



GEO ENERGY GROUP
天然煤矿集团

GEO ENERGY RESOURCES LIMITED

(Incorporated in the Republic of Singapore on 24 May 2010)
(Company Registration Number 201011034Z)

SGX Announcement

Geo Energy Resources Limited Results Announcement

Third Quarter and Nine Months Ended 30 September 2018

FORWARD LOOKING STATEMENTS

This announcement contains statements that are, or may be deemed to be, "forward looking statements" which are prospective in nature. These forward looking statements may generally be identified by the use of forward looking terminology, or the negative thereof such as "plans", "expects" or "does not expect", "is expected", "seeks", "continues", "assumes", "is subject to", "budget", "scheduled", "estimates", "aims", "forecasts", "risks", "intends", "positioned", "predicts", "projects", "anticipates" or "does not anticipate", or "believes", or variations of such words or comparable terminology and phrases or statements that certain actions, events or results "may", "could", "should", "shall", "would", "might" or "will" be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Forward-looking statements are not based on historical facts, but rather on current predictions, assumptions, expectations, beliefs, opinions, plans, objectives, goals, intentions and projections about future events, results of operations, prospects, financial condition and discussions of strategy, any of which could prove to be inaccurate. By their nature, forward looking statements involve known and unknown risks and uncertainties, many of which are beyond the control of Geo Energy Resources Limited ("Geo Energy"). Forward looking statements are not guarantees of future performance and may and often do differ materially from actual results. Important factors that could cause these uncertainties include, but are not limited to, those discussed in Geo Energy's Annual Report 2017 and/or the offering memorandum dated 27 September 2017 in relation to the US\$300 million 8.00% senior notes due 2022 offering by Geo Coal International Pte. Ltd., a wholly-owned subsidiary of Geo Energy. Neither Geo Energy nor any of its associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. You are cautioned not to place undue reliance on these forward-looking statements which only speak as of the date of this announcement. Other than in accordance with its legal or regulatory obligations (including under the listing rules of the Singapore Exchange Securities Trading Limited), Geo Energy is not under any obligation and Geo Energy and its affiliates expressly disclaim any intention, obligation or undertaking to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. This announcement shall not, under any circumstances, create any implication that there has been no change in the business or affairs of Geo Energy since the date of this announcement or that the information contained herein is correct as at any time subsequent to its date. No statement in this announcement is intended as a profit forecast or a profit estimate. This announcement does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any securities. The making of this announcement does not constitute a recommendation regarding any securities.

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Results Review and Strategy Update

Third Quarter and Nine Months Ended 30 September 2018



Setting the stage for sustainable growth as Geo Energy ramps up TBR's production and secures its life of mine coal offtake with Macquarie Bank and announces a proposed dual listing on the Hong Kong Stock Exchange

Our Group is pleased to see its first coal sales from the new TBR coal mine in the 3 months ended 30 September 2018 ("3Q2018"). With 0.2 million tonnes of TBR coal and 1.4 million tonnes of SDJ coal sold, our Group achieved a total of 5.5 million tonnes for the 9 months ended 30 September 2018 ("9M2018").

To prepare for the expected increase in volumes of coal production, maintenance works have been performed by the jetty operators which include works on the loading equipment and dredging of the riverbed. Although these maintenance works resulted in the Group experiencing a lower loading volume for exports in 3Q2018, they have since been mostly completed and would put us in good stead as TBR ramps up its production in the coming months. Despite this, we recorded revenue of US\$69.3 million and cash profit of US\$20.3 million in 3Q2018. Underlying net profit for 3Q2018 was US\$10.9 million compared to US\$8.6 million in the 3 months ended 30 September 2018 ("3Q2017"), an increase of approximately 27%.

The Group has announced on 8 November 2018 a Life of Mine Coal Offtake ("Oftake") for its TBR coal mine with Macquarie Bank Limited ("Macquarie"). This Offtake, which comes with multi-year prepayment facility, trade finance facility to support the exports of coal and equity investment, will not only secure a coal offtaker with a global presence for the TBR coal mine but also an important substantial investor for Geo Energy. The Group see this as a strong testament to the value of Geo Energy, our capabilities to deliver high quality coal in the region and to grow our level of profitability going forward.

The Group also announced its intention for a dual primary listing in the Main Board of the Stock Exchange of Hong Kong Limited ("HKEx"). The HKEx is one of the leading global stock markets with access to a more diverse investor base and additional source of financing and closer proximity to the Greater China market where we export to and trade.

We remained focused on our strategic objectives to deliver and return value to our investors, having adopted a dividend policy to declare dividends of at least 30% of the Group's profit attributable to Owners of the Company, subject to debt covenants and capital requirements needed to support growth and investments. The Group is committed to delivering dividends that increase over time in tandem with growth in earnings.

With the start of TBR mine coal sales in 3Q2018, we are positive in delivering stronger cash profits to enhance our shareholder returns going forward.

Furthermore, with the Group's existing cash balance of US\$210.7 million as at 30 September 2018 for investment in new coal assets and businesses and for working capital, we believe in continuing our growth momentum and staying on strategy for sustainable growth in the years ahead. Our aim is to become one of the top ten coal producers in Indonesia.

3Q2018 AND 9M2018 HIGHLIGHTS

- The Group sold 1.6 million tonnes of coal in 3Q2018, compared to 2.0 million tonnes sold in the 3 months ending 30 June 2018 ("2Q2018") and 1.9 million in 3Q2017. During 3Q2018, SDJ mine sold 1.4 million tonnes of coal while TBR mine sold 0.2 million tonnes, mainly to the Indonesian domestic coal market. Sales for 3Q2018 was affected by maintenance work performed by the jetty operators, including dredging of the seabed and upgrading of the loading equipment and conveyors in August and September 2018. This maintenance work has since been mostly completed and would put us in good stead for TBR's ramping up in production.
- Revenue decreased by 7% from US\$74.9 million in 3Q2017 to US\$69.3 million in 3Q2018 due to lower volume sold. The average Indonesian Coal Price Index ("ICI") for 4,200 GAR coal was US\$41.50 per tonne in 3Q2018, down from US\$44.84 per tonne in 2Q2018. The Group achieved an Average Selling Price ("ASP") of US\$43.48 per tonne for 3Q2018, higher than US\$39.00 per tonne in 3Q2017. The higher ASP compared to the ICI price is due to our pricing based on the average index prices of 3 and 4 weeks prior to laycan shipment date.
- Cash profit for coal mining in 3Q2018 came in lower at an average of US\$12.76 per tonne versus an average of US\$13.06 per tonne in 2Q2018 but higher against US\$10.70 per tonne in 3Q2017.
- Average production cash costs increased from US\$28.30 per tonne in 3Q2017 to US\$30.72 per tonne in 3Q2018. This was mainly attributed to higher overburden removal costs incurred due to the initial production at the TBR coal mine which commenced in 2Q2018. However, such costs are projected to gradually decrease as the stripping ratio gets lower over the life of mine.
- The average stripping ratio for SDJ mine fell from 3.0 in 2Q2018 and 3.5 in 3Q2017 to 2.4 in 3Q2018. Overall average stripping ratio at the SDJ mine is projected to be 2.8 for 2018, compared to 3.6 in last year.
- Overall, the Group's registered an underlying net profit of US\$10.9 million for 3Q2018, an increase of 27% from US\$8.6 million in 3Q2017.

