



鴻寶資源有限公司  
AGRITRADE RESOURCES LIMITED

# AGRITRADE RESOURCES

## FY2012 RESULTS PRESENTATION

July 2012

# Disclaimer

The information contained in this confidential document ("Presentation") has been prepared by Agritrade Resources Limited (the "Company"). It has not been fully verified and is subject to material updating, revision and further amendment.

While the information contained herein has been prepared in good faith, neither the Company nor any of its shareholders, directors, officers, agents, employees or advisers give, have given or have authority to give, any representations or warranties (express or implied) as to, or in relation to, the accuracy, reliability or completeness of the information in this Presentation, or any revision thereof, or of any other written or oral information made or to be made available to any interested party or its advisers (all such information being referred to as "Information") and liability therefore is expressly disclaimed. Accordingly, neither the Company nor any of its shareholders, directors, officers, agents, employees or advisers take any responsibility for, or will accept any liability whether direct or indirect, express or implied, contractual, tortious, statutory or otherwise, in respect of, the accuracy or completeness of the Information or for any of the opinions contained herein or for any errors, omissions or misstatements or for any loss, howsoever arising, from the use of this Presentation.

Neither the issue of this Presentation nor any part of its contents is to be taken as any form of commitment on the part of the Company to proceed with any transaction and the right is reserved to terminate any discussions or negotiations with any prospective investors. In no circumstances will the Company be responsible for any costs, losses or expenses incurred in connection with any appraisal or investigation of the Company. In furnishing this Presentation, the Company does not undertake or agree to any obligation to provide the recipient with access to any additional information or to update this Presentation or to correct any inaccuracies in, or omissions from, this Presentation which may become apparent.

This Presentation should not be considered as the giving of investment advice by the Company or any of its shareholders, directors, officers, agents, employees or advisers. Each party to whom this Presentation is made available must make its own independent assessment of the Company after making such investigations and taking such advice as may be deemed necessary. In particular, any estimates or projections or opinions contained herein necessarily involve significant elements of subjective judgment, analysis and assumptions and each recipient should satisfy itself in relation to such matters.

This Presentation includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address future activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include but not limit to market prices, continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in forward-looking statements.

# Agenda

---

- Executive summary
- Our profile
- Our results
- Our plans
- Appendix



## Executive summary

# Key highlights

---

- 1. Revenue increased substantially by 143.7%**
- 2. Gross profit increased by more than 5 fold**
- 3. Coal production capacity increased 5 fold from 300,400 tons to 1.58 million tons**
- 4. Fortify infrastructure around mine to increase efficiency, output and profitability**
- 5. Global demand for thermal coal expect to remain robust**

