

Formidable Growth - Geo Energy to Acquire PT Tanah Bumbu Resources and Double its Coal Reserves to more than 100 million tonne

- Geo Energy to acquire a 98.73% stake in PT Tanah Bumbu Resources (“TBR”) for US\$90 million
- TBR to add 44.4 million tonne and doubles the Group’s total mineable coal reserves, with an average calorific value of no less than 4,200 kcal/kg
- Acquisition of the adjacent TBR will greatly improve the Group’s mining efficiency and have great synergistic effects on its costs of production
- TBR is to start production in early 2017 and expand the Group’s coal production to no less than 10 million tonne in 2017
- Acquisition is in line with the Group’s core strategy to grow its coal reserves and focus on coal production

SINGAPORE, 18 July 2016 – Geo Energy Resources Limited (“Geo Energy” or “the Group”), an integrated Indonesian coal mining group, has entered into a Conditional Sales and Purchase Agreement (“CSPA”) with International Resources Investment Ltd to acquire a 98.73% stake in TBR’s mining concession in South Kalimantan, Indonesia for US\$90 million. The proposed acquisition is expected to increase the Group’s total mineable coal reserves by another 44.4 million tonne of coal. Spanning 489.1 hectares of mining concession, TBR’s coal mine has a Joint Ore Reserves Committee report (“JORC”) estimated proved coal reserves of 40.7 million tonne of coal and a probable 3.7 million tonne of coal with a minimum average calorific rate of 4,200 kcal/kg containing 34.4% total moisture, 39.4% volatile matter, 5.1% ash and 0.24% total sulphur.

Strategically located beside the coal mine belonging to the Group’s subsidiary, PT Sungai Danau Jaya (“SDJ”), TBR’s coal mine possesses similar qualities like thick coal seams, low strip ratio and close proximity to jetty. Acquiring an adjacent mine has synergistic benefits as most of the infrastructure and facilities are already in place for coal mining operations to commence.

The SDJ coal mine has a JORC estimated coal reserves of 42.4 million tonne of coal with a calorific value ranging from 4,000 to 4,200 kcal/kg. SDJ’s coal production commenced in December 2015. Subsequent to the commencement of SDJ’s coal production, the Group has entered into several proposed acquisitions including the acquisition of the remaining 34% equity interests in SDJ coal mine in December 2015.

In February 2016, the Group has entered into a CSPA to acquire a 79.9% stake in PT Parisma Jaya Abadi (“PJA”) with an estimated calorific value of 6,700 to 8,100 kcal/kg¹. In addition, the Group has also

announced a CSPA to acquire a 99.5% stake in PT Cahaya Lembusuana (“CLS”) with an estimated calorific value of 6,500 to 7,100 kcal/kg in March 2016¹.

Both the proposed acquisitions of PJA and CLS, subjected to the terms of the CSPA, would boost the Group’s total reserves by another 3.4 million tonne of coal. Barring any unforeseen circumstances, the Group is expected to approximately increase its coal reserves to 101.3 million tonne upon successful completion of all the above mentioned proposed acquisitions.

It is a formidable growth story given that Geo Energy’s beginnings as a coal mining services and haulage contractor and coal trader just 4 years ago and when it was listed on the SGX-ST in 2012. The Group has announced its divestment of its mining services and haulage businesses in June 2016, in line with the Group’s core strategy to grow its coal reserves and focus on coal production. In 2011, the Group acquired its first coal mine asset in BEK and later in 2014, a 66% equity interests in SDJ, the remaining 34% equity interests in SDJ in December 2015, and now doubling its coal JORC reserves to close to 100 million tonne through the TBR acquisition, to be a major coal mining company in Indonesia.

Commenting on the proposed acquisition of TBR, Mr Tung Kum Hon, Chief Executive Officer of Geo Energy said, ***“The proposed acquisition of TBR would allow our Group to double its coal JORC reserves to more than 100 million tonnes to be one of the largest coal producer in the Indonesia and a major one in the region. The proposed acquisition is also in line with our Group’s core business strategy to expand our production levels and increase our coal reserves.*”**

This proposed acquisition comes at an opportune time with the Indonesian Coal Index (ICI) showing promising signs of a sustained uptrend and coal assets prices around the region still remain at attractive valuations. Based on current price trends², we are expecting the ICI for 4200 GAR to hit US\$30 per tonne by end July or August 2016 and US\$35 per tonnes in 2017. Acquiring a neighbouring mine also enables the Group to harness various advantages, like the existing infrastructure and facilities of the jetty and waste dump sites etc.

