

## Geo Energy Continues Growth Momentum with Record Earnings of US\$33.2 million for 9M2017

- Geo Energy's revenue surged 148% in 9M2017 to US\$223.5 million, driven by strong demand for 4,200 GAR CV coal in China
- Delivered 5.6 million tonnes of coal in 9M2017, generating an average double-digit cash profit per tonne of US\$13 based on an average selling price per tonne of US\$39
- Geo Energy declared an interim dividend of 1.0 Singapore cents per share to shareholders on the back of the Group's positive financial performance

**SINGAPORE, 13 November 2017** – Geo Energy Resources Limited (“Geo Energy” or “the Group”), an integrated Indonesian coal mining group, is pleased to announce a record set of financial results for the nine months ended 30 September 2017 (“9M2017”).

(US\$ '000)	3Q2017 (Unaudited)	3Q2016 (Unaudited)	% change	9M2017 (Unaudited)	9M2016 (Unaudited)	% change
Revenue	74,852	56,876	32	223,476	90,159	148
Gross Profit	16,187	12,746	27	60,465	14,229	325
Other Income	18	718	(98)	598	7,064	(92)
General & Administrative Expenses	(2,986)	(1,620)	84	(7,786)	(4,736)	64
Finance Costs	(1,316)	(1,526)	(14)	(3,893)	(4,608)	(16)
Other Expenses	(184)	(164)	12	(2,532)	(421)	502
Profit Attributable to Owners	8,601	7,442	16	33,243	7,492	344
Earnings per share* -						
Fully diluted* (US cents)	0.65	0.61	7	2.65	0.73	263
Fully diluted* (SG cents <sup>@</sup> )	0.88	0.83	6	3.60	1.00	260

\* Based on weighted average number of 1,329,273,113 ordinary shares for 3Q2017 (3Q2016: 1,212,273,113) and 1,255,130,256 ordinary shares for 9M2017 (9M2016: 1,204,225,667).

<sup>@</sup> Calculated based on an exchange rate of US\$:S\$ of 1.3592 and 1.3651 for September 2017 and 2016, respectively.

## Financial Highlights

The Group achieved its highest revenue to-date since its listing in 2012, as revenue from continuing operations rose from US\$90.1 million in 9M2016 to US\$223.5 million in 9M2017. This was mainly due to higher revenue contribution from its coal mining as well as additional revenue streams deriving from its coal mining management services and coal trading businesses.

Geo Energy's gross profit more than tripled (+ 325%) from US\$14.2 million in 9M2016 to US\$60.5 million in 9M2017. Excluding non-cash depreciation and amortisation of US\$12.0 million, the Group generated cash profits of US\$72.5 million where its coal mining segment substantially contributed 98.7% of the cash profits. The Group's cash profit per tonne almost doubled from US\$6.51 per tonne in 9M2016 to US\$12.86 per tonne in 9M2017 as a result of the Indonesian Coal Price Index ("ICI") for 4,200 GAR CV coal trading above US\$40 per tonne for the most part of 9M2017.<sup>1</sup>

The Group recorded other income of US\$7.1 million in 9M2016 because of a one-off gain on the disposal of subsidiaries and late payment interest charged to certain debtors during the period.

General and administrative expenses increased from US\$4.7 million in 9M2016 to US\$7.8 million in 9M2017 as the Group incurred higher staff costs due to expanding operations and bank fees relating to processing 'Letters of Credits' from buyers and to a subsidiary for coal sales in the normal course of business.

The Group managed to lower its finance costs by 16% from US\$4.6 million in 9M2016 to US\$3.9 million, mainly attributed to lower amortised borrowing costs on the MTN payable. The Group has recently completed the redemption on 13 October 2017 of its existing MTN due in January 2018, following the successful issuance of a US\$300 million 8% unsecured senior note due 2022 ("US\$ Note") on 4 October 2017.

