

Ref. No. 1162/48E

November 13, 2019

Subject: Clarification on the Operating Results in the 3<sup>rd</sup> Quarter 2019 and the First 9-Month Period of 2019

Attn: President

The Stock Exchange of Thailand

The Company wishes to report on the Company's operating results in the 3<sup>rd</sup> quarter 2019 and the first 9-month period of 2019, having details as follows:

(1) Net profit of the Company and subsidiary companies in the 3<sup>rd</sup> quarter 2019 totaled Baht 105.13 million, which decreased from the same period last year by Baht 39.57 million with net earnings per share of Baht 0.20, which decreased from the same period last year by Baht 0.08 per share or 27.35 percent, due to the following reasons:

(1.1) Net profit from coal business derived from shareholding proportion of the Company was Baht 8.23 million or 7.83 percent of the total net profit, which decreased from the same period last year by Baht 88.01 million or 91.45 percent. This was due to the decrease in coal sales volume and average coal selling price from the same period last year of 10.98 and 25.54 percent, respectively.

(1.2) Net profit from ethanol business derived from shareholding proportion of the Company was Baht 37.94 million or 36.09 percent of the total net profit, which increased from the same period last year by Baht 1.63 million or 4.49 percent. This was due to the increase in ethanol sales volume of 4.01 percent but the average ethanol selling price decreased by 5.41 percent; and

(1.3) Other revenue and share of income from associated company were Baht 58.96 million or 56.08 percent of the total net profit, which increased from the same period last year by Baht 46.81 million or 385.27 percent, due to the subsidiary company having received insurance compensation for damage from flooding incident in year 2017 of Baht 40 million.

(2) Net profit of the Company and subsidiary companies in the first 9-month period of 2019 totaled Baht 378.15 million, which decreased from the same period last year by Baht 246.39 million with net earnings per share of Baht 0.72, which decreased from the same period last year by Baht 0.47 per share or 39.45 percent, due to the following reasons:

(2.1) Net profit from coal business derived from shareholding proportion of the Company was Baht 88.79 million or 23.48 percent of the total net profit, which decreased from the same period last year by Baht 392.75 million or 81.56 percent. This was due to the decrease in coal sales volume and average coal selling price from the same period last year of 9.98 and 22.31 percent, respectively.

(2.2) Net profit from ethanol business derived from shareholding proportion of the Company was Baht 199.78 million or 52.83 percent of the total net profit, which increased from the same period last year by Baht 101.51 million or 103.30 percent. This was due to the increase in ethanol sales volume of 10.75 percent, but the average ethanol selling price decreased by 7.77 percent; and

(2.3) Other revenue and share of income from associated company were Baht 89.58 million or 23.69 percent of the total net profit, which increased from the same period last year by Baht 44.85 million or 100.27 percent, due to the subsidiary company having received insurance compensation for damage from flooding incident in year 2017 of Baht 40 million.

Details of the changes and impacts are described in the Management Discussion and Analysis (MD&A).

Please be informed accordingly.

Yours faithfully,  
For and on behalf of  
Lanna Resources Public Company Limited

(Mrs. Petcharat Chayanon)  
Chief Officer – Accounting and Finance