

**MEDIA RELEASE**

12 May 2022

**GEO ENERGY REPORTS 33% Y-O-Y INCREASE IN REVENUE TO US\$152.0 MILLION IN 1Q2022, 42% Y-O-Y INCREASE IN NET PROFIT TO US\$40.5 MILLION AND DECLARES AN INTERIM DIVIDEND OF S\$0.02 PER SHARE****1Q2022 Highlights**

- The Group sold a total of 2.4 million tonnes of coal during the quarter, comprising 1.1 million tonnes of 4,200 GAR coal from the SDJ coal mine and 1.3 million tonnes from the TBR coal mine. This was a 17% decrease from 2.9 million tonnes in 1Q2021 due to the coal export ban by the Indonesian government in the beginning of 2022. The ban has since been lifted in late January 2022.
- Despite the export ban and higher Domestic Market Obligation (“DMO”) sales at a lower selling price, revenue increased by 33% from US\$114.5 million in 1Q2021 to US\$152.0 million, mainly due to higher average Indonesian Coal Index Price for 4200 GAR coal (“ICI4”) of US\$82.31 per tonne in 1Q2022, almost doubled that of US\$41.84 per tonne in 1Q2021. The Group sold 1.1 million tonnes of DMO sales in 1Q2022 or 43% of the total volume sold.
- Cash profit for coal mining for 1Q2022 averaged at US\$25.71 per tonne (1Q2021: US\$15.71 per tonne), mainly driven by the higher Average Selling Price (“ASP”) that was 60% higher than that of 1Q2021.
- EBITDA for 1Q2022 was US\$61.3 million (1Q2021: US\$44.8 million) with an EBITDA margin of 40%, driven by the robust cash profit.
- Net profit was US\$40.5 million (1Q2021: US\$28.5 million), driven by higher operating profit and lower finance costs from the full redemption of the Notes in October 2021.
- The Company is declaring an interim dividend for 1Q2022 of S\$0.02 per share, representing about 51% of the net earnings for 1Q2022. Including the final dividend for year ended 31 December 2021 of S\$0.05 per share paid on 10 May 2022, this represents a dividend yield of 14 % based on the Company’s share price of S\$0.495 per share as of 10 May 2022.

Commenting on the vision and outlook for the Group and industry, Mr Charles Antony Melati, Executive Chairman of Geo Energy said:



**“Just as the world navigated past the unprecedented challenges posed by the COVID-19 pandemic, new challenges erupted in the form of global geopolitical tensions. Russia’s invasion of Ukraine has impacted the global economy and markets. The world-wide sanctions imposed on Russian coal exports further widened the coal supply and demand gap, further lifting the coal prices in 2022. In an analyst report dated 8 April 2022, the average estimates for the Newcastle coal price index were raised to US\$150 per tonne in 2022 and US\$125 per tonne in 2023, to reflect strong coal prices in the first quarter resulting from Indonesia’s coal export ban, the Ukraine conflict, as well as already-elevated prices caused by China’s 2021 power crunch<sup>1</sup>.**

<sup>1</sup> The Business Times Article, 11 April 2022 - <https://www.businesstimes.com.sg/asean-business/indonesia-coal-miners-likely-to-gain-from-rising-prices-supply-disruptions>

M42 Futures Index prices for 4200 GAR coal for the next 8 months in 2022 are estimated to be around US\$96 per tonne<sup>2</sup>.

The average ICI4 coal prices increased to US\$82.31 per tonne in 1Q2022, compared to US\$41.84 per tonne in 1Q2021. For 2022, ICI4 coal price peaked at US\$120.86 per tonne on 11 March 2022 and was US\$89.68 per tonne as of 10 May 2022. We closely assess our operational capabilities and are on track to achieve our target of coal sales of 5-6 million tonnes in 1H2022 in this rising industry trend. The Group has an approved RKAB production quota of 12 million tonnes for 2022.

The Indonesian government is considering a proposal to raise the domestic market obligation (“DMO”) from 25% to 30% of total production in anticipation of the rising domestic demand with no increase in the DMO price for thermal coal, which is capped at US\$70 per tonne<sup>3</sup>. On the other hand, the Indonesian government has set a production target of 663 million tonnes in 2022, of which 497 million tonnes are up for export. This represents a 8.4% increase from the actual coal production of 611 million tonnes in 2021<sup>4</sup>.