We continue to remain focused on our strategic objectives in 2018.

Our market capitalisation as at 12 November 2018 was S\$306 million. For our bondholders, the price of our Senior Note has been trading better than its peers despite recent market conditions.

In view of the lower start-up production of the TBR coal mine and lower loading volume for exports in 3Q2018 (caused by the maintenance of the jetty), the Group has revised its 2018 production and sales from 11 – 12 million to 8 - 9 million tonnes of coal. The Group targets a production and sales of 13 – 15 million tonnes of coal for both SDJ and TBR in 2019. We are in the course of finalising our new investment and acquisition, and we will make an appropriate announcement on this in due course.



Tung Kum Hon
Chief Executive Officer/Director

12 November 2018

Unaudited Financial Statements Announcement for the Third Quarter and Nine Months Ended 30 September 2018

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF RESULTS FOR THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2018

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

1(a)(i) Consolidated statement of profit or loss

	Group			Group		
	3 months ended	3 months ended		9 months ended	9 months ended	
	30.9.2018	30.9.2017	%	30.9.2018	30.9.2017	%
	US\$	US\$		US\$	US\$	
	(Unaudited)	(Unaudited)	Change	(Unaudited)	(Unaudited)	Change
Revenue	69,264,200	74,851,675	(7)	242,995,363	223,476,419	9
Cost of sales	(52,057,274)	(58,665,006)	(11)	(182,519,836)	(163,011,467)	12
Gross profit	17,206,926	16,186,669	6	60,475,527	60,464,952	nm
Other income	1,559,513	17,517	nm	4,408,844	597,925	637
General and administration expenses	(2,645,502)	(2,986,245)	(11)	(7,976,996)	(7,786,046)	2
Other expenses	(304,385)	(183,526)	66	(2,945,112)	(2,531,528)	16
Finance costs	(7,597,371)	(1,316,029)	477	(22,816,987)	(3,893,222)	486
Profit before income tax	8,219,181	11,718,386	(30)	31,145,276	46,852,081	(34)
Income tax expense	(2,636,135)	(3,113,632)	(15)	(8,115,106)	(13,598,576)	(40)
Profit for the period	5,583,046	8,604,754	(35)	23,030,170	33,253,505	(31)
Other comprehensive income, net of tax:						
Item that may be subsequently reclassified to profit or loss:						
- Exchange differences on translation of foreign operations	(1,578,300)	(1,647,173)	(4)	(2,059,436)	(2,145,736)	(4)
Total comprehensive income	4,004,746	6,957,581	(42)	20,970,734	31,107,769	(33)

nm - not meaningful

1(a)(ii) Consolidated statement of profit or loss and other comprehensive income

	Group			Group		
	3 months ended 30.9.2018 US\$ (Unaudited)	3 months ended 30.9.2017 US\$ (Unaudited)	% Change	9 months ended 30.9.2018 US\$ (Unaudited)	9 months ended 30.9.2017 US\$ (Unaudited)	% Change
Profit (loss) attributable to:						
Owners of the Company	5,594,988	8,600,941	(35)	23,053,344	33,243,108	(31)
Non-controlling interests	(11,942)	3,813	nm	(23,174)	10,397	nm
	5,583,046	8,604,754	(35)	23,030,170	33,253,505	(31)
Total comprehensive income attributable to:						
Owners of the Company	3,936,189	6,965,581	(43)	20,983,562	31,108,112	(33)
Non-controlling interests	68,557	(8,000)	nm	(12,828)	(343)	nm
	4,004,746	6,957,581	(42)	20,970,734	31,107,769	(33)

1(a)(iii) Profit before income tax is arrived at after charging/(crediting) the following:

	Group			Group		
	3 months ended 30.9.2018 US\$ (Unaudited)	3 months ended 30.9.2017 US\$ (Unaudited)	% Change	9 months ended 30.9.2018 US\$ (Unaudited)	9 months ended 30.9.2017 US\$ (Unaudited)	% Change
Interest income	(1,383,192)	(62,487)	nm	(3,856,005)	(272,370)	nm
(Gain) loss on disposal of property, plant and equipment (net)	(80)	3,784	nm	5,955	(17,526)	nm
Foreign exchange (gain) loss (net)	(176,241)	179,035	nm	1,560,706	2,530,821	(38)
Coupon interest on Notes Payable	6,000,000	1,297,831	362	18,000,000	3,779,410	376
Amortised transaction costs of Notes Payable	1,580,965	122,765	nm	4,765,640	446,619	967
Depreciation of property, plant and equipment	2,712,435	4,122,915	(34)	9,080,730	11,006,962	(18)
Amortisation of deferred stripping costs	366,953	527,550	(30)	1,099,208	1,438,352	(24)
Amortisation of prepayment	144,434	-	nm	1,027,972	-	nm
Bad debt written-off	-	707	(100)	-	707	(100)
Share-based payment expense	108,937	-	nm	324,761	-	nm
Loss on financial asset carried at amortised cost	-	-	nm	577,564	-	nm

nm - not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	30.9.2018	31.12.2017	30.9.2018	31.12.2017
	US\$	US\$	US\$	US\$
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
ASSETS				
Current assets				
Cash and bank balances	210,666,619	265,770,740	28,255,748	40,574,203
Trade and other receivables	34,728,245	50,855,857	53,403,697	45,141,410
Deposits and prepayments	27,643,755	22,066,330	56,288	190,185
Inventory	12,441,134	7,677,179	-	-
Total current assets	285,479,753	346,370,106	81,715,733	85,905,798
Non-current assets				
Restricted cash deposits	3,301,481	4,146,072	-	-
Deposits and prepayments	23,996,964	5,993,338	88,457	91,978
Investment in subsidiaries	-	-	185,877,305	185,877,305
Deferred stripping costs	39,576,552	7,936,884	-	-
Deferred expenditure	62,622	-	-	-
Property, plant and equipment	173,086,626	181,599,647	118,067	114,448
Deferred tax assets	5,958,366	3,747,651	138,298	11,272
Other non-current asset	153,698	153,698	153,698	153,698
Total non-current assets	246,136,309	203,577,290	186,375,825	186,248,701
Total assets	531,616,062	549,947,396	268,091,558	272,154,499
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	66,271,713	92,180,890	163,303,255	166,423,237
Current portion of finance leases	145,809	110,273	18,399	17,825
Financial guarantee liability	-	-	1,576,536	1,576,536
Income tax payable	1,625,803	11,842,792	-	573,950
Total current liabilities	68,043,325	104,133,955	164,898,190	168,591,548
Non-current liabilities				
Finance leases	124,756	156,880	17,679	30,601
Notes payable	292,862,894	288,028,289	-	-
Provisions	2,272,495	1,707,800	104,436	101,131
Financial guarantee liability	-	-	4,751,204	5,930,367
Deferred tax liabilities	3,345,697	1,474,264	-	-
Total non-current liabilities	298,605,842	291,367,233	4,873,319	6,062,099
Capital, reserves and non-controlling interests				
Share capital	95,069,461	95,069,461	95,069,461	95,069,461
Capital and other reserve	1,196,523	871,762	820,331	495,570
Translation reserve	(14,928,238)	(12,858,989)	-	-
Retained earnings	83,453,112	70,051,598	2,430,257	1,935,821
Equity attributable to owners of the Company	164,790,858	153,133,832	98,320,049	97,500,852
Non-controlling interests	176,037	1,312,376	-	-
Total equity	164,966,895	154,446,208	98,320,049	97,500,852
Total liabilities and equity	531,616,062	549,947,396	268,091,558	272,154,499

1(b)(ii) Aggregate amount of group's borrowings and debt securities

	Group		Group	
	30.9.2018 US\$ Secured (Unaudited)	30.9.2018 US\$ Unsecured (Unaudited)	31.12.2017 US\$ Secured (Audited)	31.12.2017 US\$ Unsecured (Audited)
Amount repayable in one year or less, or on demand	145,809	-	110,273	-
Amount repayable after one year	124,756	292,862,894	156,880	288,028,289
	270,565	292,862,894	267,153	288,028,289

Details of any collateral and security:

As at 30 September 2018, the Group's finance lease liabilities are secured by the leased assets, motor vehicles.