Barring any unforeseen circumstances, we expect to complete the TBR acquisition by end 2016 and start production in 2017. We are now in discussion with our mining contractor, PT Bukit Makmur Mandiri Utama (“BUMA”) on redesigning our SDJ mining plan to include a combined SDJ and TBR mine plan to increase the combined production of the two coal mines to no less than 10 million tonne of coal for export and domestic sales in 2017.

¹ Based on a draft Limited Technical Assessment Report by PT Britmindo Utama Indonesia

² As reported in <http://af.reuters.com/article/commoditiesNews/idAFL4N19K278>

We have good success on the branding of the SDJ coal, including the coal supply to China Resources Power (www.cr-power.com), a Hong Kong listed and Chinese energy giant which through its 36 coal-managed-fired power plants, supplies around 25.3 GW of power to approximately 19 provinces, municipalities and autonomous regions in China. We have to-date signed on for shipments of 400,000 tonne of coal for export to China and Thailand with laycan dates up to 8 August 2016. In addition, our Group are excited on exploring opportunities to supply thermal coal directly to Indonesian power plants through Perusahaan Listrik Negara, Indonesia (“PLN”), an Indonesian government-owned corporation which has a monopoly on electricity distribution in Indonesia, as the country increases its power generation capacity by 35 GW in the next 5 years or so (as announced by the Indonesian government).

Following the recent Life of Mine contract signed with Engelhart Commodities Trading Partners (Singapore) Pte Ltd to supply a minimum coal of 4 million tonne in 2016, 6 million tonne in 2017 and 4 million tonne per year after 2017 from SDJ coal reserves, our Group is looking at expanding its production to more than 10 million tonne of coal in 2017.

We will be discussing on the signing of a new offtake and prepayment agreement for the development of the TBR mine and its 44.4 million coal reserves shortly. The estimated value of new TBR Life of Mine (“LOM”) offtake agreement will be no less than the SDJ LOM offtake of US\$1.2 billion.

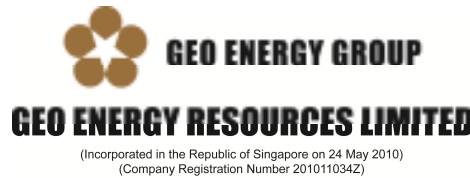
Our Group recognises the need to expand our coal reserves specifically for the calorific value of 4,200 kcal/kg thermal coal. This grade of coal is commonly used in coal-fired power plants throughout the region, including China and Indonesia due to its low sulphur and ash content. According to Citibank, Indonesia’s demand drive would be supported by the building of new coal-fired plants³. Despite demand for coal in China may have peaked, gas use is still minimal and can only partially substitute coal-fired power generation in the short term.

Our Group will be one of largest coal producers in Indonesia, if we achieve 10 million tonne of coal production and sales in 2017.

We would continue to seek acquisition opportunities in the region that complement our core strategy and to build up our coal reserves going forward.”

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³ Based on Citi Research, Commodities going for gold, July 2016



The statements contained in this media release that are not historical facts are "forward-looking" statements. These forward-looking statements are subject to a number of substantial risks and uncertainties, many of which are beyond the Company's control and actual results and developments may differ materially from those expressed or implied by these statements for a variety of factors. These forward-looking statements are statements based on the Company's current intentions, beliefs and expectations about among other things, the Company's financial condition, prospects, growth, strategies and the industry in which the Company operates. Forward-looking statements are typically identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "intends", "estimates", "plans", "assumes" or "anticipates" or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. In addition, from time to time, the Company or its representatives have made or may make forward-looking statements orally or in writing. Furthermore, such forward-looking statements may be included in, but are not limited to, press releases or oral statements made by or with the approval of an authorised executive officer of the Company. No assurance can be given that such future results will be achieved; actual events or results may differ materially from those expressed in or implied by these statements as a result of risks and uncertainties facing the Company and its subsidiaries. Many of these risks and uncertainties relate to factors that are beyond the Company's ability to control or estimate precisely, such as changes in taxation and fiscal policy, future market conditions, currency fluctuations, the behaviour of other market participants, the actions of governmental regulators and other risk factors such as the Company's ability to continue to obtain financing to meet its liquidity needs, changes in the political, social and regulatory framework in which the Company operates or in economic or technological trends or conditions, including inflation and consumer confidence, on a global, regional or national basis. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward looking statements. The forward-looking statements contained in this announcement speak only as of the date of this announcement and the Company undertakes no duty to update any of them publicly in light of new information or future events, except to the extent required by applicable law or regulation.

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

Geo Energy Resources Limited ("**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. The Geo Energy Group's operations are primarily located in Indonesia.

Geo Energy owns major mining concessions and coal mines in East and South Kalimantan, Indonesia with JORC marketable coal reserves of 53.5 million tonne.

For more information, please visit www.geocoal.com

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