



GEO ENERGY GROUP  
天然煤矿集团

**GEO ENERGY RESOURCES LIMITED**

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

**News Release**

**Geo Energy Reported Lower Revenue of US\$67.2 million and  
Net Loss of US\$11.5 million, Driven by Weaker Coal Prices;  
Coal Sales of 2.0 million tonnes from SDJ and TBR Coal Mines;  
Announced Acquisition of Two Producing Mines in South  
Sumatra**

SINGAPORE, 14 November 2019 – Geo Energy Resources Limited (“Geo Energy” or the “Company”, and together with its subsidiaries, the “Group”) (SGX:RE4), announced its financial results for the nine months ended 30 September 2019 (“3Q2019”) and the acquisition of a 51% effective interest in each of the two producing mines - PT Bara Anugrah Sejahtera (“BAS”) and PT Banjarsari Pribumi (“BP”) in South Sumatra.

(US\$ '000)	3Q2019 (Unaudited)	3Q2018 (Unaudited)	% change	9M2019 (Unaudited)	9M2018 (Unaudited)	% change
Volume – Coal Mining ('000 tonnes)	1,992	1,593	25	5,465	5,500	(1)
ASP (US\$ per tonne)	33.75	43.48	(22)	33.83	44.09	(23)
<b>Revenue</b>	<b>67,243</b>	<b>69,264</b>	<b>(3)</b>	<b>184,899</b>	<b>242,995</b>	<b>(24)</b>
Cost of sales	(69,517)	(52,057)	34	(177,639)	(182,520)	(3)
<b>Gross (Loss) Profit</b>	<b>(2,274)</b>	<b>17,207</b>	<b>nm</b>	<b>7,260</b>	<b>60,475</b>	<b>(88)</b>
Other Income	1,290	1,560	(17)	4,850	4,409	10
Finance Costs	(6,640)	(7,597)	(13)	(19,907)	(22,817)	(13)
General & Administrative Expenses	(2,627)	(2,646)	(1)	(8,919)	(7,977)	12
Other Expenses	(1,144)	(304)	276	(2,445)	(2,945)	(17)
<b>Net (Loss) Profit Attributable to Owners of the Company</b>	<b>(11,502)</b>	<b>5,595</b>	<b>nm</b>	<b>(19,386)</b>	<b>23,053</b>	<b>nm</b>
Earnings per share* - Fully diluted (US cents)	(0.82)	0.42	nm	(1.39)	1.73	nm

\* Based on weighted average number of 1,399,273,113 ordinary shares for 3Q2019 and 9M2019 (3Q2018 and 9M2018: 1,329,273,113)

nm: not meaningful

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12 Marina Boulevard, #16-01, Marina Bay Financial Centre Tower 3, Singapore 018982 T +65 6702 0888 F +65 6702 0880  
The Suites Tower 17 Floor, Jln Boulevard, Pantai Indah Kapuk, No. 1 Kav OFS Jakarta 14470, Indonesia T +62 21 2251 1055 F +62 21 2251 1057  
[www.geocoal.com](http://www.geocoal.com)



### **3Q2019 Highlights**

- The Group sold 0.5 million tonnes of 4,200 GAR coal from the SDJ coal mine and another 1.5 million tonnes from the TBR coal mine, totalling 2.0 million tonnes of coal sold during the quarter. This was an increase from 2Q2019 and 3Q2018 of 1.4 million tonnes and 1.6 million tonnes respectively.
- Revenue decreased by 3% from US\$69.3 million in 3Q2018 to US\$67.2 million due to lower ASP following the decrease in the average ICI price in 3Q2019 as compared to 3Q2018. The Group recorded an ASP of US\$33.75 per tonne for 3Q2019, lower than US\$43.48 per tonne in 3Q2018.
- Cash profit for coal mining segment for 3Q2019 averaged US\$2.01 per tonne (3Q2018: US\$12.76 per tonne; 2Q2019: US\$10.76 per tonne) against the ASP of US\$33.75 per tonne for 4,200 GAR coal, giving a cash profit margin of 6%, driven by the lower coal prices and higher production cash costs.
- Higher production cash cost in the quarter were mainly due to demurrage charges arising from the stoppage of the mine due to bad weather conditions in June 2019 (as announced earlier) affecting deliveries in early July, and additional land fee for the development and mining in TBR. Excluding these expenses, the production cash cost for the quarter was US\$28.61 per tonne, giving a cash profit of US\$5.14 per tonne and a cash profit margin of 15%.
- The Group entered into a conditional share purchase agreement with PT Titan Infrastructure Energy (“TIE”) and PT Jaya Utama Indonesia to acquire a 100% stake in PT Titan Global Energy with an effective interest of 51% in each of two producing mines – BAS and BP (“**Proposed Transaction**”).

