GEO ENERGY GROUP

GEO ENERGY RESOURCES LIMITED

(Incorporated in the Republic of Singapore on 24 May 2010)
(Company Registration Number 201011034Z)

Geo Energy returns to Profitability and Delivers a Net Profit of US$2.6 million as Coal Production Gains Further Traction in 2Q2016

- Revenue increased by 191% and 80% to US$21.4 million over the same period last year and 1Q2016 respectively
- Cash profit on coal sales increased to US$4.50 per tonne or US$3.8 million in 2Q2016
- Coal sales hits 850,000 tonnes in 2Q2016 as mining operations gains further traction towards target of 600,000 tonnes per month
- Net gain of US$3.7 million from the divestment of its mining and haulage services business and a subsidiary in June 2016 and US$1.7 million expected costs savings per quarter going forward
- Group's positive financial performance was supported by effective cost control measures and a rebound in Indonesian coal prices
- Net cash flows from operating activities increased to US$8.4 million in 1H2016
- The signing of the SDJ offtake and Life of Mine agreement together with prepayment in July 2016 will enhance the Group's financial position and provide new funding
- Recent proposed acquisition of PT Tanah Bumbu Resources ("**TBR**") is expected to double the Group's total coal reserves and generate more revenue

SINGAPORE, 12 August 2016 – Geo Energy Resources Limited ("Geo Energy" or "the Group"), an integrated Indonesian coal mining group, is pleased to announce a net profit attributable to shareholders of US$2.6 million for the three months ended 30 June 2016 ("**2Q2016**").

Continuing operations (US$ '000)	**2Q2016** (Unaudited)	**2Q2015** (Unaudited)	**% change**	**1H2016** (Unaudited)	**1H2015** (Unaudited)	**% change**
Revenue	21,394	7,361	191	33,283	10,050	231
Gross Profit	1,236	1,404	(12)	1,483	2,407	(38)
General & Administrative Expenses	(1,729)	(1,617)	7	(3,116)	(3,456)	(10)
Net Profit/(Loss) Attributable to Owners	2,636	(5,916)	(145)	50	(8,597)	(101)
Earnings per share* - Fully diluted* (US cents)	0.35	(0.33)	(206)	0.12	(0.26)	(146)

* Based on weighted average number of 1,212,273,113 ordinary shares for 2Q2016 (2Q2015: 1,161,050,891) and 1,200,157,728 ordinary shares for 1H2016 (1H2015: 1,159,061,941)

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Financial Highlights

Group's revenue from continuing operations more than doubled from US$7.4 million in 2Q2015 to US$21.4 million in 2Q2016, contributed by revenue from coal mining as PT Sungai Danau Jaya ("**SDJ**") mine starts and ramp-up production. More importantly, Group's revenue in 2Q2016 increased by 80% over 1Q2016 and 231% for the 1H2016 over the same period last year. In 2Q2016 SDJ has delivered a total of 850,000 tonnes of coal, 75.3% more coal as compared to 485,000 tonnes of coal in 1Q2016.

Excluding non-cash items on depreciation and amortisation, the Group generated cash profit of US$3.8 million or US$4.50 per tonne, an increase of 49.0% over the US$3.02 per tonne in 1Q2016. The increase was in line with the increase in the Indonesian Coal Price Index ("**ICI**") for 4,200 GAR coal of US$0.65 per tonne [(1)] and effective production cost control in 2Q2016.

In June 2016, the Group divested its mining and haulage services business, PT Mitra Riau Pratama ("**MRP"**) and PT Geo Mineral Trading ("**GMT"**), for US$10.0 million to PT Autum Bara Sejahtera. The divestment would allow the Group to focus more on coal production while reducing the Group's gearing and operational cost significantly and streamline its operation. As a result of the divestment, the Group recognised a net gain of US$3.7 million in other income for 2Q2016 and is also expected to save US$1.7 million in costs per quarter going forward.

The Group managed to keep its operating costs low in 2Q2016 as general and administrative expenses remained at US$1.7 million. Finance costs decreased by US$0.1 million to US$1.6 million in 2Q2016 mainly due to lower amortised borrowing costs incurred by its Medium-Term-Note ("**MTN"**). Other expenses have also declined substantially by US$2.8 million to US$0.1 million in 2Q2016, largely attributed to decreases of US$1.7 million in forex loss and US$1.0 million loss on disposal of property, plant and equipment.

There was no revenue contribution from the Group's other coal mine as PT Bumi Enggang Khatulistiwa ("**BEK**") temporarily halted its operations, whilst it restructures its costs of production and awaits a more favourable coal price for its category 3,400 GAR coal.

In June 2015, mining services on the SDJ's coal mine has been outsourced to PT Bukit Makmur Mandiri Utama ("**BUMA**"). BUMA is able to offer mining services and coal haulage services at a more competitive cost and efficient rate thereby in-line with the Group's strategy to lower its cost of production in order to compete regionally.

