

Ref. No. 0964/47E

September 1, 2021

Subject: Investment in New Coal Mining Concession in Indonesia

Attn: President  
The Stock Exchange of Thailand

Ref: Company's Letter No. 0361/15E dated March 8, 2018

Pursuant to the resolution of the Board of Directors' Meeting of Lanna Resources Public Co., Ltd. ("LANNA") No. 1/2018 dated March 5, 2018, has approved LANNA to invest in the new coal mining concession in Indonesia of PT. Pesona Khatulistiwa Nusantara ("PKN") in the proportion of 40 percent of the paid-up capital of PKN with a total investment of USD 26 million. LANNA has signed the Conditional Share Subscription Agreement ("CSSA") with PKN and shareholders of PKN on March 8, 2018, having details in the reference letter, and the relevant parties have signed amendments to the CSSA to extend the period for LANNA to invest in the new coal mining concession of PKN in Indonesia in order for LANNA to conduct complete and definite due diligence of information on the investment project. Due to the significant change in various situations, as well as an ongoing pandemic situation of the Coronavirus disease 2019 ("COVID-19") affecting overall global economy, the Board of Directors of LANNA therefore has approved LANNA to negotiate with the relevant parties to reduce the investment proportion in PKN project from 40 to 10 percent with a total investment of USD 5 million, divided into the purchase of PKN new issued shares of USD 1,817,431 and shareholder loan of PKN of USD 3,182,569, by which the relevant parties have accepted the aforementioned offer and the Ministry of Energy and Mineral Resources has granted permission for LANNA, as a foreigner, to acquire shares in PKN, the owner of coal mine concession in Indonesia, having details as follows:

- (1) Transaction Date: Three relevant agreements have been signed on August 31, 2021, having details as follows:
- (1) Share Subscription Agreement to replace Conditional Share Subscription Agreement that was signed on March 8, 2018
  - (2) Shareholders Agreement; and
  - (3) Shareholder Loan Agreement.
- (2) Related Parties
- (2.1) Buyer and Lender: Lanna Resources Public Co., Ltd. ("LANNA")
  - (2.2) Seller and Borrower: PT. Pesona Khatulistiwa Nusantara ("PKN") which has PT. Energi Nusa Mandiri ("ENM") and PT. Citra Duta Jaya Makmur ("CDJM") holding 100 percent of paid-up capital of PKN
  - (2.3) Connected Relationship: Both sides of the parties are not connected persons
- (3) General Type of Transaction
- (3.1) Type of Transaction: LANNA shall invest in the coal mining concession (3<sup>rd</sup> Generation Coal Contract of Work) of PKN in Indonesia, with total investment of USD 5,000,000, dividing into 2 parts as follows:

(A) LANNA shall acquire new issued shares in PKN of 61,554,652 shares at the amount of USD 1,817,431 or a proportion of 10 percent of the total number of shares, having details as follows:

List of Shareholders	Before the Transaction		After the Transaction	
	Number of Shares (shares)	Shareholding Proportion (%)	Number of Shares (shares)	Shareholding Proportion (%)
(1) PT. Energi Nusa Mandiri and PT. Citra Duta Jaya Makmur	553,991,872	100	553,991,872	90
(2) Lanna Resources Public Co., Ltd.	-	-	61,554,652	10
Total	553,991,872	100	615,546,524	100

(B) LANNA shall provide shareholder loan to PKN in the proportion of approximately 7.89 percent of the loan from shareholders at a total amount of USD 3,182,569 after LANNA has become the shareholder of PKN according to 3.1 (A) above, having details as follows:

List of Shareholders	Before the Transaction		After the Transaction	
	Loan Amount (USD)	Loan Proportion (%)	Loan Amount (USD)	Loan Proportion (%)
(1) PT. Energi Nusa Mandiri and PT. Citra Duta Jaya Makmur	37,143,118	100	37,143,118	92.11
(2) Lanna Resources Public Co., Ltd.	-	-	3,182,569	7.89
Total	37,143,118	100	40,325,687	100

(3.2) Transaction Size: According to transaction size calculations, the calculation based on the total value of consideration has the highest value at 3.66 percent, according to the latest audited consolidated financial statements as at June 30, 2021.

(4) Description of Investment Asset

- (4.1) Coal Concession Owner: PT. Pesona Khatulistiwa Nusantara
- (4.2) Paid-up Capital: Registered and Paid-up capital of USD 40,911,071 as at the transaction date
- (4.3) Type of Business: PKN operates coal production and distribution business having been granted the 3<sup>rd</sup> Generation Coal Contract of Work from the Government of Indonesia with a period of 30 years from 2009 to 2039, having 65 million metric tons of minable coal reserves and been in operation since 2009, having produced and sold a total of 29 million metric tons of coal with remaining coal reserves of 36 million metric tons

(4.4) Location of Coal Concession: Bulungan Regency, North Kalimantan, Indonesia

(5) Sources of Fund: From cash generated from operations for the whole amount

(6) Payment Method: The payment for the newly issued shares and shareholder loan to PKN at the total amount of USD 5,000,000 shall be made from the deposit for the purchase of PKN ordinary shares that LANNA has already paid in advance during year 2018.

- (7) Expected Benefit: This investment conforms to LANNA's core business strategy, aiming to increase its coal production and distribution capacity, as well as PKN has already been in operation of coal production and distribution, which is ready to generate revenue and profit for LANNA.
- (8) This transaction is not a connected transaction but the transaction is the acquisition of assets with transaction size not within the criteria for disclosure of information about the transaction in accordance with the Notification of the Capital Market Advisory Board no. TorJor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets stipulating that the listed companies abide by the rules of the Stock Exchange of Thailand.

Please be informed accordingly.

Yours faithfully,

For and on behalf of Lanna Resources Public Company Limited

(Mr. Srihasak Arirachakaran)  
Chief Executive Officer