*

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 16 and Note 22 to the financial statements, except for the following:

	Group 2020 US$'000	Company 2020 US$'000
31 December 2020		
Financial assets, at amortised cost	**245,754**	**103,171**
Financial liabilities, at amortised cost	**52,997**	**589**

32. Financial risk management (continued)

(f) Financial instruments by category (continued)

	Group 2020 US$'000	Company 2020 US$'000
31 December 2019		
Financial assets, at amortised cost	228,212	302,756
Financial liabilities, at amortised cost	78,850	389

33. Related party transactions

(a) Key management personnel compensation

	Group	
	2020	2019
	US$'000	US$'000
Salaries and other employee benefits	**1,094**	1,135
Directors' fees	**252**	380
	1,346	1,515

33. Related party transactions (continued)

(b) *Sales and purchases of goods and services*

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

	Group	
	2020	2019
	US$'000	US$'000
Sales of coal to a related corporation	**18,397**	9,726
Gain/(Loss) on derivative contracts entered with a related corporation	**62**	(1,234)
Consultancy fees paid to a related corporation	**1,440**	1,850
Despatch received from a related corporation	**9**	22
Employee compensation paid to a related corporation	**199**	222
Employee compensation paid to ultimate holding corporation	**331**	612

Related corporations comprise mainly companies which are controlled or significantly influenced by the Group's ultimate holding company that are not part of the Group or companies which are controlled or significantly influenced by key management personnel and their close family members.

34. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following significant subsidiaries in accordance with the accounting policy described in Note 2(b):

Name of entity	Country of incorporation	Principal activity	Equity holding 2020	2019
			%	%
Tiger Energy Trading Pte Ltd (a)	Singapore	Trading	**100**	100
Sakari Energy Trading Pte Ltd (a)	Singapore	Investment holding	**100**	100
PT Bahari Cakrawala Sebuku (b)	Indonesia	Coal mining	**100**	100
PT Sinergy Consultancy Services (b)	Indonesia	Management services	**100**	100
PT Bumiborneo Pertiwi Nusantara (b)	Indonesia	Investment holding	**100**	100
PT Borneo Citrapertiwi Nusantara (b)	Indonesia	Investment holding	**100**	100
PT Separi Energy (b)	Indonesia	Investment holding	**100**	100
PT Jembayan Muarabara (b)	Indonesia	Coal mining	**100**	100
PT Kemilau Rindang Abadi (b)	Indonesia	Coal mining	**100**	100
PT Arzara Baraindo Energitama (b)	Indonesia	Coal mining	**100**	100
PT Karbon Mahakam (b)	Indonesia	Coal mining	**100**	100
PT Metalindo Bumi Raya (b)	Indonesia	Coal mining	**100**	100
PT Citra Pertiwi Nusantara (b)	Indonesia	Asset holding	**100**	100
PT Mutiara Kapuas (b)	Indonesia	Coal mining	**100**	100
PT Sentika Mitra Persada (b)	Indonesia	Coal mining	**100**	100

(a) Audited by PricewaterhouseCoopers LLP, Singapore.

(b) Audited by KAP Tanudiredja, Wibisana, Rintis & Rekan - a member firm of the PricewaterhouseCoopers global network.

35. Reconciliation of (loss)/profit after income tax to net cash provided by operating activities

	Group	
	2020	2019
	US$'000	US$'000
Net (loss)/profit after tax	**(198,603)**	59,056
Adjustments for:		
Gain on liquidation of a subsidiary	**(63)**	-
Income tax credit	**(8,596)**	(19,405)
Depreciation and amortisation	**65,866**	86,797
Foreign exchange loss/(gain) - net	**3,170**	(70)
Loss on sale of property, plant and equipment	**271**	402
Impairment loss on property, plant and equipment	**224,074**	-
Impairment loss on exploration and evaluation assets	**12,463**	-
Inventory write down	**1,231**	-
Fair value losses on derivative financial instruments - net	**4,908**	2,561
Finance expense	**62**	83
	104,783	129,424
Changes in working capital		
Decrease in trade and other receivables	**19,319**	984
Decrease in inventories	**10,102**	7,430
Increase in other operating assets	**(27,088)**	(26,628)
(Decrease)/increase in trade and other payables and provisions	**(39,168)**	5,295
Cash generated from operations	**67,948**	116,505
Income tax paid	**(11,650)**	(52,853)
Income tax refunded	**16,702**	17,726
Net cash provided by operating activities	**73,000**	81,378

36. Business combinations

On 17 December 2018, the Group entered into a sale and purchase agreement to acquire 100% equity interest in PT Sentika Mitra Persada and PT Mutiara Kapuas (collectively known as "the companies" or "the business") operating in Indonesia. The companies are in the business of coal mining. The acquisition was completed on 3 May 2020 for a total cash consideration of US$11,700,000.