On 4 October 2017, the Company's subsidiary, Geo Coal International Pte. Ltd. ("GCI") issued US\$300 million in aggregate amount of 8.0% Senior Notes due 2022. The proceeds of which was used to redeem the Medium Term Notes of S\$100 million due in January 2018, and the remainder will be used to make potential acquisitions of coal mining assets and for working capital purposes. The Senior Notes are listed on the SGX. They are unsecured and guaranteed by the Company and certain subsidiaries of the Group ("Financial Guarantees"). The Financial Guarantees are effectively subordinated to secure obligations of each guarantor, to the extent of the value of assets serving as security. As at 30 September 2018, the Company recognised the fair value of its Financial Guarantee of US\$7,887,000 on the statement of financial position as deemed investment in a subsidiary. Amortisation of the financial guarantee liability amounted to US\$1,179,163 was credited to the Company's profit or loss during the nine-month period ended 30 September 2018.

Please refer to the relevant announcements.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group		Group	
	3 months ended 30.9.2018 US\$ (Unaudited)	3 months ended 30.9.2017 US\$ (Unaudited)	9 months ended 30.9.2018 US\$ (Unaudited)	9 months ended 30.9.2017 US\$ (Unaudited)
Operating activities				
Profit before income tax	8,219,181	11,718,386	31,145,276	46,852,081
Adjustments for:				
Depreciation of property, plant and equipment	2,712,435	4,122,915	9,080,730	11,006,962
Amortisation of deferred stripping costs	366,953	527,550	1,099,208	1,438,352
Amortisation of prepayment	144,434	-	1,027,972	-
(Gain) loss on disposal of property, plant and equipment	(80)	3,784	5,955	(17,526)
Loss on financial asset carried at amortised cost	-	-	577,564	-
Bad debt written-off	-	707	-	707
Share-based payment expense	108,937	-	324,761	-
Interest expense	7,597,371	1,316,029	22,816,987	3,893,222
Interest income	(1,383,192)	(62,487)	(3,856,005)	(272,370)
Retirement benefit obligations	123,357	72,958	358,134	232,478
Net foreign exchange (gains) losses	(1,346,198)	(340,306)	(1,748,630)	1,602,080
Operating cash flows before movements in working capital:	16,543,198	17,359,536	60,831,952	64,735,986
Trade and other receivables	3,063,560	5,242,229	15,138,264	5,559,029
Deposits and prepayments	2,477,551	(10,128,211)	(24,607,399)	(25,809,265)
Inventories	(3,133,457)	(1,664,796)	(3,497,438)	310,290
Trade and other payables	(24,965,009)	13,593,330	(53,930,116)	(11,869,095)
Cash (used in) generated from operations	(6,014,157)	24,402,088	(6,064,737)	32,926,945
Income tax paid	(4,725,378)	(5,185,145)	(18,719,851)	(8,401,543)
Income tax refund	-	-	-	114,438
Net cash (used in) from operating activities	(10,739,535)	19,216,943	(24,784,588)	24,639,840

	Group		Group	
	3 months ended 30.9.2018 US\$ (Unaudited)	3 months ended 30.9.2017 US\$ (Unaudited)	9 months ended 30.9.2018 US\$ (Unaudited)	9 months ended 30.9.2017 US\$ (Unaudited)
Investing activities				
Interest received	1,347,321	34,219	3,600,117	184,405
Addition to deferred stripping costs	(1,360,040)	-	(10,851,822)	-
Addition to deferred expenditure	(577)	-	(62,622)	-
Advance payments for purchase of property, plant and equipment	(213,977)	(98,710)	(466,295)	(151,129)
Deferred payment for acquisition of property, plant and equipment	-	-	-	(4,482,388)
Purchase of property, plant and equipment	(408,100)	(226,146)	(1,270,072)	(31,368,806)
Proceeds from disposal of property, plant and equipment	-	31,080	42,607	95,193
Net cash used in investing activities	(635,373)	(259,557)	(9,008,087)	(35,722,725)
Financing activities				
Increase in deposits pledged	-	(150,973)	(1,691,983)	(1,465,863)
Decrease in restricted cash deposits	397,975	-	541,803	-
Interest paid	(4,239)	(2,559,318)	(12,013,663)	(5,065,628)
Dividend paid	(9,651,297)	-	(9,651,297)	(8,772,446)
Repayment of obligations under finance leases	(34,372)	(22,571)	(113,412)	(54,225)
Net cash used in financing activities	(9,291,933)	(2,732,862)	(22,928,552)	(15,358,162)
Net (decrease) increase in cash and cash equivalents	(20,666,841)	16,224,524	(56,721,227)	(26,441,047)
Cash and cash equivalents at beginning of the period	226,494,082	20,113,641	262,462,723	62,761,457
Effect of exchange rate changes on the balance held in foreign currencies	(160,622)	(1,984)	(74,877)	15,771
Cash and cash equivalents at end of the period (Note A)	205,666,619	36,336,181	205,666,619	36,336,181
Note A				
Cash on hand and at banks	49,166,619	35,510,384	49,166,619	35,510,384
Deposits	161,500,000	7,553,338	161,500,000	7,553,338
Cash and bank balances	210,666,619	43,063,722	210,666,619	43,063,722
Restricted cash deposits (non-current)	3,301,481	2,086,757	3,301,481	2,086,757
	213,968,100	45,150,479	213,968,100	45,150,479
Less: Deposits pledged	(5,000,000)	(6,727,541)	(5,000,000)	(6,727,541)
Less: Restricted cash deposits (non-current)	(3,301,481)	(2,086,757)	(3,301,481)	(2,086,757)
Cash and cash equivalents	205,666,619	36,336,181	205,666,619	36,336,181