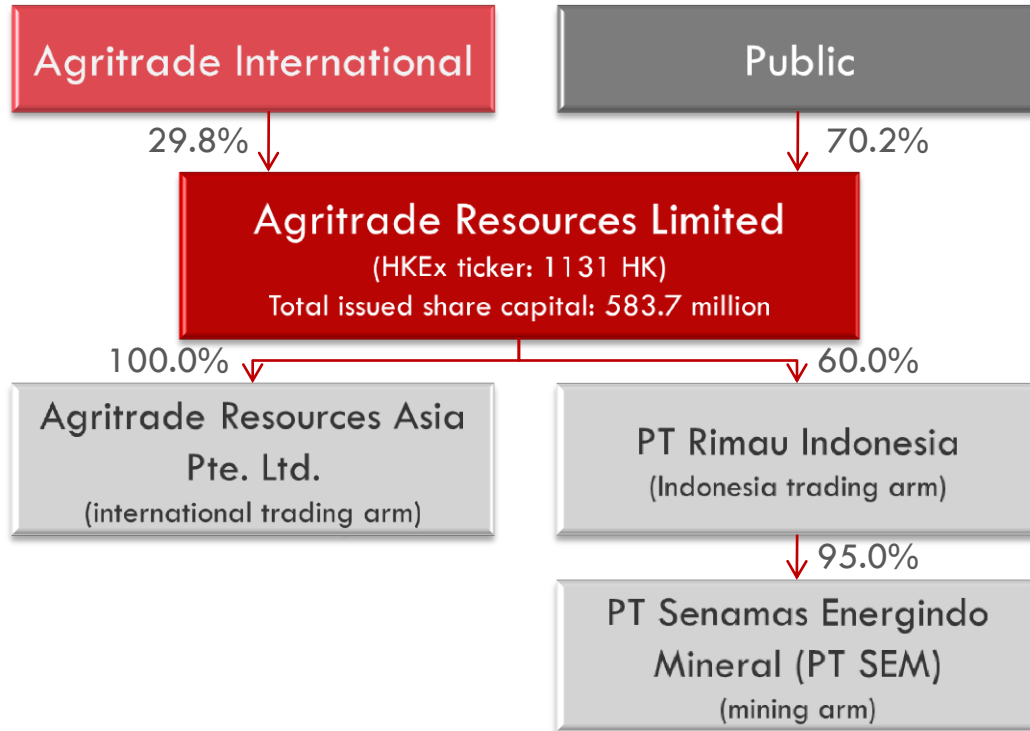


Our profile

# Snapshot

Listing venue	HKEx Main Board (ticker: 1131.HK)
Location of asset	Tamiang Layang, Central Kalimantan
Contract scheme	Izin Usaha Pertambangan (IUP)
Investment scheme	Foreign Investment (PMA)
Annualised production	Current : 2.0 – 2.5 million tonnes Target (2014): 6 million tonnes
Concession	Total concession acquired: 2,000 hectares To date, 600 hectares fully explored under JORC Code: Resources: 78 million tonnes Reserves: 41 million tonnes

# Structure





# Management



**Rashid Bin Maidin, CEO**

- ❑ Founder and group executive chairman of WSJ International Group since 1991
- ❑ Over 19 years of experience in coal mining and other commodities operations in Singapore, Malaysia and Indonesia



**Xinwei Ng, COO**

- ❑ Son of Say Pek Ng, founder and managing director of Agritrade International
- ❑ Eight years of experience in trading operations of palm oil and coal, shipping logistics management and commodities-related investments



**Peter Gunn, CTO**

- ❑ Seasoned coal professional, specialising in coal geology and marketing
- ❑ Over 30 years' experience in the coal industry in Australia, New Zealand and Indonesia
- ❑ Member of Australasian Institute of Mining and Metallurgy (AusIMM)



**Manfred Shiu, CFO**

- ❑ More than 15 years' experience in corporate finance, M&As, investments, IPOs and fund raising exercises in various ventures and projects
- ❑ Bachelor's degree in accountancy and fellow member of ACCA

