



GEO ENERGY GROUP
天然煤礦集團

GEO ENERGY RESOURCES LIMITED

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

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News Release

Results of the Consent Solicitation and Update on Tender Offer for the 8.0% Senior Notes Due 2022 Issued by Geo Coal International Pte. Ltd.

- The Consent Solicitation commenced on 21 May 2020 and as at the Consent Deadline, the Requisite Consents have not been received. Accordingly, the Proposed Amendments will not be adopted.
- As part of the Consent Solicitation, GCI is also offering to purchase for cash all Notes validly tendered. As at the Early Tender Deadline on 4 June 2020, an aggregate principal amount of US\$20.9 million of the Notes had been validly tendered.

SINGAPORE, 5 June 2020 – Geo Energy Resources Limited (the “Company”, and together with its subsidiaries, the “Group”) (SGX: RE4), today announced an update on the Results of the Consent Solicitation and Tender Offer for the 8.0% Senior Notes Due 2022 Issued by Geo Coal International Pte. Ltd (“GCI”) (the “Notes”) subject to the terms and conditions set out in the offer to purchase and consent solicitation statement dated 21 May 2020 (the “Statement”).

As the Requisite Consents were not received, the Proposed Amendments will not be adopted.

As disclosed in the Statement, the Group is currently carrying out exploration activities on the southern part of the TBR coal mining concession to locate additional proved and probable coal reserves. Based on these exploration activities, on 19 May 2020, SMG Consultants indicated in a file note to the Company, updating the Group that the total proved and probable reserves of the SDJ and TBR coal mining concessions may increase by approximately 29.0 million tonnes. This indication of an increase is

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preliminary and does not represent JORC-compliant information. SMG Consultants is still conducting work to complete its reserves and resources report.

The Group has applied to the relevant Indonesian government authorities, and is currently in the application process, for the extension of its SDJ coal mining concession, which expires in May 2022, and its TBR coal mining concession, which expires in January 2022. If approved, the Group expects the SDJ and TBR coal mining concession to be extended for a period of five years and six years respectively.

The Mandatory Offer to Purchase the Notes on 4 April 2021 as provided in the Indenture may fall away upon the completion of these processes.

COMMENTARY

Mr Tung Kum Hon, Chief Executive Officer of the Company said, **“The Consent Solicitation and Tender Offer is an exercise that is favourable to all our stakeholders, including the Noteholders and our shareholders, and part of our enterprise risk and liability management, and de-leveraging strategy. It is mainly to remove a coal-reserve-linked Mandatory Offer to Purchase the Notes covenant and increased flexibility to incur indebtedness for working capital and other corporate purposes of US\$20.0 million between now and the Notes final maturity date in 2022.**

As I have said at our Strategy, Bond and Equity Investors Presentation on 29 May 2020, it is prudent for us to have more flexibility right now and make acquisitions when they make the most sense rather than have to make rushed investments to meet the minimum-coal-reserve condition. The Tender Offer is driven by reverse enquiry from investors that no longer had the mandate to hold our Notes due to size or rating or wanted to simply exit for liquidity on margin calls.

Something we can't help but be encouraged when discussing with some of the Noteholders in the past week, is their confidence in the Group to expand its business and meet its obligations on the Notes when due. While we did not receive the 75% Requisite Consent, which is not an easy percentage of acceptance to achieve in the current COVID-19 pandemic restrictions on people movements and communications to reach out to all the Noteholders, the Tender Offer has given our Noteholders an opportunity to gain liquidity that may not be otherwise available under current market conditions. As of the Early Tender Deadline, instructions from Noteholders representing an aggregate principal amount of approximately US\$20.9 million to tender at the Repurchase Price have been validly received. Upon the completion of the Tender Offer on 18 June 2020, this will benefit the Group through an improvement of its gearing, capital structure and reduction of its interests cost. The Notes outstanding, after completion of the Tender Offer, would be US\$133.2 million.

The Group will record a gain of US\$11.5 million upon settlement for the tendered Notes and, depending on any further Notes tendered up to the Expiration Date, the gain could be greater. Together with the



gain of US\$19.2 million when we last purchased our Notes on 28 April 2020, the total gain since 31 March 2020 would be US\$30.7 million.

As previously announced, the Group's cash and bank balances as at 30 April 2020 was US\$81.6 million. After taking into consideration the cash of US\$9.3 million for the settlement of the US\$20.9 million Notes tendered at the Early Tender Deadline, including accrued interests, the cash and bank balance would have been US\$72.3 million. The Group will review its cash management going forward and seek other sources of funding and joint ventures to expand its business.

Beating the odds. The Group is in the process of renewing the licenses of its SDJ and TBR coal mining concessions and conducting new exploration at the TBR concession to increase its JORC proved and probable coal reserves. It is expected that the combined JORC coal reserves of SDJ and TBR will increase from this new exploration in TBR and the Mandatory Offer to Purchase covenant may fall away with or without a smaller acquisition by 4 April 2021.

With accelerating shift in the global economic landscape due to COVID-19, many business enterprises find themselves operating in new and sometimes depressed market environments. With an increasingly uncertain price outlook on coal prices, we will continue to manage our risks, reduce our costs and expand our business by diversifying to put our Group on a stronger and more sustainable growth path. We will continue to assess the market situation and business viability, to monetise and continue our SDJ and TBR operations given the potential increased reserves and to look for opportunities to create the most value for our stakeholders.

"It Always Seems Impossible Until Its Done" Nelson Mandela."

- End -

CAUTION IN TRADING

Shareholders, investors, and other persons are advised to exercise caution in trading the securities of the Company. There is no certainty or assurance as at the date of this News Release that any potential acquisition(s) will proceed or be completed, the Consent Solicitation and Tender Offer will be successful or that the Group's business and operations will not be affected further by the current COVID-19 pandemic and the current depressed coal prices, if they continue further. The Company will continue to closely monitor the situation and will make the necessary announcements and provide further updates as and when there are material developments. Shareholders, investors, and other persons are advised to read this News Release and any further announcements by the Company carefully. They should consult their stockbrokers, bank managers, solicitors, or other professional advisors if they have any doubt about the actions they should take.

The Consent Solicitation and the Tender Offer are being made solely pursuant to the offer to purchase and consent solicitation statement dated 21 May 2020 (the "Statement"), which governs and more



fully sets out the terms and conditions of the Consent Solicitation and the Tender Offer, as well as additional information about how to submit the consent or tender instructions for the Notes. The Statement contains important information that should be read carefully before any decision is made with respect to the Consent Solicitation and the Tender Offer. Deutsche Bank AG, Singapore Branch has been appointed by GCI as Dealer Manager and Solicitation Agent in respect of the Consent Solicitation and Tender Offer.

This News Release does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The securities referred to herein will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act. Any public offering of securities to be made in the United States will be made by means of a prospectus. Such prospectus will contain detailed information about the company making the offer and its management and financial statements. None of the Company and GCI intends to make any public offering of securities in the United States.

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 and is part of the Singapore FTSE-ST index.

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 word-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.



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