

Geo Energy reports 1H2023 net profit of US\$28 million and declares a second interim dividend of 0.5 SG cent per share even as the Group is completing a major acquisition

1H2023 Highlights

- Achieved revenue of US\$239.8 million and net profit of US\$28.0 million in 1H2023 despite lower coal price, higher government royalty and higher strip ratio.
- Declares a second interim dividend of 0.5 SG cent per share, representing a dividend pay-out of 42.84%.
- Secured a US\$200 million transformational acquisition of a controlling stake in a listed Indonesian mining group with over 300 million tonnes reserves, giving long term sustainability of over 20 years mining life.
- Secured US\$220 million loan facility from Bank Mandiri, supplementing the Group's existing cash and bank balances of US\$150 million as of 30 June 2023, to fund its acquisition plans, working capital and any capital expenditure required to ramp up production.

Commenting on the financial performance and business outlook of the Group, Mr Charles Antony Melati, Executive Chairman & Chief Executive Officer of Geo Energy said:

"Following the increase in China's domestic coal output¹ and resumption of imports from Australia, the coal prices have normalised in 2023, from an average ICI4 price of US\$86.06 in 2022 to an average ICI4 price of US\$70.46 in 1H2023. Nonetheless, it is expected that average coal prices will remain well above their five-year average.²

Longer-term coal market prospects remain promising as coal remains the dominant energy source for power generation, which supplies over a third of global electricity.³ The Asia-Pacific region accounts for around 80% of global coal demand, and hence, the demand increase in Asia will be sufficient to offset the decline in Western countries.⁴ Further, China approved more than 50 gigawatts of new coal power in the first half of 2023 and stated that coal power will still grow at a 'reasonable pace' into 2030.⁵ China's coal imports remained at elevated levels with overseas purchases doubling in the first half of 2023.⁶

Coal supply constraints are increasing due to the ageing resources of the existing mines and a lack of mine approvals resulting from the net-zero initiatives.⁷ The lack of accessibility to financing further restricts the growth in coal supply. Consequently, the coal demand uptick is expected to outpace supply, resulting in a price premium in the medium to long term.

¹ McCloskey: Coal Report – 563, 30 June 2023

² Department of Industry, Science and Resources Australia: Resources and energy quarterly update, 3 June 2023

³ International Energy Agency: Coal, 11 July 2023

⁴ Economist Intelligence: Fossil fuel demand to continue expanding this decade, 10 July 2023

⁵ <https://oilprice.com/Energy/Coal/China-Has-Approved-More-Than-50-Gigawatts-Of-New-Coal-Power.amp.html>

⁶ <https://www.channelnewsasia.com/business/chinas-july-coal-imports-surge-heatwaves-drive-power-use-3684791>

⁷ Whitehaven Coal: Long term thermal coal pricing – external forecasts, June 2023

The Group achieved revenue of US\$239.8 million and net profit of US\$28.0 million in 1H2023 despite lower coal price, higher government royalty and higher strip ratio.

Production cash cost increased to US\$50.07 per tonne in 1H2023, compared to US\$39.63 per tonne in 1H2022. This was mainly due to higher stripping ratio due to the geology at our mines, and the increase in the royalty rate payable to the Indonesian government

The Group secured a strategic acquisition of a listed Indonesian coal mining group with over 300 million tonnes of 2P reserves, producing high-quality coal of favourable low sulphur and low ash content that attracts strong demand from domestic and international markets, particularly Asia, and commands a premium above market price. This acquisition will strengthen the Group's long term business sustainability with over 20 years of mining life. With this transformational acquisition, the Group will be able to build on its market leadership position in Indonesia's coal market and strategically position the Group to be one of the top coal players in Indonesia.

The Group declares a second interim dividend of 0.5 SG cent per share to reward shareholders for their long-term support. Together with the 2022 final dividend of 4 SG cents and the first 2023 interim dividend of 0.5 SG cent declared and paid, this represents total dividend yield of 22.2%.⁸

We are continuing to explore potential investments in non-coal businesses to diversify its business portfolio. When such investment materialises, the Group will make an announcement on SGXNet in due course.

End

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

Geo Energy Resources Limited ("Geo Energy") is a major Indonesian coal producer with an established track record in operating coal mines, coal production and selling coal throughout the region. Geo Energy commenced its business in 2008 as a coal mining services provider and became a listed company on the Mainboard of the SGX in 2012, under the stock code: RE4 and is part of the Singapore FTSE-ST index.

Since then, Geo Energy has transitioned from being primarily a coal mining services provider to a coal producer that subcontracts its coal mining operations. This transition has allowed the Group to change the business model from operating as a relatively small-scale mining services provider in an environment of high capital expenditure and relatively low operational efficiency, with high dependence on owners of coal mining concessions, to being a low-cost coal producer with high-quality coal mining assets, working in collaboration with world-class business partners.

The Group's investment strategy is mainly focused on acquisition of new mining concessions to increase production quantity and at the same time diversify its sources of coal. The Group owns four mining concessions through its wholly owned subsidiaries PT Bumi Enggang Khatulistiwa, PT Sungai Danau Jaya, PT Tanah Bumbu Resources and PT Surya Tambang Tolindo in Kalimantan, Indonesia.

⁸ Based on share price of S\$0.225 as of 30 June 2023.



For more information, please visit www.geocoal.com.

For more information please contact:

Shivam SARAF, Kamal SAMUEL, Vicki ZHOU

shivam@financialpr.com.sg, kamal@financialpr.com.sg, zhouyan@financialpr.com.sg

Tel: (65) 6438 2990 Fax: (65) 6438 0064