# Assets

**First mine pit**



**Second mine pit**



# Assets

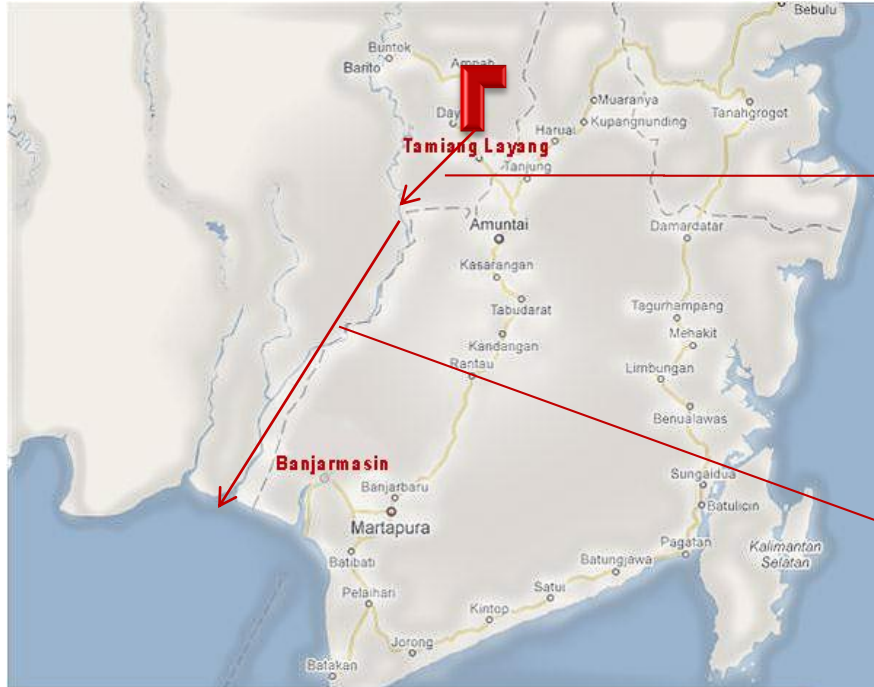
**24/7 operations**



**Thick coal seams**



# Strategic location



**Coal mine to Telang baru jetty: 41km (around 2 hour)**



**From Telang baru jetty to Taboneo Anchorage through Barito River (around 36 hours)**

# Specifications – SEM Coal

Parameters	Specifications
Total Moisture (arb)	38-42%
Inherent Moisture (adb)	13-16%
Ash Content (adb)	4-6%
Volatile Matter (adb)	37-43%
Fixed Carbon (adb)	37-41%
Total Sulphur (adb)	0.1-0.3%
Nitrogen (daf)	0.8-0.9%
Calorific Value (CV) (adb)	5,300 to 5,500 kcal/kg
Calorific Value (CV) (gar)	3,600 to 3,800 kcal/kg
Hardgrove Grindability Index (HGI)	>50

## Low Ash

- Reduces ash disposal cost
- Reduces maintenance cost

## Low Sulphur

- Reduces power plant's operating costs
- Blends with coal of higher sulphur content

## Low Nitrogen

- Reduces nitrous oxides removal costs
- Reduces production cost of electricity

# Potential



Minarco, a coal consulting authority, concluded the following:

Minarco's Estimated  
Long-term Coal Price  
(as at October 2010)

