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Geo Energy Resources

MEDIA RELEASE

12 September 2021

GEO ENERGY ISSUES NOTICE FOR EARLY AND FULL REDEMPTION OF ITS OUTSTANDING USD BONDS

- Geo Coal International Pte. Ltd. (“GCI”) has issued the notice of redemption to redeem all of its outstanding 8% senior notes due 2022 (“USD Bonds”) on 10 October 2021 at a redemption price of 102% of the principal amount plus accrued and unpaid interest.
- The early redemption of the USD Bonds is part of the Group’s ongoing optimisation of its capital structure, strengthening its credit profile and saving of US\$4.8 million in its annual financing costs.
- The Group’s cash position as at 5 September 2021 was US\$120 million, compared to US\$84 million as at 30 June 2021. After the redemption of the bonds, the Group will have little debt while having a cash balance of over US\$60 million, which is expected to increase going forward.
- With Indonesian Coal Index price for 4200 GAR coal (“ICI4”) reaching a record high of US\$76.68 per tonne as at 10 September 2021, the Group expects its 2H2021 performance to be higher than 1H2021, with revenue expected to exceed US\$0.5 billion for the year.

SINGAPORE, 12 SEPTEMBER 2021 – Geo Energy Resources Limited (“Geo Energy” or the “Company”, and together with its subsidiaries, the “Group”) (SGX: RE4), announced that its wholly-owned subsidiary, GCI has issued a notice of redemption to redeem all of its USD Bonds. The Redemption Date will be on 10 October 2021. The redemption price is equal to 102.000% of the principal amount thereof, plus accrued and unpaid interest to (but not including), the Redemption Date (the “Redemption Price”).

PURPOSE OF THE EARLY REDEMPTION

As part of the ongoing optimisation of its capital structure, the early redemption of the USD Bonds will strengthen the Group’s credit profile and save US\$4.8 million in annual financing costs. The Group will be funding the early redemption with its existing cash on hand. After the redemption of the USD Bonds, the Group

will have little debt, with a remaining cash balance of over US\$60 million. This balance continues to grow as ICI4 hits a record high of US\$76.68 per tonne as at 10 September 2021.

The full redemption of the USD Bonds will also give the Group flexibility in its plans to diversify its business, as the bonds covenants currently restricts its investments only to the mining industry (and its complementary businesses).

The Group has been strategically reviewing and optimising its assets portfolio, which may include acquisitions to diversify our business and divestments to build a sustainable business for the future. An announcement will be made in accordance with the listing rules of SGX-ST, if such acquisitions and/or divestments materializes.

The Group is also aware that some of the remaining bondholders may be seeking liquidity and therefore desire to exit their holdings, and as such, the Group believes the redemption will give them liquidity that might not otherwise be available to them.

NOTWITHSTANDING THE PANDEMIC-RELATED DISRUPTIONS, WE HAVE BEEN ABLE TO CAPITALISE ON THE STRONG MOMENTUM OF THE COAL INDUSTRY TO BUILD A STRONG FINANCIAL POSITION

COMMENTARY

Commenting on the early redemption of the USD Bonds, Mr Tung Kum Hon, Chief Executive Officer and Executive Director of Geo Energy said:



"The early redemption of the USD Bonds demonstrates the strength of the Group's balance sheet as we have amassed a strong cash position of US\$120 million as at 5 September 2021, compared to US\$84 million as at 30 June 2021. In this timeframe, we have paid out an interim dividend of S\$0.005 per share, fully repaid our prepayment from Macquarie Bank in advance, and still generated an increase of US\$36 million in cash. We can always draw on the funding of the prepayments from our coal offtakers, Macquarie

Bank and Trafigura, in the future, if required.

Notwithstanding the pandemic-related disruptions, we have been able to capitalise on the strong momentum of the coal industry to build a strong financial position. The Group recorded a strong positive gain from its business operations in 1H2021, with net earnings of US\$48.5 million and EBITDA of US\$77.5 million for the 6 months ended 30 June 2021. In just one month of July 2021, the Group achieved an EBITDA of US\$26.5 million and net earnings of US\$18.6 million. The Group expects a stronger positive performance for 2H2021 with the ICI4 coal price reaching a record high of US\$76.68 per tonne as at 10 September 2021 compared to the average ICI4 coal price of US\$47.78 in 1H2021.

Under the bond terms, the early redemption at our option is at a Redemption Price of 102% of the principal amount. It marks a gain for the bondholders who have invested and held our bonds since inception, in addition to the coupon interest payments over the years. It is also a win-win opportunity for the Group, as we will save US\$4.8 million in annual finance expenses going forward.

We are reviewing to optimise our assets portfolio, which may include acquisitions to diversify our business, and divestments to build a larger and more sustainable business for the future. The redemption of the USD Bonds and a stronger balance sheet and capital structure will place the Group in good stead to explore diversification opportunities not restricted by the bond covenants, as we seek to expand our revenue streams by way of potential joint ventures, trading and value accretive acquisitions that are self-funding."

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.

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.

For more information please contact:

Romil SINGH, Shivam SARAF

romil@financialpr.com.sg, shivam@financialpr.com.sg

Tel: (65) 6438 2990 Fax: (65) 6438 0064