Details of the consideration paid, the assets acquired and liabilities assumed and the effects on the cash flows of the Group, at the acquisition date, are as follows:

		US$'000
(a)	Purchase consideration	
	Cash paid and consideration transferred for the business	**11,700**
(b)	Effect on cash flows of the Group	
	Cash paid (as above)	11,700
	Less: Cash and cash equivalents in subsidiaries acquired	-
	Cash outflow on acquisition	**11,700**

36. Business combinations (continued)

In accordance with FRS 103 Business Combinations, the fair values of the identifiable assets and liabilities at the acquisition date were determined provisionally as of 31 December 2019. The Group completed the Purchase Price Allocation exercise ("PPA") during the current year and the effects of the completed PPA exercise are summarised below:

	As previously reported 31 December 2019	Adjustments	Revised as at 31 December 2019
	US$'000	US$'000	US$'000
Identifiable assets acquired and liabilities assumed:			
Mining properties and land rights (Note 17)	13,140	649	13,789
Exploration and evaluation (Note 19)	866	(866)	-
Trade and other receivables (Note (e) below)	195	-	195
Total assets	14,201	(217)	13,984
Deferred tax liabilities (Note 26)	2,501	(43)	2,458
Total liabilities	2,501	(43)	2,458
Total identifiable net assets	**11,700**	**(174)**	**11,526**
Add: Goodwill (Note 20)	-	174	174
Consideration transferred for the business	**11,700**	**-**	**11,700**

The above fair value adjustments have been recorded with effect from the date of acquisition by revising the 31 December 2019 reported consolidated balance sheet. There is no impact on the consolidated income statement for the year ended 31 December 2019 due to the above fair value adjustments.

(d) Acquisition-related costs

Acquisition-related costs of US$0.1 million are included in "Corporate, consulting and technical services fees" in the consolidated income statement and in operating cash flows in the consolidated statement of cash flows for the year ended 31 December 2019.

36. Business combinations (continued)

(e) Acquired receivables

The fair value of trade and other receivables is US$195,000 as at 31 December 2019 and relates to deposits for reclamation and exploration guarantees with a fair value of US$195,000.

(f) Revenue and profit contribution

The acquired business has not commenced production activities and hence it has no revenue during the year. It contributed net loss of US$9,000 to the Group for the period from 3 May 2019 to 31 December 2019.

Had the companies been acquired from 1 January 2019, consolidated profit for the year ended 31 December 2019 would have been US$59,052,000.

37. Significant laws and regulations that may have an impact on the Group

(a) Government Regulation No.78/2010

On 20 December 2010, the Government of Indonesia released Government Regulation No. 78/2010 ("GR No. 78/2010") that deals with reclamation and post-mining activities for both IUP-Exploration and IUP-Production Operation holders.

IUP-Production Operation holders, among other requirements, must prepare (1) a five-year reclamation plan; (2) a post-mining plan; (3) provide a reclamation guarantee which may be in the form of a joint account or time deposit placed at a state-owned bank, a bank guarantee, or an accounting provision (if eligible); and (4) provide a post-mine guarantee in the form of a time deposit at a state-owned bank.

The requirement to provide reclamation and post-mine guarantees does not release the IUP holder from the requirement to perform reclamation and post-mine activities.

37. Significant laws and regulations that may have an impact on the Group (continued)

(a) Government Regulation No.78/2010 (continued)

On 28 February 2014, the Minister of Energy and Mineral Resources ("MEMR") released Ministerial Regulation No. 7/2014 as the implementing regulation on reclamation and post-mining activities for mineral and coal mining companies which further regulates the aspect of reclamation plans, consideration of future value from the post-mining costs and accounting reserve determination.

On 2 May 2018, the MEMR issued Ministerial Regulation No. 26/2018 on implementation of good governance in mining industry and supervision in mineral and coal mining activities, and on 7 May 2018, the MEMR issued Ministerial Decree No. 1827 K/30/MEM/2018 ("Kepmen ESDM") regarding guidelines for proper mining techniques and principles. As of the effective date of these regulations, Ministerial Regulation No. 07/2014 regarding mine reclamation and post-mining activities in mineral and coal mining activities was revoked and is no longer valid.

The requirement to provide reclamation and post-mine guarantees does not release the IUP holder from the requirement to perform reclamation and post-mine activities. As at 31 December 2020, the Group has deposited US$28,128,331 (2019: US$27,296,268) to the Kutai Kartanegara regency for reclamation and mine closure bond.