FOB (MV):  
US\$32 / tonnes

Current SEM  
Spot Coal Price

FOB (MV):  
US\$40 / tonne

Long-term Coal Price expected to trend upwards

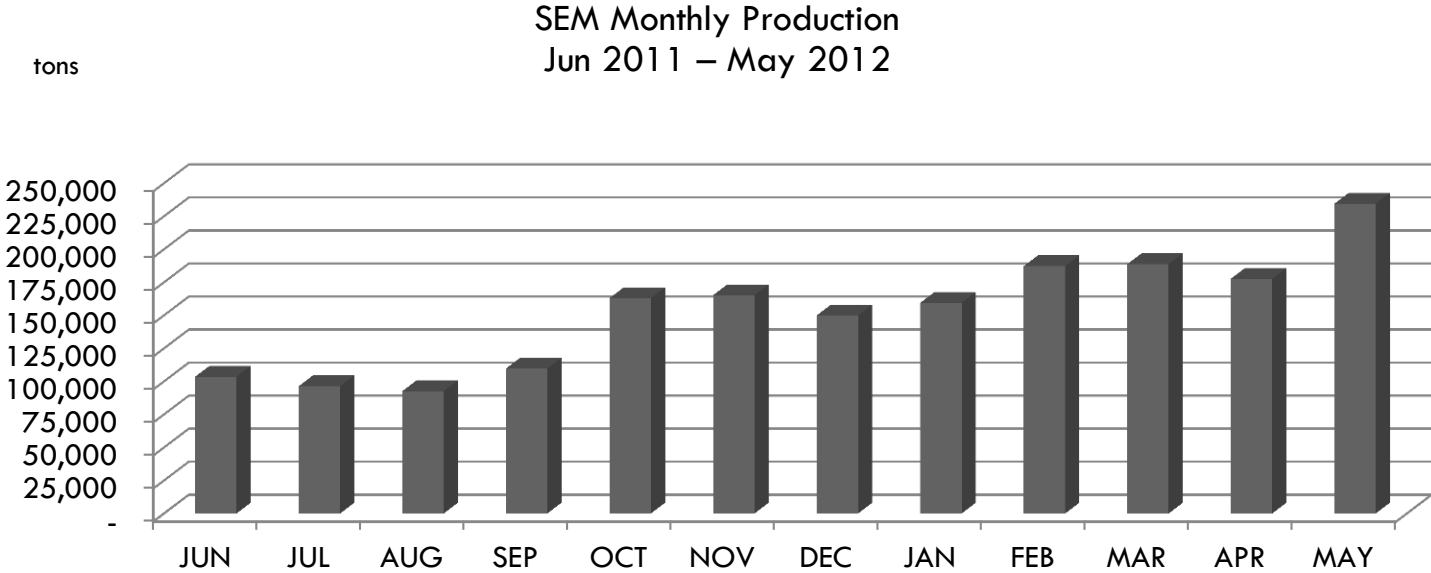
SEM's reserves:  
41 million tonnes

SEM's reserves (estimated):  
>60 million tonnes

Leading to Increased Mine Reserves

\*Note: Reserves are based on 600ha of exploration data

# Production



Production increasing since operation started in 2010 target to reach **500,000 tonnes/ month** by 2014

# Low cost

- ❑ Open cut mining (Surface mining)
- ❑ Thick coal seams (avg. 6 – 8 m)
- ❑ Thin overburden (3 – 4 m)
- ❑ Good geology: shallow dipping ( < 5 degrees)
- ❑ Low strip ratio
- ❑ Strategically located near river (41km)
- ❑ Ready access to jetties and stockpile facilities with efficient loading platforms





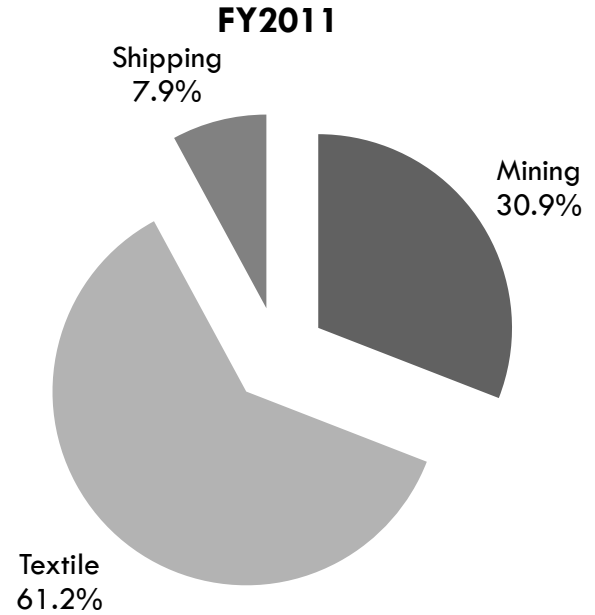
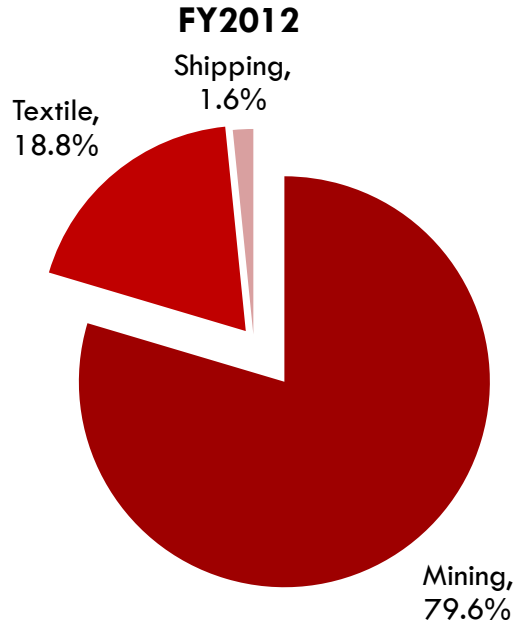


