

Ref. No. 1160/59E

November 17, 2017

Subject: Impact from Subsidiary Company's Extension Period of Business Shutdown

Attn: President  
The Stock Exchange of Thailand

According to the Ministry of Industry's order to suspend ethanol production of Thai Agro Energy Public Co., Ltd. ("TAE"), subsidiary company, for 45 days or until November 15, 2017 in order for TAE to rectify its treated wastewater ponds in accordance with the standards as stipulated by relevant authorities. Subsequently, TAE has requested for an extension period of 15 days as such rectification is expected to be completed with ethanol plant reopened for production within November 30, 2017. Accordingly, Lanna Resources Public Co., Ltd., the parent company, was requested to clarify on any expected impact due to such extension of business shutdown period of 15 days as mentioned above.

The Company wishes to clarify this matter as follows.

(1) According to the Management Discussion and Analysis (MD&A) which was reported by the Company to the Stock Exchange of Thailand on November 14, 2017, the impact from the 15-day extension period has been covered and clarified as follows.

"During the beginning of October 2017, there were heavy rainfalls causing the treated wastewater pond from the ethanol process of the subsidiary company to collapse and leak into the community and agricultural land nearby. Consequently, the Ministry of Industry has ordered a temporary shutdown of the ethanol production in order to resolve such problem until it has returned to be in compliance with the standards as stipulated by the authorities, which is expected to be completed and the ethanol production to be resumed within the end of November 2017. Currently, the insurance company is assessing the damages for the purpose of insurance claims under the casualty insurance policy. Initially, compensation for the damages has been partially paid to the local people and it is expected that this event will have certain impact to the performance of ethanol business in the 4<sup>th</sup> quarter 2017 and the operating results of year 2017 of the ethanol business will be lower than the forecast but should not significantly impact Lanna Resources Public Co., Ltd., having only 51 percent shareholding in the ethanol business. Nonetheless, it is anticipated that the ethanol business in year 2017 will still be profitable but may be lower than the previous year due to such flood incident as described above."

(2) The operating results of Company's coal business in year 2017, which is the core business, have growth considerably as compared to the previous year due to rising coal price, which should be able to absorb such impact from the ethanol business. Nonetheless, despite such impact of lower earnings from the ethanol business, which is considered the secondary core business, the overall performance for the whole year 2017 is expected to be substantially better than the previous year with profit increase of more than one-fold.

Please be informed accordingly.

Yours faithfully,

For and on behalf of Lanna Resources Public Company Limited

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