(b) Ministerial Regulation No. 34/2009

In December 2009, the MEMR issued Ministerial Regulation No. 34/2009, which provides a legal framework to require mining companies to sell a portion of their output to domestic customers ("Domestic Market Obligation" or "DMO").

On 26 December 2019, the MEMR issued a Ministerial Decision Letter No. 261/K/30/MEM/2019 to confirm that the DMO quota for mining companies for 2020 is the same with 2018 – 2019, at 25% of mining companies total annual production plan. The decision letter requires mining companies that do not fulfil the minimum DMO quota to pay a compensation penalty to Indonesian Government. The decision letter also stipulates additional sanction for mining companies who could not fulfil the DMO based on its sales contract. The additional sanctions consist of a reduction of the mining companies' future annual production as much as the shortage of DMO quantity based on its sales contracts.

37. Significant laws and regulations that may have an impact on the Group (continued)

(b) Ministerial Regulation No. 34/2009 (continued)

On 29 December 2020, the MEMR issued a Ministerial Decision Letter No. 255.K/30/MEM/2020 to determine the DMO quota for mining companies in 2021 at 25% of mining companies total approved annual production plan. The decision letter requires mining companies that do not fulfil the minimum DMO quota to pay a compensation penalty to Indonesian government. The decision letter also stipulated a waiver for mining companies to pay compensation for any shortage of DMO quota for 2020. No provision for DMO was made by the Group as at 31 December 2020.

(c) Government Regulation No. 24/2012

Government Regulation No. 24/2012 ("GR No. 24/2012") which amends GR No. 23/2010 was signed by the President of the Republic of Indonesia on 21 February 2012. GR No. 24/2012 requires a gradual divestment scheme applicable for IUP and IUPK holders, such that in the tenth year from their production commissioning at least 51% of their shares shall be owned by Indonesian participant(s).

On 13 September 2013, the MEMR issued Ministerial Regulation No. 27/2013 on the Procedures and Determination of Divestment Price as well as Changes in Capital Investment in Mineral and Coal Mining Businesses. Based on this regulation, the provision which governs the changes in capital investment consists of: (a) changes in investment and financing sources, (b) changes in company status from foreign investment to domestic investment or vice versa, (c) changes in Articles of Association, (d) changes in the Board of Directors and Commissioners and (e) changes in shareholder composition.

On 14 October 2014, GR No. 77/2014 was issued which sets out progressive divestment requirements for mining companies owning different types of mining permits.

On 11 January 2017, GR No. 1/2017 was issued which regulates the mechanism of extension IUP and makes it mandatory for any coal sale (export and local) to refer to the coal benchmark price, transfer IUPs, divestments and mining areas.

Management believes that the Group is not impacted by this regulation as the Group's subsidiary, BCS, has been recognised as a Penamaman Modal Dalam Negeri ("PMDN") entity, which effectively grants it status as an Indonesian participant.

37. Significant laws and regulations that may have an impact on the Group (continued)

(d) Ministerial Regulation No. 48/2017

On 3 August 2017, the MEMR withdrew Ministerial Regulation No. 42/2017 and issued Ministerial Regulation No. 48/2017 regarding the Control of Enterprises in the Energy and Mineral Resources Sector. This regulation governs the transfer of shares and changes in the Directors and/or Commissioners.

Management believes that the Group has complied with the requirements of the regulations mentioned above.

(e) Ministerial Regulation No. 43/2018

On 25 September 2018, the MEMR issued Ministerial Decision No. 43/2018 to amend Ministerial Regulation No. 09/2017. The key amendments under the new regulation are:

- Divestment of 51% of shares can now be performed through issuance of new shares, transfer or sales of existing shares, directly or indirectly;
- If the Government or Local Government do not acquire the stock divestment, companies are obliged to offer share divestment to state/regional government owned enterprises ("BUMD"/"BUMN") and if there are more than one BUMD/BUMN who take up the offer, the Minister will coordinate the composition of the stock divestments;
- IUPK holders need to give access to Indonesian participants to perform due diligence; and
- The price of the stock divestment will be calculated based on market value, which excludes mineral and coal reserves, using discounted cash flow or market data benchmarking.

Management believes that the above regulation does not have any significant impact on the Group's operation.

37. Significant laws and regulations that may have an impact on the Group (continued)

(f) Ministerial Regulation No. 17/2010

On 23 September 2010, the MEMR issued Ministerial Regulation No. 17/2010 outlining the mechanism for determining the Indonesian Minerals and Coal Benchmark Price ("IMCBP") and which requires the sale of coal to be conducted with reference to the IMCBP.