Our results

# Financial Highlights

	FY2012	FY2011 (restated)	Variance
Revenue	527,926	216,639	143.7%
Gross Profit	103,699	16,526	527.5%
EBITDA	177,318	90,650	95.6%
Profit for the year	2,163	42,134	(94.9)%
<b><u>Ratio</u></b>			
Gross Profit Margin	19.6%	7.6%	12.0 pts
EBITDA Margin	33.6%	41.8%	(8.2) pts

# Revenue Breakdown



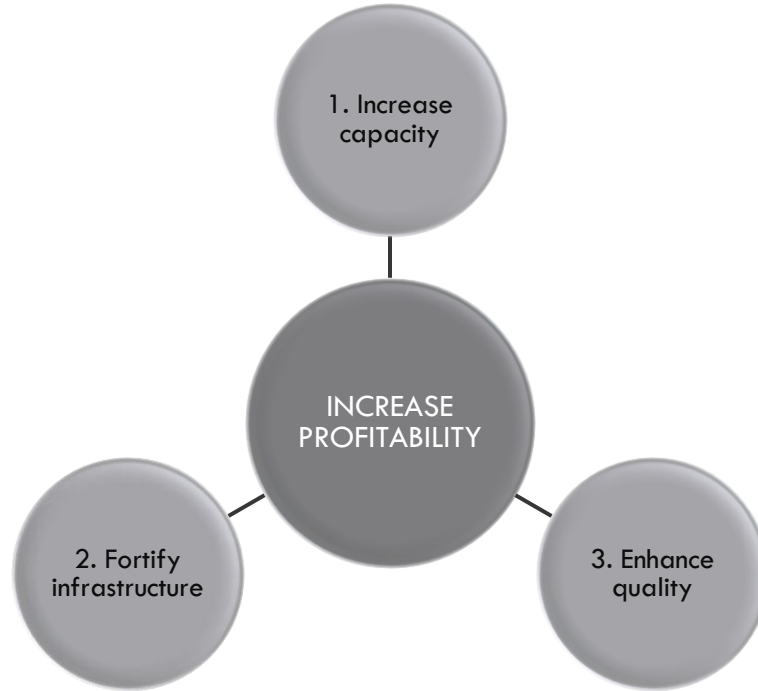
# Mining Segment Analysis

	FY2012	FY2011 (restated)	Variance
Production	1.58 million tonnes	300,400 tonnes	425.9%
Sales Volume	1.51 million tonnes	287,000 tonnes	426.1%
(HK\$'000)			
Revenue	427,225	72,681	487.8%
Profit/(loss) before Bargain Purchase	70,568	(8,997)	884.4%
Gain from Bargain Purchase	-	88,131	-
Segment Profit	70,568	79,134	(10.8)%