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group	Share capital US\$	Capital and other reserve US\$	Translation reserve US\$	Retained earnings US\$	Equity attributable to owners of the Company US\$	Non-controlling interests US\$	Total US\$
Balance at 1.1.2018 (audited)	95,069,461	871,762	(12,858,989)	70,051,598	153,133,832	1,312,376	154,446,208
Adjustment from adoption of SFRS(I)	-	-	18,232,460	(18,232,460)	-	-	-
Balance at 1.1.2018 As restated (unaudited)	95,069,461	871,762	5,373,471	51,819,138	153,133,832	1,312,376	154,446,208
Profit for the period	-	-	-	17,458,356	17,458,356	(11,232)	17,447,124
Other comprehensive income for the period	-	-	(410,453)	(530)	(410,983)	(70,153)	(481,136)
Transaction with owners, recognised directly in equity: Deemed capital contribution**	-	215,824	-	-	215,824	-	215,824
Balance at 30.6.2018 (unaudited)	95,069,461	1,087,586	4,963,018	69,276,964	170,397,029	1,230,991	171,628,020
Profit for the period	-	-	-	5,594,988	5,594,988	(11,942)	5,583,046
Other comprehensive income for the period	-	-	(1,658,796)	(3)	(1,658,799)	80,499	(1,578,300)
Transaction with owners, recognised directly in equity: Deemed capital contribution**	-	108,937	-	-	108,937	-	108,937
Dividend	-	-	-	(9,651,297)	(9,651,297)	-	(9,651,297)
Effects of disposal of a subsidiary	-	-	-	-	-	(1,123,511)	(1,123,511)
Balance at 30.9.2018 (unaudited)	95,069,461	1,196,523	3,304,222	65,220,652	164,790,858	176,037	164,966,895

Group	Share capital US\$	Capital and other reserve US\$	Translation reserve US\$	Retained earnings US\$	Equity attributable to owners of the Company US\$	Non-controlling interests US\$	Total US\$
Balance at 1.1.2017 (audited)	89,670,842	316,251	(18,232,460)	52,681,429	124,436,062	221,683	124,657,745
Adjustment from adoption of SFRS(I)	-	-	18,232,460	(18,232,460)	-	-	-
Balance at 1.1.2017 As restated (unaudited)	89,670,842	316,251	-	34,448,969	124,436,062	221,683	124,657,745
Profit for the period	-	-	-	24,632,581	24,632,581	6,584	24,639,165
Other comprehensive income for the period	-	-	(499,636)	-	(499,636)	1,073	(498,563)
Transaction with owners, recognised directly in equity: Effects of acquisitions of subsidiaries	-	59,941	-	-	59,941	-	59,941
Issue of share capital	13,000,000	-	-	-	13,000,000	-	13,000,000
Dividend	-	-	-	(8,772,446)	(8,772,446)	-	(8,772,446)
Balance at 30.6.2017 (unaudited)	102,670,842	376,192	(499,636)	50,309,104	152,856,502	229,340	153,085,842
Profit for the period	-	-	-	8,600,941	8,600,941	3,813	8,604,754
Other comprehensive income for the period	-	-	(1,635,360)	-	(1,635,360)	(11,813)	(1,647,173)
Transaction with owners, recognised directly in equity: Non-controlling interests arising from acquisition of subsidiaries	-	-	-	-	-	1,123,586	1,123,586
Balance at 30.9.2017 (unaudited)	102,670,842	376,192	(2,134,996)	58,910,045	159,822,083	1,344,926	161,167,009

Company	Share capital US\$	Capital and other reserve US\$	Translation reserve US\$	Retained earnings US\$	Total US\$
Balance at 1.1.2018 (audited)	95,069,461	495,570	-	1,935,821	97,500,852
Profit for the period	-	-	-	10,084,326	10,084,326
Transaction with owners, recognised directly in equity:					
Deemed capital contribution**	-	215,824	-	-	215,824
Balance at 30.6.2018 (unaudited)	95,069,461	711,394	-	12,020,147	107,801,002
Profit for the period	-	-	-	61,407	61,407
Transaction with owners, recognised directly in equity:					
Deemed capital contribution**	-	108,937	-	-	108,937
Dividend	-	-	-	(9,651,297)	(9,651,297)
Balance at 30.9.2018 (unaudited)	95,069,461	820,331	-	2,430,257	98,320,049

Company	Share capital US\$	Capital and other reserve US\$	Translation reserve US\$	Retained earnings US\$	Total US\$
Balance at 1.1.2017 (audited)	89,670,842	-	(4,464,506)	6,959,488	92,165,824
Adjustment from adoption of SFRS(I)	-	-	4,464,506	(4,464,506)	-
Balance at 1.1.2017 As restated (unaudited)	89,670,842	-	-	2,494,982	92,165,824
Loss for the period	-	-	-	(1,463,583)	(1,463,583)
Other comprehensive income for the period	-	-	(602,402)	-	(602,402)
Transaction with owners, recognised directly in equity:					
Issue of share capital	13,000,000	-	-	-	13,000,000
Dividend	-	-	-	(8,772,446)	(8,772,446)
Balance at 30.6.2017 (unaudited)	102,670,842	-	(602,402)	(7,741,047)	94,327,393
Profit for the period	-	-	-	15,523,519	15,523,519
Other comprehensive income for the period	-	-	(1,381,673)	-	(1,381,673)
Balance at 30.9.2017 (unaudited)	102,670,842	-	(1,984,075)	7,782,472	108,469,239

** Other reserve pertains to deemed capital contribution by Master Resources International Limited ("MRIL"), the substantial shareholder of the Company for issuance of shares to a director (and the Chief Executive Officer) of the Company, as share-based payment.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

As at 30 September 2018, the Company's share capital comprised 1,329,273,113 shares (30 June 2018: 1,329,273,113). There were no outstanding convertibles or treasury shares as at 30 September 2018 and 30 September 2017.

On 8 November 2018, the Company announced that Macquarie will subscribe for 70,000,000 ordinary shares representing 5% of the total issued ordinary shares in the capital of the Company post-subscription at a subscription price of SGD0.29 per share. Macquarie must hold the shares for at least 1 year in accordance with the terms of the subscription agreement. In addition, Macquarie will subscribe for 74,000,000 non-listed, transferable, free warrants in the Company exercisable within 2 years from the date of issue and each warrant to carry the right to subscribe, at Macquarie's option, for 1 ordinary share in the Company at an exercise price of SGD0.33 per share.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	30.9.2018	31.12.2017
Total number of issued shares (excluding treasury shares)	1,329,273,113	1,329,273,113

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. Our Company does not hold any treasury shares.

2. **Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)**

The figures have not been audited nor reviewed by our Company's auditors, unless otherwise stated.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied**

The Group has consistently applied the same accounting policies and methods of computation in the Group's financial statements for the current reporting period and year compared with the audited financial statements for the year ended 31 December 2017.

5. **If there are any changes in accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

In transitioning to SFRS(I), the Group elected to reset the translation reserve to zero as at date of transition, and accordingly, has reclassified an amount of US\$18,232,460 of translation reserve to the opening retained earnings as at 1 January 2017.

Other than the effect of the matter as described above, the adoption of new and revised standards did not have any material effect on the profit or loss and financial position of the Group.

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividend**

	Group		Group	
	3 months ended 30.9.2018 (Unaudited)	3 months ended 30.9.2017 (Unaudited)	9 months ended 30.9.2018 (Unaudited)	9 months ended 30.9.2017 (Unaudited)
Earnings per share ("EPS")				
Earnings for computing EPS (US\$)	5,594,988	8,600,941	23,053,344	33,243,108
Weighted average number of ordinary shares ⁽¹⁾	1,329,273,113	1,329,273,113	1,329,273,113	1,255,130,256
Basic and diluted EPS based on weighted average number of ordinary shares (US cents) ⁽²⁾	0.42	0.65	1.73	2.65
Basic and diluted EPS based on weighted average number of ordinary shares (SG cents) ⁽³⁾	0.58	0.88	2.37	3.60

(1) The calculation for the basic and diluted EPS is based on the weighted average number of ordinary shares in issue during the respective financial period.

