

Ref. No. 1159/67E

November 11, 2016

Subject: Clarification on the Operating Result in the 3rd quarter 2016 and the first 9-month period of 2016

Attn: President

The Stock Exchange of Thailand

The Company wishes to report the Company's operating results in the 3rd quarter 2016 and the first 9-month period of 2016. Details of the changes and impacts are described in the Management Discussion and Analysis (MD&A) which can be summarized as follows:

(1) The Company's net profit in the 3rd quarter 2016 was Baht 74.23 million, or net earnings per share of Baht 0.14. When compared with the same period last year, the net profit increased by Baht 41.73 million, or a increase in net earnings per share of Baht 0.08 or 128.40 percent, due to the following reasons:

(1.1) Net profit from coal business derived from shareholding proportion of the Company was Baht 30.28 million or 40.79 percent of the total net profit, which increased from the same period last year by Baht 28.74 million or 1,866.23 percent. This was due to the increase in coal sales volume by 18.91 percent. Despite the decrease in average coal selling price of 15.15 percent, but the selling and administrative expenses and financial expenses decreased by 16.85 percent as there was no foreign exchange loss as in same period last year.

(1.2) Net profit from ethanol business derived from shareholding proportion of the Company was Baht 19.66 million or 26.49 percent of the total net profit, which increased from the same period last year by Baht 0.04 million or 0.20 percent. This is due to an increase in ethanol sales volume of 0.57 percent. Despite the decrease in average ethanol selling price of 8.88 percent, but the molasses price, which is a raw material and a major cost, decreased by 11.11 percent.

(1.3) Other revenues and share of income from investment in the associate company was Baht 24.29 million or 32.72 percent of the total net profit, which increased from the same period last year by Baht 12.95 million or 114.20 percent, due to the increase in interest received and foreign exchange gain.

(2) The Company's net profit in the first 9-month period of 2016 was Baht 258.72 million, or net earnings per share of Baht 0.49. When compared with the same period last year, the net profit increased by Baht 34.72 million, or an increase of net earnings per share of Baht 0.06 or 15.50 percent, due to the following reasons:

(2.1) Net profit from coal business derived from shareholding proportion of the Company was Baht 91.43 million or 35.34 percent of the total net profit, which increased from the same period last year by Baht 16.99 million or 22.82 percent. This was due to the increase in coal sales volume by 2.65 percent. Despite the decrease in average coal selling price of 13.74 percent, but the selling and administrative expenses and financial expenses decreased by 21.53 percent as there was no foreign exchange loss as in same period last year.

(2.2) Net profit from ethanol business derived from shareholding proportion of the Company was Baht 83.70 million or 32.35 percent of the total net profit, which decreased from the same period last year by Baht 24.58 million or 22.70 percent. This is due to an increase in ethanol sales volume of 7.40 percent. Despite the decrease in average ethanol selling price of 10.86 percent, but the molasses price, which is a raw material and a major cost, decreased by 10.29 percent.

(2.3) Other revenues and share of income from investment in the associate company was Baht 83.59 million or 32.31 percent of the total net profit, which increased from the same period last year by Baht 42.31 million or 102.50 percent due to the increase in interest received and foreign exchange gain.

Please be informed accordingly.

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

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