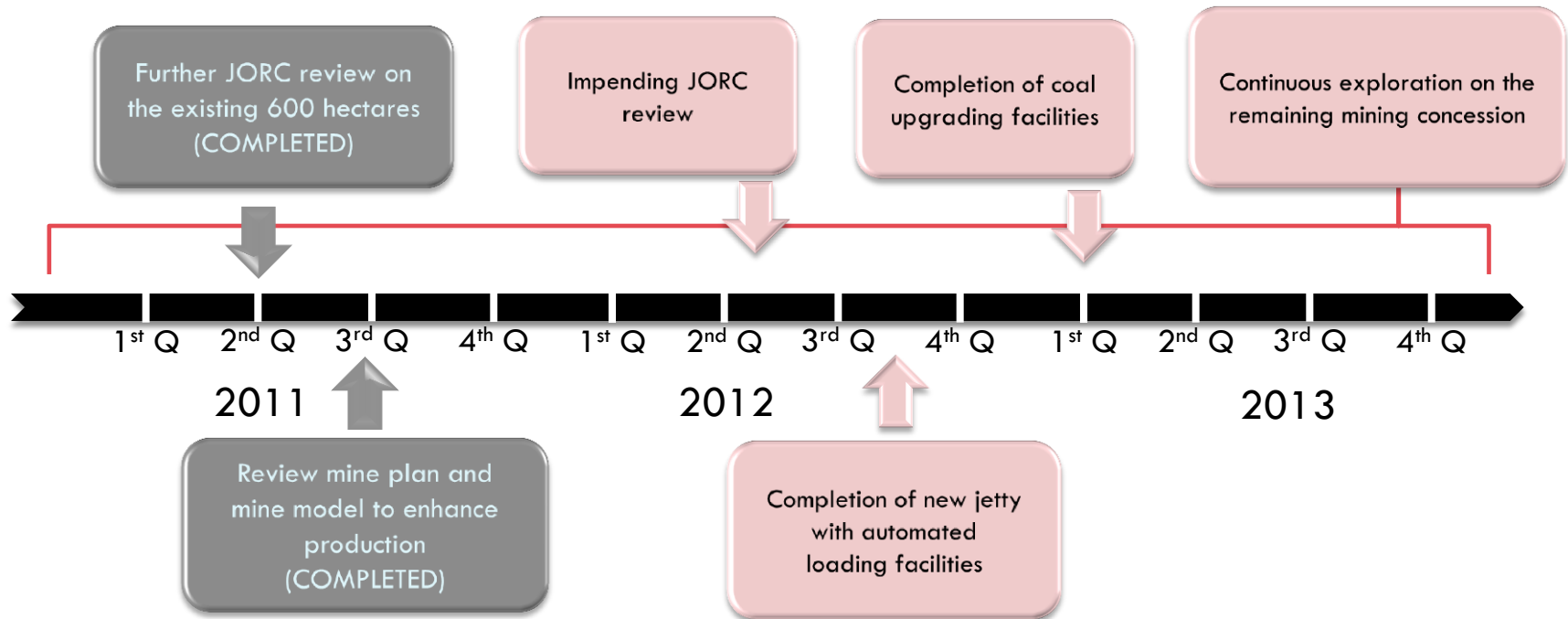


Our plans

# Strategy



# Increase capacity



# Fortify infrastructure

ROAD



41km dirt road from coal mine to Telang baru jetty



Reinforced existing 41km dirt road



Upgrade to a new 35km tar road

2010

Present: 2012

Target: 2013

JETTY



Telang baru jetty



New jetty under construction



Enhance new jetty and loading facilities



# Capital expenditure

- Enhance mining and jetty facilities
  - Expected capex:
    - US\$15 million: new coal terminal
    - US\$5 million: new mining and hauling equipment
- Upgrade existing 41km dirt road to an all-weather tar road capable of handling 120 tonnes twin-trailer trucks
  - Increase transportation capacity and efficiency
  - Expected capex of US\$30 million: road infrastructure upgrading
- Construction of 6 x 500,000 tonnes coal upgrading plant utilising GEO-COAL™ technology
  - Upgrade SEM coal to higher CV coal
  - Expected capex of US\$5 million each

New road and terminal expected to facilitate 20 million tonnes of coal per year

# Enhance quality

- Cost reduction and profit maximisation through constant R&D
  - Improve coal handling and stockpiling to reduce wastage and coal oxidation
  - Revise mine model to determine most efficient way of mining
- Ensure adherence to safety measures
- Improve competitive advantage



Night mining



Coal quality studies



Medical facilities



Safety Patrol

# Enhance quality

- GEO-COAL™ technology maximise the potential of coal in an economical and environmental aspect.
- Upgrades low rank coal (low energy content) into high rank coal (high energy content) economically.
- GEO-COAL™ built a commercial plant with PLN with upgrading capacity 1.2 million tonnes/ year