(2) The basic and diluted EPS were the same as the Group did not have any potentially dilutive instruments for the respective financial period.

(3) Numbers were translated using the 30 September 2018 and 2017 exchange rates of 1.3672 and 1.3592 respectively.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group		Company	
	30.9.2018 (Unaudited)	31.12.2017 (Audited)	30.9.2018 (Unaudited)	31.12.2017 (Audited)
Net asset value (US\$)	164,790,858	153,133,832	98,320,049	97,500,852
Number of issued shares	1,329,273,113	1,329,273,113	1,329,273,113	1,329,273,113
Net asset value per ordinary share (US cents)	12.40	11.52	7.40	7.33
Net asset value per ordinary share (SG cents) ⁽¹⁾	16.95	15.40	10.11	9.80

(1) Numbers were translated using the 30 September 2018 and 31 December 2017 exchange rates of 1.3672 and 1.3369 respectively.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

8.1 Income Statement

	Group		Group	
	3 months ended 30.9.2018 (Unaudited)	3 months ended 30.9.2017 (Unaudited)	9 months ended 30.9.2018 (Unaudited)	9 months ended 30.9.2017 (Unaudited)
Revenue				
Sales Volume (million tonnes)	1.6	1.9	5.5	5.6
- SDJ	1.4	1.9	5.3	5.6
- TBR	0.2	-	0.2	-
Indonesian Coal Index Price (US\$/tonne)	41.50	43.08	44.78	41.99
Average Selling Price (US\$/tonne)	43.48	39.00	44.09	39.47
Production				
Production Volume (million tonnes)	2.2	1.9	5.9	5.2
- SDJ	1.9	1.9	5.6	5.2
- TBR	0.3	-	0.3	-
Strip Ratio (times)				
- SDJ	2.4	3.5	3.4	3.2
- TBR	3.6	-	3.6	-
Production Cash Cost (US\$/tonne)	30.72	28.30	31.16	26.61
Cash Profit (US\$/tonne)	12.76	10.70	12.93	12.86

Financial performance (3Q2018 vs. 3Q2017)

Revenue decreased by US\$5.6 million to US\$69.3 million due to lower volume of coal sold in 3Q2018 compared to 3Q2017.

The Group sold 1.4 million tonnes of 4,200 GAR coal from the SDJ coal mine and another 0.2 million tonnes from the TBR coal mine, totalling 1.6 million tonnes of coal sold during the quarter. This represents a decrease from the 2.0 million tonnes sold in 2Q2018 and 1.9 million tonnes sold in 3Q2017. The lower loading volume was mainly caused by the maintenance of the jetty, including dredging of the seabed and upgrading of the loading equipment and conveyors which indirectly caused some operational delay. This maintenance work has since been mostly completed and would put us in good stead for TBR's ramping up in production.

The average ICI for 4,200 GAR coal was US\$41.50 per tonne in 3Q2018, down from US\$44.84 per tonne in 2Q2018 and US\$43.08 in 3Q2017. The Group achieved an ASP of US\$43.48 per tonne for 3Q2018, higher than US\$39.00 per tonne in 3Q2017. The higher ASP compared to the ICI price is due to our pricing based on the average index prices of 3 and 4 weeks prior to laycan shipment date.

Gross profit was higher at US\$17.2 million compared to US\$16.2 million in 3Q2017 mainly due to higher ASP achieved in the quarter. However, total production cash costs were also higher in 3Q2018 at US\$30.72 per tonne compared to US\$28.30 per tonne in 3Q2017. This was mainly attributable to high overburden removal costs at the initial stage of operation at the TBR mine that commenced in 2Q2018. Overburden costs for TBR are projected to gradually decrease as the stripping ratio will trend lower over the life of mine.

The average stripping ratio for SDJ mine fell from 3.0 in 2Q2018 and 3.5 in 3Q2017 to 2.4 in 3Q2018. Overall average stripping ratio at the SDJ mine is projected to be 2.8 for 2018, compared to 3.6 in last year.

Cash profit for coal mining was an average of US\$12.76 per tonne compared to an average of US\$13.06 per tonne in 2Q2018 and US\$10.70 per tonne in 3Q2017. The lower cash profit compared to 2Q2018 was mainly due higher start-up production costs in TBR coal mine. Conversely, higher cash profit per tonne for the quarter as compared to 3Q2017 was mainly due to lower stripping ratio in SDJ mine combined with higher ASP.

Group (All figures in US\$'000 except as indicated)	Coal mining	Coal trading	Coal mining management services	Total
3 months ended 30.9.2018 (unaudited)				
Volume (tonnes)	1,593,166	-	-	1,593,166
Revenue	69,264	-	-	69,264
Cost of sales	(52,057)	-	-	(52,057)
Gross profit	17,207	-	-	17,207
Non-cash items:				
Depreciation & amortisation	3,124	-	-	3,124
Cash profit	20,331	-	-	20,331
3 months ended 30.6.2018 (unaudited)				
Volume (tonnes)	1,969,557	-	-	1,969,557
Revenue	83,184	-	-	83,184
Cost of sales	(61,820)	-	-	(61,820)
Gross profit	21,364	-	-	21,364
Non-cash items:				
Depreciation & amortisation	4,351	-	-	4,351
Cash profit	25,715	-	-	25,715
3 months ended 30.9.2017 (unaudited)				
Volume (tonnes)	1,894,667	-	-	1,894,667
Revenue	73,896	-	955	74,851
Cost of sales	(58,165)	-	(499)	(58,664)
Gross profit	15,731	-	456	16,187
Non-cash items (depreciation & amortisation)	4,541	-	-	4,541
Cash profit	20,272	-	456	20,728

The Group's coal mining management service with PT Angsana Jaya Energi ("AJE"), a holder of coal mining permit in South Kalimantan, was completed in 1Q2018 and the Group has yet to sign any new coal mining management services with other parties.

Profit before income tax of US\$8.2 million includes:

- Other income of US\$1.6 million. The increase of US\$1.5 million was mainly due to the interest income earned on short term investments and deposits from undeployed cash;
- General and administrative expenses of US\$2.6 million. The decrease of US\$0.3 million was mainly due to VAT expenses incurred from the Company charging management fee to its overseas subsidiary in 2017, offset by higher staff costs and share-based payments expense in 2018;
- Other expenses of US\$0.3 million. The increase of US\$0.1 million was mainly due to the higher expenses relating to Corporate Social Responsibility engagements, offset by the Group recording a forex gain during the quarter.

- Finance costs of US\$7.6 million. The increase of US\$6.3 million was mainly due to higher interest expense on the Senior Notes as compared to the Medium Term Note that was redeemed on 13 October 2017; and
- Depreciation and amortisation of US\$3.2 million. The decrease of US\$1.4 million was mainly due to lower volume of coal shipped in the quarter, partially offset by amortisation of prepayment during the quarter.

Income tax expense decreased by US\$0.5 million. Effective tax rate is 32% due to certain non-deductible expenses (mainly depreciation of mining properties not allowable for tax deductions) and adjustment recognised in current year in relation to finalisation of prior years' tax. Excluding these items, the Group's effective tax rate was 23%.

