

Geo Energy's FY2015 performance adversely impacted by weak coal prices and demand, but Group optimistic about future prospects with start of production of the new SDJ coal mine

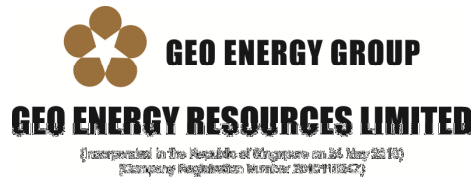
- Geo Energy expects operating environment to improve as PT Sungai Danau Jaya ("SDJ") coal mine enters into key production phase
- Group shipped the first shipment of 55,000 tonnes of coal in January 2016 and is now loading the sixth shipment of 52,500 tonnes to customers in China since SDJ's production commenced in December 2015
- Group is now filling the orders for the next two shipments and it expects more orders on its SDJ high caloric value coal of 4,200 GAR from key export markets as its production expands to 500,000 tonnes per month in the next 2 months.

SINGAPORE, 26 February 2016 – Geo Energy Resources Limited ("Geo Energy" or "the Group"), an integrated Indonesian coal mining group, has reported a net loss attributable to shareholders of S\$16.3 million for the twelve months ended 31 December 2015 ("FY2015").

(US\$ million)	4Q2015 (Unaudited)	4Q2014 (Unaudited)	% change (Unaudited)	FY2015 (Unaudited)	FY2014 (Audited)	% change (Unaudited)
Revenue	3.7	10.3	(64)	22.3	53.1	(58)
Gross profit	(0.2)	2.0	(109)	0.4	(2.4)	(116)
Gross profit margin (%)	N.M.	19.4%	-	1.8%	N.M.	-
G&A expenses	(1.6)	(1.7)	(7)	(7.0)	(8.4)	(17)
Net profit/loss	(6.5)	(3.5)	87	(16.6)	(12.8)	30
Net profit margin (%)	N.M.	N.M.	-	N.M.	N.M.	-
Earnings per share* - Fully diluted* (US cents)	(0.53)	(0.29)	83	(1.39)	(1.09)	28

*Based on weighted average number of 1,185,050,891 and 1,172,163,220 ordinary shares for 4Q2015 and FY2015 respectively (4Q2014 & FY2014:1,157,050,891)

N.M. – Not Meaningful



Financial Highlights

Group's revenue decreased 58% year-on-year ("y-o-y") to US\$22.3 million in FY2015 largely due to lower revenue from coal sales and mining services. Lower coal prices and global demand in 2015 continue to weigh on the Group's financials.

Gross profit turned positive in FY2015 mainly contributed by profits in coal trading activities but partially offset by losses incurred in mining services due to lower equipment utilisation. The Group is undergoing a transitional phase to streamline its operations to lower its average cost of production to stay competitive in the challenging environment ahead. In June 2015, SDJ has entered into an agreement with PT Bukit Makmur Mandiri Utama ("BUMA") for the provision of overburden removal and coal hauling services for the SDJ coal mine to improve the Group's cost efficiency.

The Group reported a non-recurring 124% y-o-y increase in other expenses to US\$7.3 million in FY2015 due mainly to provisions for receivables of US\$2.4 million and prepayment of US\$1.6 million for coal purchases.

The Group's balance sheet remained healthy with cash and cash equivalents at US\$12.4 million as of 31 December 2015. Total non-current assets increased by 10.9% y-o-y to US\$146 million as of 31 December 2015 due mainly to deposits and prepayments for coal purchases, acquisition of mining property and deferred stripping costs on the SDJ coal mine. Following SDJ coal mine commencement of production in December 2015, the Group negotiated the acquisition the remaining 34% stake in SDJ in December 2015 to gain overall control and expand its production capacity.

Net asset value per share diluted from 9.3 US cents per share in FY2014 to 7.9 US cents per share in FY2015 as total number of shares issued enlarged from 1,157,050,891 shares in FY2014 to 1,185,050,891 shares in FY2015.

Business Outlook

The Group's total coal reserves increased to 53 million tonnes following the recent additional stake acquisition of SDJ coal mine. Barring any unforeseen circumstances, the Group expects to increase its monthly production and sales to 500,000 tonnes of coal or 6 million tonnes per year for the SDJ coal mine. Meanwhile, the Group is in the midst of restructuring PT Bumi Enggang Khatulistiwa ("BEK") coal mine and is looking to resume production soon.

The Group continues to receive good order flow from China and various enquiries from India. It exported its 1st shipment of 55,000 tonnes of 4200 caloric value coal in January 2016 and the 7th shipment of coal to China is departing in March 2016. In addition, the Indonesian government is planning to increase coal-fired power plants in the country to address its national electricity demands and the Group is looking at supplying to Perusahaan Listrik Negara (“PLN”), the Indonesia state electricity company. The Group remains cautiously optimistic going forward as we monitor the demand situation and coal prices closely.

Commenting on financial results and outlook of the Group, Mr Tung Kum Hon, Chief Executive Officer of Geo Energy said, *“Our earnings in 2015 were affected by the current commodities market situation affecting its mining services business and its BEK mining operations. The Group’s focus in 2015 was preparing the SDJ coal mine for start of production with its relatively lower costs structure and high caloric value coal for the current market demand. Despite an underwhelming performance in 2015, I believed that all the hard work made in 2015 on streamlining our costs and restructuring our business would put us in good stead going forward.*

I am very pleased that SDJ coal mines have started production and its coal output was immediately taken up by customers in China and the region. Group shipped the first shipment of 55,000 tonnes of coal in January 2016 and is now loading the sixth shipment of 52,500 tonnes to customers in China since SDJ’s production commenced in December 2015. Our Group have an offtake agreement for 1.5 million tonnes with BTG Pactual Commodities and we continue to receive good order flow from China despite China’s coal demand reducing over the years¹. However, it may take some time for China to reduce its reliance on coal-fired power plants for its power needs.

We are also exploring opportunities in both India and Indonesia as both markets are projected to be key markets for coal². In addition, our Group is very keen to expand its production capacity, enhance our cost advantage and boost our coal reserves to become a major coal producer in Indonesia going forward.

Barring any unforeseen circumstances, our Group expects to increase its revenue from its SDJ as we target a production of 6 million tonnes of coal in 2016. Our Group is also actively looking to acquire new mines to build up our coal reserves as current coal asset prices become attractive and diversify our business.”

Mr Charles Antonny, Executive Chairman of Geo Energy commented further that, *“Looking back to 2015, we were affected by the volatility both in the global commodities and regional markets. Nevertheless in the face of many obstacles, we have never wavered and remain focused on our core*

business and in getting the SDJ mine to start production in 2015 whilst exploring pockets of opportunities. This has allowed us to increase access to diversification in different types of coal asset classes. Our good knowledge of the coal business and local Indonesian market will continue to transform into opportunities for us to expand our business and increase the performance for our Group.”

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1. <http://energydesk.greenpeace.org/2015/11/09/2015-the-year-global-coal-consumption-fell-off-a-cliff/>
 2. Indonesia Thermal Coal, Macquarie Research, 6 July 2015

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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 primarily operates as a coal producer and mine contractor. The Group owns mining concessions in East and South Kalimantan. In addition, the Group also operates as a mine contractor providing specific mine contracting services to third party mine owners.

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