
COOPERATION AGREEMENT FOR MANAGEMENT AND OPERATION OF PORT TERMINAL

The Board of Directors of Geo Energy Resources Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s subsidiary, PT Sumber Bara Jaya (“**SBJ**”), had on 20 October 2014 entered into a cooperation agreement for the management and operation of a port terminal (the “**Cooperation Agreement**”) with PT Bandar Laut Biru (“**BLB**”).

BLB has been authorised to provide port services for public interest at the port terminal located at Bunati Sub-district, Angsana District, Tanah Bumbu Regency, Kalimantan Selatan Province, Indonesia (the “**Port Terminal**”). Pursuant to the Cooperation Agreement, SBJ has been appointed by BLB to manage and operate the Port Terminal for public interest, including managing and operating the jetty and all facilities and infrastructure installed at the Port Terminal, installing additional crusher and related facilities at the jetty, building conveyor and related facilities, and providing periodic maintenance and repair of the facilities. SBJ will also be taking on BLB’s existing portfolio of customers who are utilising the Port Terminal’s facilities. The Cooperation Agreement is for a period of 15 years and may be extended if agreed between the parties.

Under the Cooperation Agreement, SBJ is entitled to charge port services fee (the “**Port Services Fee**”) to any third party who is granted access to the jetty and other facilities at the Port Terminal, to be calculated based on the coal tonnage that is loaded on the barge for any coal shipment or delivery. BLB is entitled to receive a fixed amount of IDR30,000 per metric tonne (the “**Fixed Income**”) from the Port Services Fee.

SBJ shall make an advance payment of IDR36,000,000,000 (the “**Advance Payment**”) of the Fixed Income to BLB, with the first amount of IDR26,000,000,000 to be paid within five working days from the date of the Cooperation Agreement and the balance IDR10,000,000,000 to be paid one and a half months thereafter. The Advance Payment shall be utilised to partially set-off against the Fixed Income to be received by BLB such that the amount to be received by BLB shall be reduced to IDR20,000 per metric tonne, provided that the Advance Payment shall be maintained at a minimum of IDR18,000,000,000 during the term of the Cooperation Agreement.

SBJ is willing to build the conveyor facility at the Port Terminal within two years from the date of the Cooperation Agreement. With effect from the commencement of operation of the conveyor facility, the Fixed Income payable to BLB shall be reduced from IDR30,000 to IDR20,000 per metric tonne.

Under the Cooperation Agreement, the parties have agreed that the target for shipment and delivery of coal using the jetty and related facility at the Port Terminal shall be 2,000,000 metric tonnes per year with effect from January 2015. If the target is not met, SBJ is obliged to compensate BLB for the shortfall in Fixed Income based on the difference between the target shipment quantity and the actual shipment quantity, subject to force majeure.

Barring unforeseen circumstances, the Cooperation Agreement is expected to have a positive impact on the net tangible assets per share and earnings per share of the Group for the current financial year ending 31 December 2014.

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Cooperation Agreement, other than through their shareholdings in the Company (if any).

BY ORDER OF THE BOARD

Charles Antony Melati
Executive Chairman
20 October 2014