Overall, the Group's **profit for the period** decreased by US\$3.0 million, mainly due the lower volume sold, higher production cash costs, other expenses and finance costs, which were partially offset by higher ASP, lower general and administrative costs and other income. Excluding increased finance cost due to issuance of Senior Notes in 4Q2017, the Group's underlying net profit increased by US\$2.3 million from US\$8.6 million in 3Q2017 to US\$10.9 million during the quarter.

Financial performance (9M2018 vs. 9M2017)

Revenue increased by US\$19.5 million to US\$243.0 million in 9M2018, mainly due to increase in the ASP of coal sales. The Group sold 5.3 million tonnes of coal from the SDJ coal mine and 0.2 million tonnes of coal for the TBR mine, totalling 5.5 million tonnes of coal sold in 9M2018. This is lower than the 5.6 million tonnes sold in 9M2017. ASP of coal was US\$44.09 per tonne against US\$39.47 per tonne in 9M2017.

Gross profit was US\$60.5 million. Excluding depreciation and amortisation, the Group's cash profit was US\$71.4 million, of which US\$71.1 million was contributed by the coal mining segment.

Cash profit for coal mining segment was US\$12.93 per tonne in 9M2018 as compared with US\$12.86 per tonne in 9M2017, mainly due to higher ASP but partially offset by higher production costs driven by higher stripping ratio and overburden removal costs for TBR mine, which commenced operation in 2Q2018. Stripping ratio of TBR mine was 3.6 for 9M2018. Stripping ratio of SDJ mine slightly increased from 3.2 in 9M2017 to 3.4 in 9M2018.

Group (All figures in US\$'000 except as indicated)	Coal mining	Coal trading	Coal mining management services	Total
9 months ended 30 September 2018				
Volume (tonnes)	5,499,540	-	-	5,499,540
Revenue	242,485	-	510	242,995
Cost of sales	(182,244)	-	(276)	(182,520)
Gross profit	60,241	-	234	60,475
<u>Non-cash items:</u>				
Depreciation & amortisation	10,894	-	-	10,894
Cash profit	71,135	-	234	71,369
9 months ended 30 September 2017				
Volume (tonnes)	5,559,099	52,250	-	5,611,349
Revenue	219,406	2,097	1,973	223,476
Cost of sales	(159,915)	(2,045)	(1,051)	(163,011)
Gross profit	59,491	52	922	60,465
<u>Non-cash item:</u>				
Depreciation & amortisation	12,018	-	-	12,018
Cash profit	71,509	52	922	72,483

Profit before income tax of US\$31.1 million includes:

- Other income of US\$4.4 million. The increase of US\$3.8 million was mainly due to the interest income earned on short term investments and deposits from undeployed cash;
- General and administrative expenses of US\$8.0 million. The increase of US\$0.2 million was mainly due to higher staff and other administrative costs as the Group expanded its operations and share-based payment expense, offset by VAT expenses incurred from the Company charging management fee to its overseas subsidiary in 2017;
- Other expenses of US\$2.9 million. The increase of US\$0.4 million was mainly due to loss on financial asset carried at amortised cost and higher expenses relating to Corporate Social Responsibility engagements, offset by lower forex loss;
- Finance costs of US\$22.8 million. The increase of US\$18.9 million was mainly due to higher interest expense on the Senior Notes as compared to the Medium Term Note that was redeemed on 13 October 2017; and
- Depreciation and amortisation of US\$11.2 million. The decrease of US\$1.2 million was mainly due to lower volume of coal shipped in the period, partially offset by amortisation of prepayment during the period.

Income tax expense decreased by US\$5.5 million in 9M2018, in line with the decrease in the Group's profit before tax. Effective tax rate was 26% due to certain non-deductible expenses (mainly due to depreciation of mining properties not allowable for tax deductions) and adjustment recognised in current year in relation to finalisation of prior year's tax. Excluding these items, the effective tax rate was 21%.

The Group's **profit for the period** decreased by US\$10.2 million, mainly due to higher production cash costs, other expenses and finance costs, which were partially offset by higher other income and lower income tax expense. Overall, the Group's underlying net profit for 9M2018 was US\$39.1 million (9M2017: US\$33.3 million).

Underlying net profit and underlying EBITDA ⁽¹⁾

In order to provide additional insight and understanding of the performance of the Group, the following sets out the underlying net profit and underlying EBITDA. The differences between profit, underlying net profit and underlying EBITDA are as below:

	3Q2018 US\$'000	3Q2017 US\$'000	9M2018 US\$'000	9M2017 US\$'000
Profit for the period	5,583	8,605	23,030	33,254
<u>Items excluded from profit:</u>				
Share-based payment expense	109	-	325	-
Increased finance cost due to issuance of Senior Notes in 4Q2017 (net of tax)	5,215	-	15,708	-
Underlying net profit for the period	10,907	8,605	39,063	33,254
Net interest expense	1,000	1,254	3,253	3,621
Depreciation and amortisation	3,224	4,650	11,208	12,445
Income tax	3,704	3,114	11,332	13,599
Underlying EBITDA for the period	18,835	17,623	64,856	62,919

(1) EBITDA represents earnings before tax, interests, depreciation and amortisation.

8.2 Financial Position

Group

Current Assets

Current assets decreased by US\$60.9 million to US\$285.5 million as at 30 September 2018.

Cash and bank balances decreased by US\$55.1 million to US\$210.7 million as at 30 September 2018, mainly due to payment in relation to the agreement the Group entered with third parties for the provision of integrated coal mining support and infrastructure services from the SDJ and TBR coal mines to the point of anchorage for exporting coal, dividend payment, other payments for operating expenses and tax, offset by receipts from coal sales from ECTP.

Trade and other receivables of US\$34.7 million as at 30 September 2018 comprise mainly trade receivables of US\$24.4 million and non-trade receivables of US\$10.3 million. The decrease of US\$16.1 million from US\$50.9 million as of 31 December 2017 was mainly due to receipt from coal sales from ECTP.

Deposits and prepayments increased by US\$5.6 million to US\$27.6 million as at 30 September 2018 mainly due to the payment made to third parties for the provision of integrated coal mining support and infrastructure services.

Inventories increased by US\$4.8 million to US\$12.4 million as at 30 September 2018 due to coal produced TBR mine (which commenced operation in 2Q2018) and higher production costs.

Non-current Assets

Non-current assets increased by US\$42.6 million to US\$246.1 million as at 30 September 2018, mainly due to increases in deferred stripping costs by US\$31.6 million (upon commencement of production at the TBR coal mine), deposits and prepayments by US\$18.0 million (due to abovementioned payment for provision of integrated services) and deferred tax assets ("DTA") by US\$2.2 million. These were partially offset by decreases in property, plant and equipment ("PPE") by US\$8.5 million, mainly due to depreciation, and restricted cash deposits by US\$0.8 million.

Current Liabilities

Current liabilities decreased by US\$36.1 million to US\$68.0 million as at 30 September 2018, mainly due to decreases in trade and other payables by US\$25.9 million and income tax payable by US\$10.2 million. Decrease in trade and other payable was mainly caused by the decreases in advance from customers, other payables and deposit received. These were partially offset by increases in trade payables, accrued interest on Senior Notes and accruals.