The global coal supply is expected to slump due to the supply chain disruptions caused by COVID-19 pandemic and rising geopolitical tensions, while coal demand continues to ramp up due to the infrastructure-led economic recovery. Indonesia’s coal production will likely grow on improving weather from the second quarter, and this could address the current coal shortages<sup>1</sup>.

We continue to look on various opportunities to expand our revenue streams by way of potential joint ventures, trading, and value accretive acquisitions for the Company. These include strategically reviewing and optimising our assets portfolio, which may include acquisitions to complement our business and divestments to build a sustainable business for the future. We will make an announcement in accordance with the listing rules of SGX, when such development materialises.”

Commenting on the financial performance and operations for the Group, Mr Tung Kum Hon, Chief Executive Officer and Executive Director of Geo Energy said:



“2022 marks the 10<sup>th</sup> year anniversary since Geo Energy was listed on the Mainboard of SGX. We are pleased to share that we have ushered in 2022 with a strong start. The Group performed well in 1Q2022 with the high coal prices, despite the temporary coal export ban by Indonesia in January 2022.

In 1Q2022, the Group has achieved a revenue of US\$152.0 million, a 33% y-o-y increase from US\$114.5 million in 1Q2021 and delivered total coal sales of 2.4 million tonnes, comprising 1.1 million tonnes from the SDJ coal mine and 1.3 million tonnes from the TBR coal mine. Driven by the higher ASP, cash profit from coal mining for 1Q2022 averaged at US\$25.71 per tonne, as compared to US\$15.71 per tonne in 1Q2021.

Due to the temporary coal export ban in January 2022, we had to adjust our delivery plan and the Group delivered 2.4 million tonnes of coal for 1Q2022. The Group’s DMO volume was 43% of the total volume sold in 1Q2022. Our ASP was pushed lower in 1Q2022 due to the price cap of around US\$38 per tonne for our coal sold domestically. Nonetheless, by fulfilling a higher DMO volume in January and February, the Group would be able to capture the recent upsurge in export coal prices by increasing its exports in the coming months.

EBITDA increased from US\$44.8 million in 1Q2021 to US\$61.3 million in 1Q2022, attributable to the strong cash profit. Net profit was US\$40.5 million, a 42% increase from US\$28.5 million in 1Q2021, driven by higher operating profit and lower finance costs following the full redemption of the Notes in October 2021.

We remain on track to achieve 5-6 million tonnes of coal sales for 1H2022. From 1 April 2022 up to the date of this announcement, we have delivered over 1.2 million tonnes of coal sales, achieving a revenue of close to US\$110 million and EBITDA of US\$55 million. We expect a strong quarter for 2Q2022 as we ramp up production while coal prices are high.

<sup>2</sup> M42 Futures Index price, SGX (extracted on 10 May 2022)

<sup>3</sup> The JakartaPost, Indonesia mulls raising coal DMO to 30%, 28 March 2022

<sup>4</sup> <https://loydslist.maritimeintelligence.informa.com/LL1140126/Indonesia-boosts-coal-exports-as-buyers-look-for-alternatives-to-Russia>

We maintained a robust balance sheet position. We had cash and bank balances of US\$209.1 million as of 31 March 2022 compared to US\$190.6 million as of 31 December 2021. The strengthened cash position allows the Group to make prompt and comprehensive response to the volatile coal market.

The Indonesian Government has released a tax regulation on 11 April 2022 that increases the royalty rate for IUPK converted from CCOW. The increase in royalty rates does not apply to our SDJ and TBR coal mines as they are holding IUP licenses. This regulation indirectly boosts the cost competitiveness of our coal assets going forward.

The Company is proposing an interim dividend of S\$0.02 per share for 1Q2022 as part of our commitment to deliver value to our shareholders. Our share price has appreciated since the start of 2021, from S\$0.19 per share to S\$0.495 per share as of 10 May 2022. This represents total shareholders' return of 223% including the dividends paid and declared during this period.

Environment, Social and Governance ("ESG") has always been the essential part of our sustainability efforts. We will continue to focus on ESG practices and commit to comply with environmental regulations and well manage the climate change impacts through best practices and operational initiatives. We remain resilient in the face of global coal market disruptions."

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.



For more information, please visit [www.geocoal.com](http://www.geocoal.com).

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