

SGX Announcement

STATUS UPDATE REGARDING (I) THE PROPOSED ACQUISITION OF PT TITAN GLOBAL ENERGY; (II) GEO COAL INTERNATIONAL PTE. LTD'S US\$300,000,000 8% SENIOR NOTES DUE 2022; AND (III) THE IMPACT OF COVID-19 ON THE GROUP

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**”) of Geo Energy Resources Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) wishes to provide a status update on (i) the proposed acquisition of PT Titan Global Energy (“**TGE**”); (ii) Geo Coal International Pte. Ltd's (“**GCI**”) US\$300,000,000 8% Senior Notes due 2022 (the “**Notes**”); and (iii) the impact of COVID-19 on the Group.

2. PROPOSED ACQUISITION OF PT TITAN GLOBAL ENERGY

- 2.1 Reference is made to the announcement made by the Company on 23 September 2019 in relation to the conditional share purchase agreement dated 20 September 2019 (the “**CSPA**”) entered into by the Company's wholly-owned subsidiary, Geo Ventures Global Pte. Ltd. (“**GEO**”) with PT Titan Infra Energy (“**TIE**”) and its affiliate, PT Jaya Utama Indonesia (“**JUI**”) for the purchase of 100%¹ of the existing shares in TGE (the “**Proposed Acquisition**”), the announcement made by the Company on 30 December 2019 in relation to the entry into an amendment agreement with TIE and JUI to amend certain terms and conditions of the CSPA and the announcement dated 31 January 2020 in relation to the extension of the Long Stop Date in respect of Completion of the Proposed Acquisition to 31 March 2020 (together, the “**Announcements**”). Unless otherwise defined herein, all terms and references used in this announcement shall bear the same meaning ascribed to them in the Announcements.
- 2.2 Pursuant to the terms of the CSPA (as amended), in the event that any of the Conditions Precedent has not been fulfilled, of which failure is due to non-performance and inaction of TIE, JUI and/or TGE by 31 March 2020, GEO shall have the right to immediately terminate the CSPA on giving notice of the same to TIE, JUI and/or TGE and neither TIE, JUI and/or TGE shall have any claim against GEO against it.
- 2.3 In this regard, the Company wishes to update shareholders that as at the date of this announcement, the Conditions Precedent have not been satisfied. In particular, TGE has not obtained the relevant consents from the relevant bank lenders for the Proposed Acquisition. In the event that the Conditions Precedent remain unsatisfied on 31 March 2020, GEO shall be entitled to terminate the CSPA. If GEO decides to terminate the CSPA, the Company will make an announcement on SGXNET.

¹ On a rounded basis.



2.4 The termination of the CSPA is not expected to have a material financial impact on the Group.

3. GCI'S US\$300,000,000 8% SENIOR NOTES DUE 2022

3.1 GCI, a wholly owned subsidiary of the Company, had in 2017 issued US\$300,000,000 in aggregate principal amount of 8% senior notes due 2022 (the "**Notes**"), unconditionally and irrevocably guaranteed by the Company and certain of its subsidiaries.

3.2 As at the date of this announcement, GCI has repurchased US\$111,861,000 in aggregate principal amount of Notes (the "**Repurchases**"), and the aggregate principal amount of Notes outstanding ("**Outstanding Notes**") is US\$188,139,000, which if netted against the cash and bank balances of US\$102.1 million referred to in paragraph 3.6 below, is US\$86.0 million.

3.3 Under the terms and conditions of the Notes, GCI or the Company will be required to make an offer to purchase all the Outstanding Notes in the event that the Group does not meet certain minimum coal reserves requirements (as prescribed in the indenture governing the Notes) on or prior to 4 April 2021 (the "**Put Option**"). The Group currently does not meet such minimum coal reserves requirements.

3.4 The Company notes that: (i) Moody's had downgraded the Notes from B3 to Caa3; (ii) S&P Global Ratings had downgraded the Notes from B- to D; and (iii) Fitch had downgraded the Notes from B- to CC, each citing concerns, among others, that GCI or the Company will be required to make an offer to purchase the Outstanding Notes in April 2021, in accordance with the Put Option.

3.5 In the event that the Proposed Acquisition is not completed, the Company will continue to explore potential acquisitions of coal assets in order to meet the minimum coal reserves requirements prior to April 2021. If such acquisitions materialise, GCI or the Company will not be required to make an offer to purchase the Outstanding Notes in accordance with the Put Option.

3.6 Based on the Group's unaudited financial statements for the financial year ended 31 December 2019 and taking into account the cash utilised for the Repurchases, the Group has cash and bank balances of US\$83.2 million. The Group's cash and bank balances as at 23 March 2020 was US\$102.1 million. The Company is of the view that it has access to sufficient financial resources to pursue potential acquisitions of coal assets, other than the Proposed Acquisition (if it is not completed). The Company has other potential acquisition(s) of coal assets that it could consider if the Proposed Acquisition is not completed. There is however no certainty or assurance that such acquisition or acquisitions will materialise. If and when an acquisition materialises, the Company will make an announcement in accordance with the listing rules of the Singapore Exchange Securities Trading Limited.



4. IMPACT OF COVID-19 ON THE GROUP

- 4.1 Additionally, due to the market disruptions caused by the current COVID-19 pandemic, the Company has as at the date of this announcement, made an impairment of US\$9.6 million on trade receivables under the Cooperation Agreement to conduct joint mining activities in East Kalimantan, which is dependent on the value in use of the underlying coal mines coal reserves. The effects of the COVID-19 pandemic had worsened in March 2020 and affected the Asian coal sector, with supply and demand remaining in flux and volatility in coal prices.

BY ORDER OF THE BOARD

Charles Antonny Melati

Executive Chairman

26 March 2020