

GEO ENERGY RESOURCES LIMITED

(Company Registration Number: 201011034Z)
(Incorporated in the Republic of Singapore)

PROPOSED ACQUISITION OF INTEREST IN COAL CONCESSION – SUPPLEMENTAL AGREEMENT

1. The board of directors (the “**Board**”) of Geo Energy Resources Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to the announcement dated 19 June 2014 (the “**Announcement**”) in relation to the conditional sale and purchase agreement dated 18 June 2014 (“**Agreement**”) entered into between the Company and Optimum Source Limited (the “**Vendor**”) in relation to the proposed acquisition of a shareholding interest in the capital of Borneo International Resources Pte Ltd (the “**Ultimate Holding Company**”). All capitalised terms used and not defined herein shall have the same meanings given to them in the Announcement.
2. The Board wishes to announce that the Company has on 18 August 2014 entered into a supplemental agreement (the “**Supplemental Agreement**”) with the Vendor to amend the terms of the Agreement. Pursuant to the Supplemental Agreement, the key amendments to the Agreement include the following:

2.1 Consideration

As previously announced, (i) the consideration for the purchase of the shareholding interest in the Ultimate Holding Company is US\$55 million (the “**Consideration**”); and (ii) the number of UHC Shares to be delivered by the Vendor at the completion of the Proposed Acquisition (“**Completion**”) shall be determined in the following manner:-

$$A = (B/C) \times D$$

Where:-

- A : Number of UHC Shares
- B : Consideration of US\$55 million
- C : Tonnage Consideration x Reserves Tonnage
- D : Total number of Ultimate Holding Company Shares

However, the Supplemental Agreement provides that the Reserves Tonnage shall be thirty-three million and three hundred thousand (33,300,000) metric tonnes (as mutually agreed upon between the Company and the Vendor), Accordingly, the number of shares in the Ultimate Holding Company (“**UHC Shares**”) to be delivered to the Company at date of completion of the Proposed Acquisition (“**Completion**”) shall be 132 UHC Shares, representing 66% shareholding interest in the Ultimate Holding Company.

The Supplemental Agreement also provides that the Consideration shall be payable in cash as follows:-

- (a) US\$10 million (being approximately 18.2% of the Consideration) (the “**First Tranche Payment**”) shall be paid to the Vendor on the date of completion of the Proposed Acquisition; and
- (b) US\$45 million (being 81.8% of the Consideration) shall be paid as the remaining payment within 10 Business Days from the satisfaction of all Conditions Subsequent (as defined below), such satisfaction to be determined by the Company in its sole discretion.

In the event the Conditions Subsequent are not satisfied by the CS Deadline (as defined below), the Vendor shall refund the First Tranche Payment to the Company within five Business Days from the CS Deadline. Upon receipt of such refund of the First Tranche Payment, the Company shall transfer such number of UHC Shares that was delivered to the Company by the Vendor on Completion to the Vendor or its then designated nominee.

2.2 **Conditions Subsequent**

The Vendor shall procure that the following conditions subsequent are satisfied as soon as practicable after Completion, in any event no later than the CS Deadline (as defined below):

- (a) Provision by the Vendor of evidence to the satisfaction of the Company in its sole discretion that the designated mining areas under the Concession is on the list issued by the Directorate General of Mining of the Ministry of Energy and Minerals Mining of the Republic of Indonesia in accordance with Indonesian Law No. 4 of 2009 on Mineral and Coal Mining and its amendments and implementing regulations (“**Mining Law**”), listing companies holding coal mining license (“**IUP**”) which designated mining areas have been verified as having no overlap with other coal mining concession holders’ mining areas, and the issuance of the IUP is in accordance with Mining Law;
- (b) The entry by the Indonesian Operating Company into an agreement with PT Ladang Rumpun Subur Abadi (the “**Plantation Owner**”) and/or its designated company on terms and conditions to be agreed to by the Company in its sole discretion; and
- (c) The completion of the acquisition of land (or land use rights as the case may be, as determined by the Company in its sole discretion) by the Indonesian Operating Company in the Mining Permit Area, such land (or land use rights) to be used for the conduct of mining operations (including overburden removal disposal) by the Indonesian Operating Company and/or any other related purpose as determined by the Indonesian Operating Company in its sole discretion. In this regard, the cost of such land (or land use rights) acquisition shall be borne by the Vendor. If the Indonesian Operating Company is required to make any payments for such land (or land use rights) acquisition, the Vendor shall reimburse the Indonesian Operating Company the full amount of such payments made as soon as practicable after the payment settlement by the Indonesian Operating Company,

(collectively, the “**Conditions Subsequent**” and each, a “**Condition Subsequent**”).

The Vendor shall ensure the satisfaction of the Conditions Subsequent as soon as practicable after Completion, and in any event no later than the date falling six months from the Completion Date (“**CS Deadline**”).

2.3 **Conditions Precedent**

The following conditions precedent, amongst others, are deleted in their entirety from the Agreement:

- (a) Provision by the Vendor of evidence to the satisfaction of the Company in its sole discretion that the Concession is on the list issued by the Directorate General of Mining of the Ministry of Energy and Minerals Mining of the Republic of Indonesia in accordance with the Mining Law and its implementing regulations listing companies holding IUP which designated mining areas have been verified as having no overlap with other coal mining concession holders’ mining areas, and the issuance of the IUP is in accordance with Mining Law and the Indonesian Operating Company having obtained a certificate of clean and clear from the Ministry of Energy and Minerals Mining of the Republic of Indonesia; and
- (b) The Production Operations IUP A’s expiry date having been validly and successfully extended to a date following in the calendar year 2022, such extension continuing to be in effect under the relevant laws and regulations of Indonesia.

2.4 **Details of the Concession**

It was previously announced that the Indonesian Holding Company holds the following production operations mining business licences:-

- (a) production operations mining business license for an area of 194.1 ha located in the subdistrict Angsana, Regency of Tanah Bumbu, South Kalimantan Province, Indonesia, such licence having been issued on 8 March 2010 and expiring on 8 March 2015; and
- (b) the production operations mining business license for an area of of 41.2 ha located in the subdistrict Angsana, Regency of Tanah Bumbu, South Kalimantan Province, Indonesia, such licence having been issued on 3 December 2012 and expiring on 29 May 2022,

An application was made to the relevant Indonesian authority to combine the two above stated production operations mining business licences into a single production operations mining business licence, and such single production operations mining business licence has since been issued. The new single production operations mining business licence expires on 29 May 2022. Correspondingly, the Supplemental Agreement updates the details of the Concession.

3. Shareholders are advised to exercise caution in trading their Shares. There is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition.

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

4. The Supplemental Agreement, together with the Agreement, are available for inspection during normal business hours at the Company's registered office at 12 Marina Boulevard #16-01, Marina Bay Financial Centre Tower 3, Singapore 018982 for three (3) months after the date of this Announcement.

BY ORDER OF THE BOARD

Charles Antony Melati
Executive Chairman
18 August 2014

The Initial Public Offering of the Company's shares was sponsored by Canaccord Genuity Singapore Pte. Ltd. (the "Issue Manager"). The Issue Manager assumes no responsibility for the contents of this announcement.