Non-current Liabilities

Non-current liabilities increased by US\$7.2 million to US\$298.6 million as at 30 September 2018, which is mainly due to the interests accrued on the Senior Notes of US\$4.8 million and increases in provisions by US\$0.6 million and deferred tax liability ("DTL") by USD\$1.8 million.

Contingent Liability

In 2016, some subsidiaries were audited by Indonesian Tax Office ("ITO"). ITO assessed an underpayment of tax expenses of approximately US\$3.9 million (IDR53 billion) in respect of a subsidiary for capitalisation of an intercompany loan as equity.

Management has sought advice from professional tax consultants and legal firms in Jakarta, Indonesia. Closing Statements with our point of view had been submitted to the Court of Appeal in July 2018. Final decision is expected to be received within the next 12 months. No provision has been recognised in the financial statements as the Group does not consider that there is any probable loss.

Financial Guarantee

In October 2017, the Company and some subsidiaries have issued corporate guarantees to bondholders for Senior Notes issued of a subsidiary amounting to US\$300,000,000.

Company

Current Assets

Current assets decreased by US\$4.2 million to US\$81.7 million as at 30 September 2018, mainly due to decreases in cash and bank balances by US\$12.3 million (mainly from dividend payment of US\$9.7 million) and deposits and prepayments by US\$0.1 million, offset by increase in intercompany receivables by US\$8.2 million.

Current assets of US\$81.7 million as at 30 September 2018 mainly comprise cash and bank balances of US\$28.3 million, intercompany receivables of US\$50.2 million, refundable deposit of US\$3.1 million to secure the rights to use a jetty, and deposits and prepayments of US\$0.1 million.

Non-current Assets

Non-current assets mainly comprise investment in subsidiaries of US\$185.9 million. The increase of US\$0.1 million was due to increase in DTA of US\$0.1 million.

Current Liabilities

Current liabilities decreased by US\$3.7 million to US\$164.9 million as at 30 September 2018. This was mainly due to decrease in deposit received by US\$3.0 million, accruals by US\$1.0 million and income tax payable by US\$0.6 million. These were partially offset by increase in intercompany payables by US\$0.9 million to US\$162.6 million.

Working Capital

Working capital was negative US\$83.2 million, mainly due to the increase in intercompany payables and decrease in cash and bank balances. Based on the Group's current financial performance and financial position as at 30 September 2018 with a total cash of US\$210.7 million and positive working capital of US\$217.4 million, the Company will be able to pay its debt as and when they fall due.

Non-current Liabilities

Non-current liabilities as at 30 September 2018 comprise financial guarantee liability, provisions and finance leases. The decrease of US\$1.2 million to US\$4.9 million, was mainly due to the amortisation of financial guarantee liability of US\$1.2 million to the profit and loss as deemed guarantee income.

8.3 Cash Flow

Group

Cash Flow (3Q2018 vs. 3Q2017)

Net cash used in **operating activities** was US\$10.7 million. Operating cash flows before movements in working capital was an inflow of US\$16.5 million, mainly due to the Group's operating profit and the non-cash items. More cash was used in Working Capital in 3Q2018 compared to 3Q2017 due to higher settlement of trade and other payables and increase in inventory balances (mainly due to coal produced by our TBR mine that commenced operation in 2Q2018).

Included in trade and other payable is unpaid contractor costs amounting to US\$20.8 million that is capitalised as deferred stripping costs. In addition, settlement of trade and other payables comprise mainly of repayment of advances from customer totalling US\$10.8 million. Excluding the unpaid deferred stripping costs and repayment of advances from customer, the Group's implied movement in working capital is US\$9.0 million. Correspondingly, the Group's cash generation from operations increased from net cash outflow of US\$6.0 million to an implied positive cash generation of US\$25.6 million from operations. The Group also paid US\$4.7 million of corporate tax during the period.

Net cash used in **investing activities** of US\$0.6 million was mainly due to addition to deferred stripping costs of US\$1.4 million following the commencement of TBR coal mine operation, purchase of PPE of US\$0.4 million and advance payments for purchase of PPE of US\$0.2 million. These were partially offset by interest received of US\$1.3 million.

Net cash used in **financing activities** of US\$9.3 million was mainly due to dividend payment of US\$9.7 million, offset by decrease in restricted cash deposits by US\$0.4 million.

Overall, total cash and cash equivalent as of 30 September 2018 was US\$205.7 million.

Cash Flow (9M2018 vs. 9M2017)

Net cash used in **operating activities** was US\$24.8 million. Operating cash flows before movements in working capital was an inflow of US\$60.8 million, mainly due to the Group's operating profit and the non-cash items. More cash was used in Working Capital, mainly due to more payment made to third parties for the provision of integrated coal mining support and infrastructure services, settlement of trade and other payables and increase in inventory balances (mainly due to coal produced by our TBR mine that commenced operation in 2Q2018). Included in trade and other payable is unpaid contractor costs amounting to US\$20.8 million that is capitalised as deferred stripping costs. In addition, settlement of trade and other payables comprise mainly of repayments of advances from customer of US\$34.5 million and deposits received of US\$3.0 million. Excluding the unpaid deferred stripping costs, repayment of advances from customer and deposits received, the Group's implied movement in working

capital is a deficit of US\$8.6 million. Correspondingly, the Group's cash generation from operations increased from net cash outflow of US\$6.1 million to an implied positive cash generation of US\$52.2 million from operations. The Group also paid US\$18.7 million of corporate tax during the period.

Net cash used in **investing activities** of US\$9.1 million was mainly due to addition to deferred stripping costs of US\$10.9 million following the commencement of TBR coal mine operation, advance payments for purchase of PPE of US\$0.5 million and purchase of PPE of US\$1.3 million. These were partially offset by interest received of US\$3.6 million.

Net cash used in **financing activities** of US\$22.9 million was mainly due to payment for Senior Notes interest of US\$12.0 million during the period, dividend payment of US\$9.7 million and increase in deposits pledged of US\$1.7 million, offset by decrease in restricted cash deposits by US\$0.5 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The Group has previously announced a targeted combined production of 11 – 12 million tonnes of coal for both SDJ and TBR in 2018.

The Group has recorded coal sales of 1.6 million tonnes 3Q2018, totalling to coal sales of 5.5 million tonnes for 9M2018. During the quarter, SDJ and TBR coal mines contributed 1.4 million tonnes and 0.2 million tonnes respectively.

In 3Q2018, the Group experienced lower loading volume for exports due to maintenance work performed by the jetty operators, including dredging of the riverbed and upgrading of the loading equipment and conveyors. This maintenance work has since been mostly completed and would put us in good stead for TBR's ramping up in production.

In view of the lower loading volume for exports in 3Q2018 (caused by the maintenance of the jetty), which has also affected the production of the TBR mine, the Group has revised its 2018 production and sales from 11 – 12 million to 8 - 9 million tonnes of coal. The Group targets a production and sales of 13 – 15 million tonnes of coal for both SDJ and TBR for 2019.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The ICI for 4,200 GAR coal has been stabilising at around or above US\$40.00 per tonne since mid-June 2017. The coal price hit a high of US\$51.04 per tonne in 23 February 2018. For the 3 months ended 30 September 2018, the average ICI for 4,200 GAR coal was at US\$41.50 per tonne, a decrease of US\$3.34 per tonne as compared to US\$44.84 per tonne in 2Q2018. However, on a 9 months basis, the average selling price of coal in 9M2018 was US\$44.09 per tonne compared to US\$39.47 per tonne in 9M2017.

