

SGX Announcement

RESPONSE TO SGX QUERIES

The Board of Directors of Geo Energy Resources Limited (the "Company", or together with its subsidiaries, the "Group") wishes to announce the following responses to the queries raised by the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 30 May 2023 in relation to the Company's unaudited interim financial statements for the financial period ended 31 March 2023 in respect of the financial year ending 31 December 2023 ("FY2023"):

Query (1):

It is noted that the Company has a net cash outflow from operating activities of US\$19,103,905 and a net profit of US\$16,012,503 for the financial period ended 31 March 2023. Please explain why the Company is unable to generate net cash inflow from its operating activities, despite the Company's net profit position for the financial period/year.

Company's Response:

	US\$
Operating cash inflows before movement in working capital	27,639,325
Changes in working capital	(32,654,733)
Income tax paid	(14,053,271)
Retirement benefit obligation paid	(35,226)
Net operating cashflows	(19,103,905)

The Group's operating cash flows before movement in working capital was an inflow of US\$27.6 million. During the period, the Group made payment for income taxes of US\$14.1 million.

Changes in working capital were negative US\$32.7 million, which was due mainly to the Group paying for higher expenses incurred towards the end of 2022 for higher volumes, while collections were lower for the period ended 31 March 2023 ("1Q2023") due to lower revenue from reduced coal sales. The Group's average receivable turnover is around 15 days, while its average payables turnover is around 60 days. As there was a decrease in the Group's sales volume from 2.6 million tonnes in the last quarter ended 31 December 2022 ("4Q2022") to 1.9 million tonnes in 1Q2023, the Group was paying for higher expenses incurred towards the end of 2022 for higher volumes, while collections were lower for 1Q2023 due to lower revenue from reduced coal sales.

Query (2):

Please explain the:

- (a) significant increase in Deposits and prepayments from US\$31,730,726 as at 31 December 2022 to US\$39,621,275 as at 31 March 2023; and**
(b) significant decrease in Trade and other payables from US\$122,246,434 as at 31 December 2022 to US\$93,707,449 as at 31 March 2023.

Company's Response:

- (a) The Deposits and Prepayments increased from US\$31.7 million as at 31 December 2022 to US\$39.6 million as at 31 March 2023 mainly due to advances paid for purchase of heavy equipment to support and increase our 2023 mining plan, as well as higher royalties paid to the Indonesian Government prior to sales recognition.
- (b) The Trade and Other Payables decreased from US\$122.2 million as at 31 December 2022 to US\$93.7 million as at 31 March 2023 mainly due to payments made for expenses incurred towards the end of 2022, as mentioned in the Company's response to query 1 above.

BY ORDER OF THE BOARD

Charles Antonny Melati
Executive Chairman and CEO

1 June 2023