The Group incurred other expenses of US\$2.5 million in 9M2017 mainly due to forex loss on the monetary assets (mostly intercompany receivables) held by the Company, which are denominated in US\$, following the appreciation of S\$ against the US\$.

Overall, the Group registered a 344% jump in profit attributable to shareholders from US\$7.5 million in 9M2016 to US\$33.2 million for 9M2017.

## Business Outlook

Following the successful issuance of Geo Energy's US\$300 million US\$ Notes, which was more than three times oversubscribed, the Group is exploring for acquisition and investments opportunities in

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<sup>1</sup> Coalspot.com – Indonesian Coal Price Index ("ICI")

Indonesia and the region to grow the Group's revenue base further, to replenish its coal reserves, diversifying its geographical spread and to move up its calorific value grade of coal for sale. Presently, only the Group's PT Sungai Danau Jaya ("SDJ") coal mine is in operation. The Group has received offers to offtake its coal and is in final discussions with various off takers to kick-start coal production at its PT Tanah Bumbu Resources ("TBR") coal mine as soon as 1Q2018. Based on the Joint Ore Reserves Committee (JORC) report prepared by SMG Consultants, the combined mineable coal reserves of SDJ and TBR stood at 85.2 million tonnes as at 19 May 2017.

Commenting on the improved financial results and the positive outlook of the Group, Mr Tung Kum Hon, Chief Executive Officer of Geo Energy said, *"This was a good quarter for production, although coal shipments were impacted by an acceleration in jetty, hauling road and river dredging maintenance programmes following poor weather in 2Q2017. As a result of adverse weather conditions in 2Q2017 and part of 3Q2017, and the delay in the start of production of the TBR mine, our Group has now revised our coal production and sales target for 2017 to between 7 to 8 million tonnes of coal. The Group had earlier projected a total sale of 10 million tonnes of coal from the production of the SDJ and TBR mines in 2017.*

*The ICI coal price for 4,200 GAR CV coal increased from US\$37.25 as at 6 January 2017 to US\$44.88 per tonne as at 10 November 2017 or 20.48%, whereas Newcastle Index for 6,300 GAR CV coal price increased by 5% during the same period.*

*Earnings per share for the last twelve months to 30 September 2017 was 3.9 US Cents or 5.3 Singapore Cents ('SG Cents') compared to Geo Energy's share price of 28.5 SG Cents as at 10 November 2017, a price earnings ratio of approximately 5 times compared to major coal mining companies listed on the Singapore and Jakarta Stock Exchanges of 10 – 15 times.*

*We believe our focus on capital discipline, maximising cash flow from operations and driving productivity will continue to support the delivery of strong cash generation and enhance shareholder returns.*

*Based on our strong financial performance, the Company has declared an interim dividend of 1.0 SG Cents per share to reward our shareholders. This together with the 1.0 SG Cents paid on 30 May 2017, represents a total shareholders' return of approximately 36%, including the capital gain on Geo Energy's share price increase of 6 SG cents in the period from 1 January 2017 to 10 November 2017 from 22.5 SG cents to 28.5 SG Cents as at 10 November 2017.*

*As part of our business strategy, our Group will be constantly exploring opportunities to acquire additional coal mining concessions to complement our portfolio of coal mining assets and is also exploring opportunities to divest stakes in our coal mining concessions as a means to collaborate with strategic partners to build on our strength to optimise our geographic footprint and to raise capital as the Group pursue improved returns, while strengthening its capital base. Our Group will continue to forge forward into becoming one of the top ten coal producers in Indonesia."*

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

Geo Energy Resources Limited (“Geo Energy” or the “Group”) is part of the FTSE ST China index.

The Group’s operations are primarily located in Indonesia. Geo Energy 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.

Geo Energy owns major mining concessions and coal mines in East and South Kalimantan, Indonesia with JORC marketable coal reserves of over 90 million tonnes.

For more information, please visit [www.geocoal.com](http://www.geocoal.com)

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