Asian thermal markets generally drifted lower in the past few weeks, largely due to the currencies weakening against the dollar. With freight also ticking higher, buyers are understood to be leaving purchasing as late as possible hoping for some respite from either currency or freight. Meanwhile, buyers are relying on their stockpiles¹.

However, in September 2018, China's Ministry of Ecology and Environment trimmed its pollution reduction target to 3% from 5% for the period October 2018 through to March 2019, thereby encouraging more demand for the use of coal for power production in the country².

According to Macquarie's desk strategy report, they are in the view that the China currency will not hit China's commodity demand and imports because the RMB is merely depreciating on emerging differences in the respective monetary policies and growth outlooks of China and the US. Offsets exist in a corresponding lift in demand for China's exports of commodity-bearing goods (regardless of trade tariffs). Also, China's import demand for some commodities are highly RMB-inelastic³.

¹ IHS McCloskey Fax – Issue 911, 19 October 2018-Coal

² <https://www.freightwaves.com/news/2018/9/28/indonesia-gets-ready-to-meet-increased-coal-demand-from-china-freight-to-respond>

³ Macquarie Desk Strategy- Commodities Comment Depreciating RMB vs. Commodity Demand, 16 October 2018

Asia-Pacific countries have dominated the global coal market, both in terms of production and consumption, as developing countries favour coal as their main source of energy. Statistics shows that in the last decade, coal contributed to at least 40% of total world power generation. Indonesia is ranked the fifth largest producer of coal in the world after India, Australia, US and China. The country joins the ranks of the largest coal-producing and exporting nations since 2005, as coal demand surges in the Asia Pacific region, led by China and India. Domestically, the coal industry is also supported by government efforts to increase investment spending in the coal and minerals sector, in addition to its ambitious 10-year electricity procurement program, which aims to add 56 gigawatts (GW) of electricity capacity by 2027. All of these factors have supported the rally in domestic coal prices⁴.

The Indonesian government had previously shared a guideline for 25% of all approved coal production from coal producers based in Indonesia to be set aside for its Domestic Market Obligation ("DMO") requirement to fulfil Indonesia's projected growing energy needs. After a first shipment to PT Sulawesi Mining Investment, owned by Tsingshan Holding Group, the Group is continuing to explore cooperation opportunities with Tsingshan or other domestic buyers to fulfil its DMO requirements moving forward.

The Group has on 19 September 2018 announced its consideration in seeking a dual primary listing on the Main Board of Hong Kong Stock Exchange ("HKEx"). The dual primary listing on the HKEx would enable the Group to further raise its corporate profile to an international standing and hopeful to translate into more business opportunities in China and access to the Hong Kong capital market. In addition, the dual primary listing would enable the Group to realize a higher valuation and improve the liquidity in the trading of the Company's shares in two of the leading global capital markets in Singapore and Hong Kong. The proposed dual primary listing is subject to approvals from the SGX-ST and HKEx. If the Potential Listing is approved, Geo Energy shares will be traded on both the SGX-ST and the HKEx. However, Geo Energy will remain committed to retaining its listing on the SGX-ST. The Group would make appropriate announcements on SGX to provide further updates on its dual primary listing on HKEx in due course.

On 8 November 2018, the Group has also announced its Life of Mine Coal Offtake for its TBR coal mine. This Offtake, which comes with multi-year prepayment facility, trade finance facility to support the exports of coal and equity investment, will not only secure a coal offtaker with a global presence for the TBR coal mine but also an important substantial investor via the shares and subscription in Geo Energy. The Group sees this as a strong testament to the value of Geo Energy, our capabilities to deliver high quality coal in the region and to grow our level of profitability going forward. Together with the Group's existing SDJ coal mine's offtaker, Engelhart CTP (Singapore) Pte. Ltd. ("ECTP"), the Group will have its sales of coal production of both SDJ and TBR secured in the coming years. The ramping up of TBR's production would build a strong platform for the Group's near-term growth. The Group has targeted a production volume of 13-15 million tonnes for 2019. Based on the production mine plan and should the current cash profit margins of US\$10-15 per tonne be sustainable going forward, the Group will be able to achieve an annual EBITDA in excess of US\$150 million in 2019 and beyond.

At the time of this announcement, the 2018 Independent Qualified Person's Report ("IQPR") and supporting resource and reserves estimates are being prepared. The Group can indicatively disclose that 23 extra drill holes have been completed during 2018, which have added approximately 3.1 million tonnes to TBR's estimated reserves. A final number will be included in the 2018 IQPR but is not expected to be materially different from that stated in this announcement.

With the Group's existing cash balance of over US\$210 million as of 30 September 2018, the Group is actively exploring opportunities to optimise its coal assets portfolio, by acquiring additional coal mining concessions to complement the Group's portfolio of coal mining assets. The Group aims to expand its coal reserves by 100 million tonnes with a target return on investment in excess of 20%.

As part of the Group's strategic objectives to deliver value to our investors, the Group has adopted a dividend policy to declare dividends of at least 30% of the Group's net profit attributable to Owners of the Company, subject to debt covenants and capital requirements needed to support growth and investments. The Group is committed to delivering dividends that increase over time in tandem with growth in earnings. We are positive that we would be able to drive growth and deliver stronger cash profits to enhance our shareholder returns going forward.

11. If a decision regarding dividend has been made: -

(a) Whether an interim (final) ordinary dividend has been declared

⁴ SGX Market Updates-Thermal Coal Demand Underpinned by Uptick in Asian Consumption, 19 October 2018

None.

(b)(i) Amount per share

Not applicable.

(b)(ii) Previous corresponding period

Name of dividend:	Interim
Dividend type:	Cash
Dividend rate:	S\$0.01 per ordinary share

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country whether the dividend is derived

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared or recommended for the third quarter and nine months ended 30 September 2018.

13. If the group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect

No IPT mandate has been obtained from shareholders. In addition, there was no IPT which value exceeded S\$100,000 during the third quarter and nine months ended 30 September 2018.

14. Negative confirmation pursuant to Rule 705(5)

We, Charles Antonny Melati and Tung Kum Hon, being Directors of the Company, do hereby confirm, on behalf of the Board of Directors of the Company (the "Board") that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for the third quarter ended 30 September 2018 to be false or misleading in any material aspect.

15. Confirmation Pursuant to Rule 720(1) of the Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7 of the Listing Manual) under Rule 720(1) of the Listing Manual.

On behalf of the Board of Directors

Charles Antony Melati
Executive Chairman

Tung Kum Hon
Chief Executive Officer

12 November 2018

ABOUT GEO ENERGY RESOURCES LIMITED (Bloomberg Ticker: GERL SP)

Geo Energy Resources Limited ("Geo Energy") is one of the major coal producers in Indonesia and is listed on the Singapore Stock Exchange and is part of the Singapore FTSE-ST China index.

The Group's operations are primarily located in Indonesia. It is a coal mining specialist with an established track record in the operation of coal mining sites for the purpose of coal production and coal sales since 2008. It now owns major mining concessions and coal mines in East and South Kalimantan, with JORC marketable coal reserves of over 90 million tonnes.

For more information, please visit www.geocoal.com



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