On 24 March 2011, the Directorate General of Mineral and Coal ("DGMC") issued regulation No. 515.K/32/DJB/2011 outlining the formula mechanism of Coal Benchmark Price for spot and term sales contracts.

On 26 August 2011, the DGMC issued regulation No. 999.K/30/DJB/2011 on the Procedure for Determining the Adjustment Coal Benchmark Price. On 21 March 2013, this regulation was amended by the Director General Regulation No. 644.K/30/DJB/2013.

On 11 January 2017, the MEMR issued Ministerial Regulation No. 7/2017, regarding the Procedure for the Setting of Benchmark Prices for Mineral and Coal Sales, to replace Ministerial Regulation No. 17/2010. Any provision on Ministerial Regulation No. 17/2010, relating to benchmark prices for metal mineral and coal sales is revoked since that date.

On 18 July 2017, the MEMR issued Ministerial Regulation No. 44/2017 regarding amendment of Procedures for Determining the Benchmark Sales of Metal and Coal.

The Group is required to comply with the benchmark price for the purposes of calculating monthly royalty payment. Management believes that the Group's current practice has complied with the regulation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

37. Significant laws and regulations that may have an impact on the Group (continued)

(g) Ministerial Regulation of Environment and Forestry No. P.59/MENLHK/ SETJEN/ KUM.1/10/2019

In October 2019, the Ministry of Environment and Forestry ("MoE&F") issued Ministerial Regulation No. P.89/MENLHK/SETJEN/KUM.1/11/2016 on Guidelines for Planting of Borrow to Use Licence ("Izin Pinjam Pakai Kawasan Hutan/IPPKH") Holders for the Rehabilitation of Riverzone Areas. This regulation amends Ministerial Regulation No. P.89/MENLHK/SETJEN/KUM.1/11/2016.

This regulation is a guideline for IPPKH holders which are obligated to perform rehabilitation of Riverzone Areas at a location stipulated in accordance with the provisions set forth in this regulation, and with a rehabilitation planting period set before the end of the IPPKH period with the procedure of rehabilitation according to the provisions set forth in this rule.

The Group's subsidiaries, i.e. JMB and ABE, as the holders of IPPKH, have started to fulfil the obligation by planting the rehabilitation of the watershed, therefore, management believes that the Companies have complied with the provisions in the regulation as mentioned above.

The Group's subsidiaries, i.e. KM, MBR and BCS, as the holders of IPPKH, have recorded provisions to recognise the liability arising from the obligation to perform the above rehabilitation activities.

(h) Mining Law No. 3/2020

On 10 June 2020, Law No. 3 of 2020 on Amendment to Law No. 4 of 2009 on Mineral and Coal Mining ("Law No. 3/2020") has been promulgated. Law No. 3/2020 governs several provisions, including, the holder of Coal Contract Agreement ("CCA") that intends to obtain Special Mining Business Licence for the Continuation of Contract/Agreement Operation ("IUPK for the Continuation of Contract/Agreement Operation"), shall submit the adjustment within 5 years at the earliest and 1 year at the latest before the CCA expires, and asserts that there is a guarantee for the extension of CCA to become IUPK for the Continuation of Contract/Agreement Operation, after fulfilling the requirements as stipulated in Law No. 3/2020. Law No. 3/2020 also regulates that the implementing regulations of the Law No. 3/2020 shall be established within 1 year since the Law No. 3/2020 effective.

The Group is awaiting the issuance of the implementation guidance to assess the impact on its operations.

37. Significant laws and regulations that may have an impact on the Group (continued)

(i) Omnibus Law

On 5 October 2020, Indonesian Parliament passed the Job Creation Law, commonly referred to as the "Omnibus Law", which was signed by the President of Indonesia on 2 November 2020. There are three major laws relating to taxation are affected by the Omnibus Law such as the General Tax Procedures (KUP) Law, the Income Tax Law (ITL) and the Value Added Tax (VAT) law. Some of the important changes to tax laws include relaxation of sanctions on taxpayers, exempting certain types of income from tax (including some dividends and offshore income) and several changes in the VAT rules that offer a fairer and more reasonable outcome for taxpayers. In the Omnibus Law, coal products are excluded from the negative list of VATable goods, and therefore are now VATable.

Coal producing companies within the Group has complied with the Omnibus Law and have applied 10% VAT to their domestic coal sales since November 2020.

38. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2021 and which the Group has not early adopted.

Amendments to FRS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)

The narrow-scope amendments to FRS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what FRS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The Group does not expect any significant impact arising from applying these amendments.

