

No. 0261/05E

February 12, 2018

Subject: Purchase of Fees in Coal Production and Distribution from the Coal Mining Concession of the Subsidiary Company in Indonesia

Attn: President
The Stock Exchange of Thailand

The Board of Directors' Meeting of Lanna Resources Public Co., Ltd. ("LANNA") No. 5/2017 dated October 16, 2017, has resolved to approve the following matters.

(1) Details of Investment Capital: LANNA shall purchase the right to partial amount of service fees for the coal mined and sold from the coal mining concession of PT. Singlurus Pratama ("SGP"), a subsidiary company of LANNA in Indonesia, for 25 million metric tons at the rate of USD 0.75 per metric ton from PT. Indocoal Pratama Jaya ("IPJ") for USD 6 million. According to previous agreements, IPJ shall receive the service fees of USD 1.25 per metric ton of coal mined and sold from SGP's coal mining concession. Accordingly, Lanna and IPJ entered into the purchase agreement of such right to the fees on February 9, 2018.

(2) Sources of Fund: Lanna shall use cash generated from operation for the purchase of right to the fees of IPJ, having divided the payment into 2 payments as follows:

1st Payment: Lanna shall pay USD 4 million to IPJ within February 2018 and;

2nd Payment: Lanna shall pay USD 2 million to IPJ within April 2018.

(3) Expected Benefit: Lanna will be entitled to the fees from SGP for 25 million metric tons at the rate of USD 0.75 per metric ton, totaling USD 18.75 million, by which the profit shall be $(18.75 - 6) = \text{USD } 12.75$ million or an investment rate of return of 34 percent per annum, which is considered a good return. Accordingly, SGP still has remaining concession period of 21 years until 2039, with an estimated 45 million metric tons of remaining coal reserves for production and distribution.

(4) Transaction Size: Calculation based on the total value of consideration in comparison with the total asset according to the latest audited consolidated financial statements as at September 30, 2017 will be as follows:

$$\begin{aligned} \text{Value of Consideration} &= \frac{\text{Investment capital used in the purchase of fees from IPJ}}{\text{Total Asset of the Company}} \\ &= \frac{\text{USD 6 Million} \times \text{Baht 31.9899 per USD}}{\text{Total Assets of 8,626,811 thousand Baht}} \\ &= 2.23 \% \end{aligned}$$

This transaction is not a related party transaction and not within the scope of transaction concerning the acquisition and disposition of assets of listed companies in accordance with the Notification of the Capital Market Supervisory Board.

Please be informed accordingly.

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

(Mr. Saharat Vatanatumrak)
Company Secretary