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(1) Based on comparison of June and March 2016 monthly averaged coal price by Augus/Coalindo Indonesia Coal Index http://www.argusmedia.com/coal/argus-ihs-mccloskey-coking-coal-price-index/.

Net asset value per share increased from 7.91 US cents per share as of 31 December 2015 to 8.22 US cents per share as of 30 June 2016 despite total number of shares issued increased from 1,185,050,891 shares as of 31 December 2015 to 1,212,273,113 shares as of 30 June 2016.

Business Outlook

In July 2016, the Group entered into a 'Life of Mine' ("**LOM**") contract with Engelhart Commodities Trading Partners (Singapore) Pte Ltd ("**ECTP**") to supply approximately 42.0 million tonnes of coal till 2022. ECTP had made an advance payment of US$20.0 million in July 2016 to develop the SDJ mine further and it has also committed to an additional US$4 per tonne prepayment on the coal offtake at end of each year based on the following year's production and committed sales volume. This strengthens the Group's cash flow and financial position going forward.

Subsequently in July 2016, the Group proposed to acquire a 98.73% stake in PT Tanah Bumbu Resources ("**TBR**") for US$90.0 million. The acquisition of TBR will add 44.4 million tonnes of coal which will double the Group's total mineable coal reserves, with an average calorific value of no less than 4,200 GAR. Strategically located beside 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.

At the moment, the Group's total coal reserves stands at 53.5 million tonnes of coal. Barring any unforeseen circumstances, the Group is expecting an initial target production of 600,000 tonnes of coal for each of the remaining months in 2016; and 10 million tonnes per year of coal production and sales by 2017 subject to the completion of TBR acquisition.

Coupled with the turnaround in the Group's financial performance, the ICI for 4,200 GAR coal has shown promising signs of a sustainable uptrend as the index increased from US$26.69 per tonne in January 2016 to US$30.71 per tonne on 5 August 2016, an increase of US$4.02 per tonne for the 7 months to 2016. Barring any unforeseen circumstances, a sustained increase in international coal prices should improve the Group's profit margins in coal sales going forward.

Commenting on the positive set of financial results and outlook of the Group, Mr Tung Kum Hon, Chief Executive Officer of Geo Energy said, ***"Our Group is very pleased to turn around our financial performance and register a net profit attributable to shareholders of US$2.6 million after two years' of consecutive losses. Starting in late 2015, our Group underwent a major restructuring process to streamline our business operations and to kick-start coal production at SDJ. In June 2016, our Group divested non-core assets like coal haulage and mining services businesses to focus more on coal mining. Concurrently, our Group has embraced a scalable business model by outsourcing mining work to BUMA to lower our cost of production and to increase our operational efficiency from mining, dumping to*** *loading shipments for sale. On the other hand, our Group would seek to secure more of such off-take agreements with global trading house to take care of coal sales and trading while we concentrate on growing our coal reserves and expanding coal production. Our Group believes that this business model can be successfully replicated whenever we acquire a new coal mine asset to boost our coal reserves. On completion of the proposed acquisitions, the Group will have more than 10 years of mineable coal reserves.*

After the successful commencement of coal mining operations at SDJ, our Group is heartened to secure a LOM contract with one of the biggest global commodities trading house, ECTP, to off-take most of SDJ's coal output. Following the LOM contract, our Group announced on the opportunity to acquire another asset at the neighbouring TBR mine site. This proposed acquisition contains many significant synergistic advantages and would not only replenish our coal reserves but also potentially double our revenue. We are now in the process of discussing on a LOM contract and prepayment on the TBR mine to off-take its coal and fund its development. The value of the TBR's LOM contract is expected to be not less than the US$1.2 billion LOM contract signed on the SDJ.

Once the acquisition is completed, our Group intends to start production at TBR in early 2017. Our Group is confident that TBR's coal output would find no lack of customers given that thermal coal demand is expected to stay high in the next few years given sharp production cuts in China and the region and coal consumption to remain resilient (2).

As our Group aims to become one of Indonesia's top coal producers, we would continue to seek out acquisition opportunities in the region that complements our strategy and to build up our coal reserves as coal asset valuations become attractive. This is an important strategy as our Group looks to secure future supply of coal in order to yield maximum benefits as international coal prices increase further.

Our Group aims to create value for shareholders and to grow our cash returns to them. We remain optimistic on the long term outlook for coal, especially in Indonesia and the region. We will continue to drive improvements in productivity and to maximise the value of our good quality coal assets going forward."

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(2) The Coal Book 2016, Citibank, 25 July 2016

The End

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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 for- ward-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 tonnes.

For more information, please visit www.geocoal.com

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