38. New or revised accounting standards and interpretations (continued)

Amendments to FRS 16 Property, Plant and Equipment: Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022)

The amendment to FRS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

The Group does not expect any significant impact arising from applying these amendments.

Amendments to FRS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022)

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the costs of fulfilling it and any compensation or penalties arising from failure to fulfil it. The amendment to FRS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts.

The Group does not expect any significant impact arising from applying these amendments.

39. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Sakari Resources Limited on 10 February 2021.

GLOSSARY

The following definitions apply throughout this Annual Report:

"ASP"	Average selling price
"Board"	The Board of Directors of Sakari
"CEO"	Chief Executive Officer
"CY"	Calendar year
"Group"	Sakari and its subsidiaries
"ha"	Hectares
"JORC"	The Australian Institute of Mines and Metallurgy Ore Reserves Committee
"Kt"	Thousands of metric tonnes
"Mt"	Millions of metric tonnes
"pa"	per year
"PTT"	PTT Public Company Limited Ltd, Sakari's ultimate holding company
"t"	One metric tonne
"$", "US$"	United States dollars
"OB"	Overburden

NOTICE OF ANNUAL GENERAL MEETING

SAKARI RESOURCES LIMITED
(Company Registration Number: 199504024R)
(Incorporated in the Republic of Singapore)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **SAKARI RESOURCES LIMITED** (**"the Company"**) will be held by way of electronic means on Tuesday, 8 June 2021 at 10:00 for the following purposes:

AS ORDINARY BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 31 December 2020 together with the Auditors' Report thereon.
(Resolution 1)

2. To re-elect the following Director retiring pursuant to Article 94 of the Company's Constitution:
Han Eng Juan [Retiring under Article 94] **(Resolution 2)**

Mr Han Eng Juan will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee.

To note the retirement of Ms Julie Therese Hall, who is retiring pursuant to Article 94 of the Company's Constitution and is not seeking for re-election.

3. To approve the payment of directors' fees of up to S$200,000 payable by the Company for the year ending 31 December 2021 (2020: S$ 400,000).
(Resolution 3)

4. To re-appoint PriceWaterhouseCoopers LLP as the Company's Auditors to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.
(Resolution 4)

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

By Order of the Board

Seow Han Chiang Winston
Company Secretary
Singapore
21 May 2021

Notes:

1. The Annual General Meeting of the Company (the "**Meeting**") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice of Annual General Meeting will be despatched to Shareholders, and can also be accessed via the Company's corporate website at https://www.sakariresources.com/investor-relations/news-media/.

2. The Meeting arrangements relating to, amongst others, attendance, submission of questions in advance and/or voting by proxy at the Meeting are set out in the Company's letter to shareholders dated 21 May 2021 (the "**Letter**") which has been despatched to Shareholders and can also be accessed at the Company's corporate website at https://www.sakariresources.com/investor-relations/news-media/. For the avoidance of doubt, the Letter is circulated together with and forms part of the Notice of Annual General Meeting in respect of the Meeting.

3. Due to the current COVID-19 restriction orders in Singapore, members of the Company will not be able to attend the Meeting in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the Meeting, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting. In appointing the Chairman of the Meeting as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.

5. The instrument appointing the Chairman of the Meeting as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must:

   (a) if sent personally or by post, be deposited at the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 ; or

   (b) if submitted by email, be received by the Company at meeting@sakariresources.com,

   in either case, by 10:00 on 6 June 2021 (being not less than 48 hours before the time appointed for holding the Meeting) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members of the Company to submit completed proxy forms by post, members of the Company are strongly encouraged to submit completed proxy forms electronically via email.

6. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer, failing which the instrument of proxy may be treated as invalid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act.

Personal Data Privacy

By (a) submitting an instrument appointing the Chairman of the Meeting as proxy to vote at the Meeting and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the Meeting via LIVE WEBCAST or LIVE AUDIO STREAM, or (c) submitting any question prior to the Meeting in accordance with this Notice of Annual General Meeting, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

(i) processing and administration by the Company (or its agents) of proxy forms appointing the Chairman of the Meeting as proxy for the Meeting (including any adjournment thereof);

(ii) processing of the registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to the LIVE WEBCAST or LIVE AUDIO STREAM to observe the proceedings of the Meeting and providing them with any technical assistance where necessary;

(iii) addressing relevant and substantial questions from members received before the Meeting and if necessary, following up with the relevant members in relation to such questions;

(iv) preparation and compilation of the attendance list, proxy lists, minutes and other documents relating to the Meeting (including any adjournment thereof); and

(v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

Photographic, sound and/or video recordings of the Meeting may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the Meeting. Accordingly, the personal data of a member of the Company (such as his name, his presence at the Meeting and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

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