Commenting on the financial performance and market outlook for the Group, Mr Tung Kum Hon, Chief Executive Officer of Geo Energy said, **“Our 3Q2019 financial performance was impacted by the continuous weaker coal prices in 3Q2019, generally weighed upon by weak demands from China and India. The uncertainty in market price was compounded by the growing prospect of China introducing fresh import restrictions and its possible impact on supply and prices.**

**We have applied with the Indonesian mining authorities for a review of our 2019 RKAB to increase our production quota by 2 million tonnes for SDJ and have yet to receive a reply from the local authority as at the date of this press release.**

**Our Group has been reviewing suitable acquisitions that is an already producing mine with infrastructure so that the acquisition can be earnings accretive or acquisition without much further capital investments and a shorter payback period.**

**On 23 September 2019, the Group announced to acquire an effective interest of 51% in each of the two producing mines - BAS and BP in South Sumatra for US\$25.0 million. Based on a JORC compliant report issued in 2018, BAS and BP have an estimated coal tonnage of 50.0 million tonnes and 39.0 million tonnes respectively. This acquisition will allow us to enter South Sumatra, where Indonesia’s largest coal deposits are found. More importantly, it brings together an experienced partner in TIE as we expand our business.**

**The Proposed Transaction is credit positive because it will boost Geo Energy's earnings without a corresponding increase in debt and increase the Group's depleting coal reserves. We are currently performing the due diligence and expecting the Proposed Transaction to be completed in 2019. If**



successful, it will diversify Geo Energy's business with interest in infrastructure and port operations in Indonesia.

We refer to our announcement dated 30 August 2019 on the potential acquisition of new coal assets for a producing coal mine in East Kalimantan, Indonesia ("Potential Transaction"). We have subsequently on 30 October 2019 announced an update on this potential Transaction. The owners of the coal mine informed the Company that the sale process had been postponed. Accordingly, the Potential Transaction was put on hold. If the sale process is resumed by the owners of the coal mine, the Company will assess the merits of the transaction based on prevailing circumstances before deciding whether to continue to participate in the sale process.

China continued to be the world's largest consumer of coal despite governmental policies to curb air pollution and shift to renewables. India surpassed Japan to become the world's second-largest steel producer behind China as coal demand in India grew by around 5% driven by economy growth, electricity generation and steel production. In Southeast Asia, coal use in Indonesia, Vietnam, Philippines and Malaysia had increased significantly, driven by the increase in electricity use and the reliance on coal for power generation. We are in the view that Asia will continue to be an important market that drives worldwide demand for coal.<sup>1</sup>

Our Group will continue to optimise our existing coal assets to boost our profitability while seeking for earnings accretive coal asset acquisitions, that are already in production with infrastructure, to boost our coal reserves and expand our production levels.

We have sustainable practices that form the core of our overall strategy and is an integral part of everything we do."

- End -

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

Geo Energy Resources Limited ("Geo Energy") is one of the major coal producers in Indonesia and is listed on the Singapore Stock Exchange and is part of the Singapore FTSE-ST index.

The Group is ranked 17<sup>th</sup> in the inaugural award for Singapore's Fastest Growing Companies 2019 presented by The Straits Times and Statista based on the strongest revenue growth in recent years.

The Group's operations are primarily located in Indonesia. It 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. It owns major mining concessions and coal mines in East and South Kalimantan, Indonesia.

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

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<sup>1</sup> International Energy Agency Report, December 2018



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For more information please contact:  
Romil SINGH, Colin LUM  
[geoenergy@financialpr.com.sg](mailto:geoenergy@financialpr.com.sg)  
Tel: (65) 6438 2990 Fax: (65) 6438 0064