GEO
ENERGY GROUP

Incorporated in the Republic of Singapore on 24 May 2010
Company registration no 201011034Z

Geo Energy Announces Strong First Quarter Revenue of US$90.5 million, Cash Profit of US$25.3 million and Underlying Net Profit* of US$14.3 million

- Geo Energy recorded another quarter of revenue in excess of US$90 million despite challenging weather conditions
- PT Sungai Danau Jaya ("**SDJ**") coal shipments were 1.9 million tonnes for 1Q2018, affected by adverse weather conditions where the amount of rainfall in 1Q2018 was 40% higher than in 1Q2017
- Coal production from PT Tanah Bumbu Resources ("**TBR**") to commence in May 2018 and is expected to drive the Group's overall growth in 2018
- The Group had set its annual coal production target to be 11 – 12 million tonnes in 2018 for both SDJ and TBR, higher than the volume of 7.7 million tonnes achieved in 2017

SINGAPORE, 14 May 2018 – Geo Energy Resources Limited ("Geo Energy" or "the Group"), an integrated Indonesian coal mining group, is pleased to announce another positive set of financial results for the three months ended 31 March 2018 ("**1Q2018**").

(US$ '000)	**1Q2018** (Unaudited)	**1Q2017** (Unaudited)	**% change**
Revenue	90,547	99,283	(9)
Cost of sales	(68,642)	(73,953)	(7)
Gross Profit	21,905	25,330	(14)
Other Income	1,889	113	nm
General & Administrative Expenses	(2,549)	(2,228)	14
Finance Costs	(7,681)	(1,409)	445
Other Expenses	(1,685)	(1,943)	(13)
Profit for the period	8,984	14,635	(39)
Earnings per share** **Fully diluted (US cents)**	0.68	1.21	(44)

* Underlying net profit excludes the increase of finance cost on the US$300 million 8.0% Senior Notes
** Based on weighted average number of 1,329,273,113 ordinary shares for 1Q2018 (1Q2017: 1,212,273,113)
nm - not meaningful

Financial Highlights – 1Q2018

Revenue and net profit

The Group remains encouraged by the continued strong financial performance, contributed by the Group's SDJ mine, as the Group recorded revenue of US$90.5 million and a coal shipment of 1.9 million tonnes in 1Q2018. Comparing with 1Q2017, there is a decline of 9% in revenue (1Q2017: US$99.3 million) and a 13.6% lower volume of coal sales (1Q2017: 2.2 million tonnes). This is mainly affected by adverse weather conditions where the amount of rainfall in 1Q2018 was 40% higher than in 1Q2017. The reduction of sales volume was partially offset by the increase in the average Indonesian Coal Price index ("**ICI**") for 4,200 GAR coal. The average ICI price for 4,200 GAR increased from US$45.69 per tonne in 4Q2017 to US$48.01 per tonne in 1Q2018. ICI price for 4,200 GAR coal on 11 May 2018 was US$44.02[1]. However, higher average index price had also caused the increase in the mining costs as some of these costs were pegged against the ICI.

Gross profit decreased by 14% to US$21.9 million as compared to US$25.3 million in 1Q2017, mainly due to abovementioned decline in sales volume, higher mining costs which were pegged against the ICI and higher production costs driven by higher stripping ratio and overburden removal in 1Q2018. Stripping ratio was higher in the first quarter and is expected to be lower for the rest of the year.

The increase in general and administrative expenses by US$0.3 million was mainly due to increase in staff costs following expansion in operations and share-based payment expense. Following the issuance of US$300 million Senior Notes in October 2017, the Group has incurred higher finance costs of US$7.7 million due from the higher interest expense on the Senior Notes as compared to the Medium Term Note that was redeemed on 13 October 2017.

Cash profit and underlying net profit

The Group registered cash profit for coal mining segment of an average US$12.95 per tonne in 1Q2018, compared to an average of US$10.99 per tonnes in 4Q2017 and US$13.52 per tonne in 1Q2017. The higher cash profit per tonne for the quarter was mainly due to the higher average selling price and one-off additional mining royalties in 4Q2017.

Overall, the Group has managed to continue its momentum of profitability and posted an underlying net profit of US$14.3 million for 1Q2018, excluding the increase of finance cost on the Senior Notes.

[1] Coalspot.com – Indonesian Coal Price Index ("ICI")

Cash flow and financial position
The Group used more cash in operations of US$18.2 million, mainly for working capital, including the refundable deposits paid to third parties for the provision of integrated coal mining support and infrastructure services in view of the commencement of TBR production in May 2018.

As at 31 March 2018, the Group has a total cash and cash equivalents of US$242.9 million, which will be used for acquisition and investments to expand the Group's business and for working capital purposes.

Business Outlook and Guidance

The Indonesian government has introduced a new regulation that caps coal prices for domestic PLN power plant at Harga Batubara Acuan ("HBA") price for 6,322 GAR of US$70 per tonne FOB vessel, lower than the current coal price exceeding $100 per tonne. This was implemented starting 12 March 2018 through December 2019. In addition, the government has reduced its total power plant installed capacity target from 77.9 GW to 56 GW.[2] Currently Geo Energy does not have any significant domestic market obligation to fulfil.

Coal demand for the next two years is expected to remain stable around current levels. According to BP's latest Statistical Review of the World, thermal coal remains the most-used fuel for power generation globally, especially in Asia which uses more than 70 percent of the world's thermal coal, up from under 50 percent in 2000. Although China's plans to switch to cleaner fuels has led to a gradual decline away from record coal consumption between 2012 and 2014, demand for coal is still firm, as many power stations and industrial facilities still rely on the commodity. For the rest of the year, analysts expect prices to remain strong, with a slowdown in demand only starting to weigh on prices from the 2020s as renewables and natural gas gradually eat into coal's use. [3]

The TBR mine will drive the Group's overall growth and contribute towards the Group's target production volume to 11 – 12 million tonnes for 2018, higher than the volume of 7.7 million tonnes achieved in 2017. The Group is currently finalising with various parties on the offtake and prepayment for TBR mine.

The Group is also exploring new investments and acquisition of coal assets to increase its 2P reserves to more than 120 million tonnes of coal with additional production and sales of 5 million tonnes at a targeted return on investment in excess of 20%.

Mr Tung Kum Hon, Chief Executive Officer of Geo Energy said, *"Geo Energy recorded another quarter of revenue in excess of US$90 million despite challenging weather conditions. With the expected commencement of TBR's production in May 2018, we are on target for our coal production of 11-12 million*

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[2] Bloomberg Intelligence, Indonesia Coal Policy, 16 March 2018
[3] https://www.thedailystar.net/business/global-business/strong-asian-demand-continues-hold-thermal-coal-markets-1569601

tonnes in 2018 for SDJ and TBR. We are optimistic in delivering stronger financial performance in 2018, drive further improvements in productivity and deliver stronger cash profits to enhance our shareholder returns going forward. Our aim is to become 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") is listed on the Singapore Stock Exchange and part of the Singapore FTSE 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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