**1. ROM COAL PREPARATION**  
Delivery of ROM coal to GEO-COAL plant

**2. CRUSHING OF COAL**  
Raw coal crushing to standard +5 - 50 mm size

**3. DRYING PROCESS**  
Hot gas from the gasification burner heats the coal with super-heated steam to drive out moisture

**4. SETTING PROCESS**  
Modification of Hardgrove Grindability Index (HGI), ash fusion temperature and reduction in volatile matter of the coal

**5. COOLING PROCESS**  
Cooling of Upgraded Coal Product

# Outlook

- Stable revenue flow
  - ▣ Low rank coal in demand, especially in China and India, given affordability
  - ▣ Constant dialogues with global energy trading houses and power companies in energy shortage countries
- Profitability to increase
  - ▣ Efficient infrastructure
  - ▣ Output set to rise
  - ▣ R&D to lower cost and increase market value of product





## Appendix

SEM COAL

# JORC Code

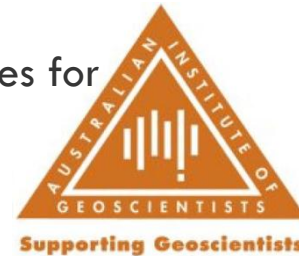
The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves was published in 2004 by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia.

It set out the minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves.

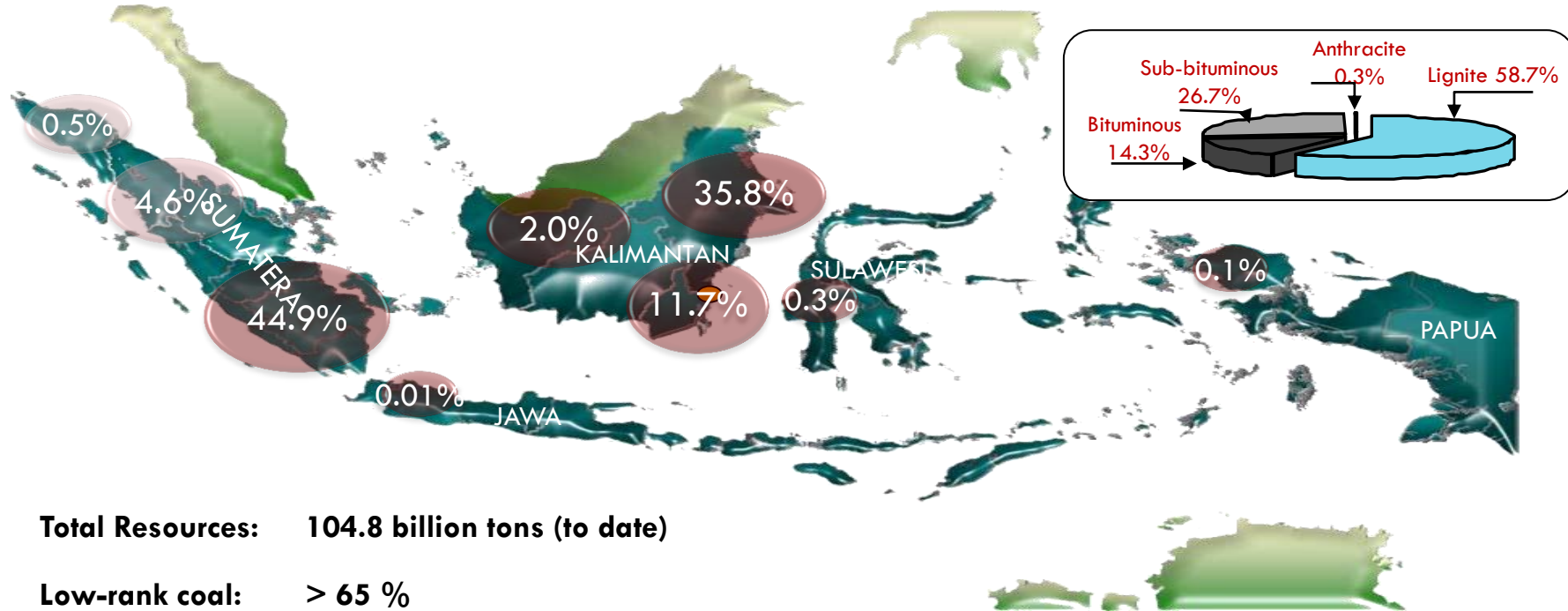
Meeting JORC Standards means:

- ❑ Reserves and Resources are in the ground as reported
- ❑ Quality of the coal has been estimated to an acceptable standard

Risks associated with developing a JORC compliant resource are reduced compared with a non-JORC compliant resource.



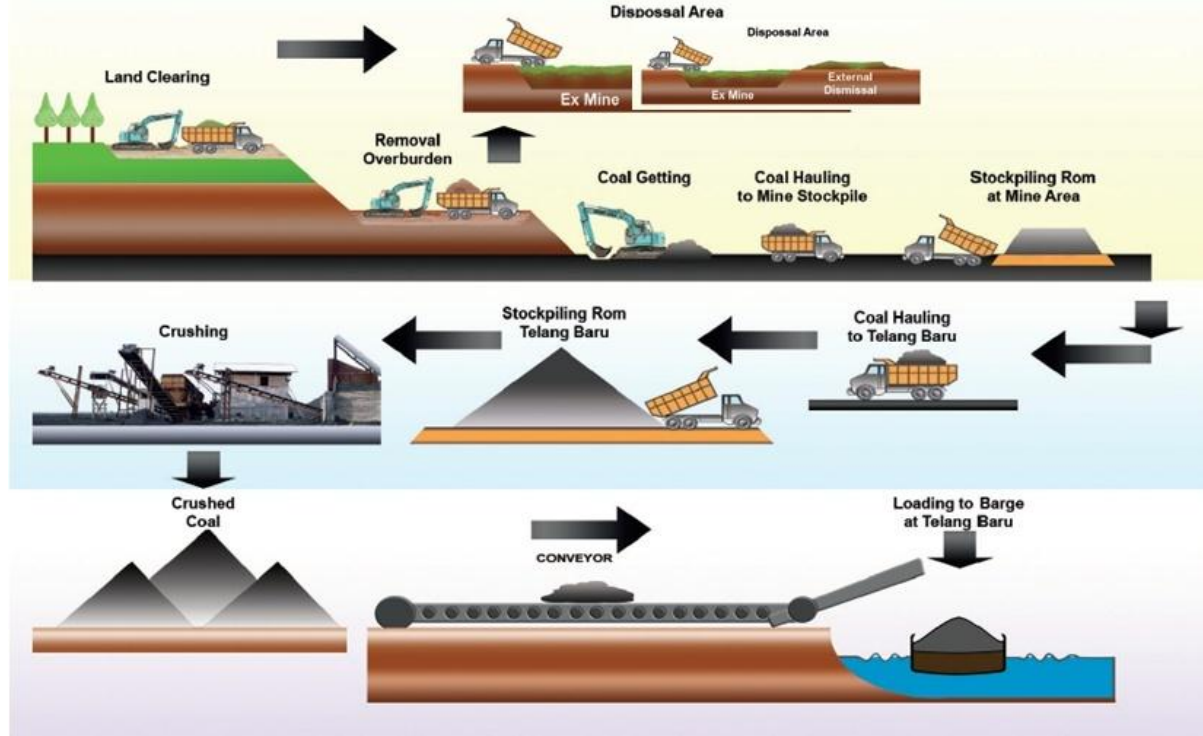
# Indonesia: coal resources potential



**Total Resources: 104.8 billion tons (to date)**

**Low-rank coal: > 65 %**

# Coal production process





# Coal production process



1. Overburden removal



2. Coal getting



3. Hauling on road



4. Stockpiling

# Coal production process (cont'd)



5. Coal crushing



6. Loading onto barge



7. Barging to Taboneo Anchorage



8. Loading onto mother vessels

THANK YOU