

# **GEO ENERGY RESOURCES LIMITED**

(Company Registration No. 201011034Z)  
(Incorporated in the Republic of Singapore)

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## **PROPOSED ACQUISITION OF THE REMAINING 34% SHAREHOLDING INTEREST IN BORNEO INTERNATIONAL RESOURCES PTE LTD NOT ALREADY OWNED BY THE COMPANY**

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### **1. INTRODUCTION**

- 1.1. The board of directors (the **"Board"**) of Geo Energy Resources Limited (the **"Company"** or the **"Purchaser"**, together with its subsidiaries, the **"Group"**) wishes to announce that the Company has entered into a conditional sale and purchase agreement dated 26 December 2015 (the **"Agreement"**) with Optimum Source Limited (the **"Vendor"**) for the acquisition of 68 ordinary shares (the **"UHC Shares"**) representing the remaining 34% shareholding interest in Borneo International Resources Pte Ltd (the **"Ultimate Holding Company"** or **"UHC"**) not already owned by the Company (the **"Proposed Acquisition"**).
- 1.2. As at the date of this announcement, the Company holds shares representing 66% shareholding interest in the Ultimate Holding Company, which were previously acquired and announced on 18 August 2014 (the **"2014 Acquisition"**).
- 1.3. Through various intermediate holding companies (as disclosed in announcement dated 19 June 2014), the Ultimate Holding Company indirectly holds an effective equity interest in PT Sungai Danau Jaya (the **"Target"**) of 98.96%. The Proposed Acquisition enables the Company to collectively own the entirety of this interest.
- 1.4. The rest of the 1.04% effective equity interest in the Target is held by minority shareholder, Huang She Thong, an Indonesian national and Executive Director of the Company. The purpose of this minority shareholding is to ensure compliance with Indonesian law, which requires that Indonesian incorporated companies have a minimum of two shareholders.

### **2. INFORMATION ON THE VENDOR**

- 2.1. The Vendor is an investment holding company incorporated in the British Virgin Islands and its sole shareholder is Lenny Limanto, an Indonesian national. The Vendor and Lenny Limanto are independent third parties and are not directly or indirectly related to the Company and/or its Directors, controlling shareholders or their respective associates.

### **3. INFORMATION ON THE TARGET**

- 3.1. The Target is a limited liability company established under the laws of the Republic of Indonesia, having its domicile at North Jakarta, Indonesia. As at the date of the announcement, the Target is the holder of coal mining concession in South Kalimantan, Indonesia, the details relating to which were previously disclosed in connection with the 2014 Acquisition and in the Company's annual report for the financial year ended 31 December 2014.

#### **4. RATIONALE FOR AND BENEFIT OF THE PROPOSED ACQUISITION**

- 4.1. As the Company currently already holds 66% shareholding interest in the Ultimate Holding Company, the further acquisition of the remaining 34% shareholding interest in the Ultimate Holding Company would result in the Company indirectly holding an aggregate 98.96% effective shareholding interest in the Target. This would allow the Company to have greater effective control over the Target, giving it more flexibility in expanding its business operations and increasing coal production levels.

#### **5. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION**

##### **5.1. Consideration**

The total consideration payable for the UHC Shares is US\$ 25 million (the “**Consideration**”) which shall be funded by the Company’s internal resources in the form of cash, cash equivalents and shares, or such form as both parties may agree:

- i. US\$ 3.5 million to be paid by way of ordinary shares of the Purchaser, priced at S\$0.18 per ordinary share, at a foreign exchange conversion rate of US\$1 : S\$1.4, which is subject to receiving approval in principle for the listing and quotation of the shares by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).
- ii. US\$ 17 million to be paid by the Completion Date; and
- iii. US\$ 4.5 million to be paid at latest of 31 December 2016.

The Consideration was arrived at on a willing-buyer, willing-seller basis, after taking into account (i) the current market prices for comparable coal quality, (ii) the consideration paid in the 2014 Acquisition as a basis of comparison, and (iii) a discount to the 2014 Acquisition consideration as the present acquisition is for a minority (not majority) stake in the company.

##### **5.2. Conditions Precedent**

The Proposed Acquisition is conditional upon the satisfaction of the following conditions, amongst others:

- (a) The approval of the board of directors and shareholders of the Vendor having been obtained for the disposal of the UHC Shares on the terms of the Agreement; and
- (b) All necessary approvals, consents and waivers of any government bodies, stock exchange and other regulatory authority having jurisdiction over the transactions contemplated in this Agreement and all other transactions in connection therewith and incidental thereto, having been obtained by the Vendor, such consents, approvals and waivers not having been amended, withdrawn or revoked before the Completion Date, and to the extent that such consent, approvals and waivers are subject to any conditions required to be fulfilled before the Completion Date, all such conditions having been duly fulfilled.

For the purposes of this Paragraph 5.2, capitalised terms not otherwise already defined in this announcement shall have the same meaning as defined in the Agreement.

### 5.3. Undertakings

The Vendor has undertaken, amongst others, to use its best endeavours to satisfy and/or procure the satisfaction of the conditions precedent.

### 5.4. Completion

Completion of the Proposed Acquisition is to be within 14 Business Days after the date of the Agreement, provided all the conditions have been fulfilled or otherwise waived in writing.

### 5.5. Long-Stop Date

If the conditions set out in the Agreement are not fulfilled by the date falling 12 months from the signing of the Agreement, or such later date as the Company may determine in its sole discretion, the Agreement shall be terminated.

## 6. RELATIVE FIGURES UNDER RULE 1006

The relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST, are as follows:-

Rule	Base	Relative Figure (%)
1006(a)	Net asset value of the assets to be disposed of compared with the Group's net asset value.	Not applicable
1006(b)	Net profits attributable to the assets acquired, compared with the Group's net profits. <sup>(1)</sup>	n/m <sup>(2)</sup>
1006(c)	Aggregate value of the consideration given, compared with the Company's market capitalisation on 24 December 2015, being the market day preceding the date of the Agreement. <sup>(3)</sup>	19.72%
1006(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue. <sup>(4)</sup>	2.30%
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of compared with the aggregate of the Group's proved and probable reserves.	Not applicable

#### Notes:-

- (1) Under Rule 1002(3)(b), "net profit/loss" means profit or loss before income tax, minority interests and extraordinary items.

- (2) n/m – Not material. Target has only begun production on 16 December 2015.
- (3) The aggregate value of the consideration given for the Proposed Acquisition is US\$25 million (which is equivalent to S\$35 million based on the exchange rate of US\$1: S\$1.4, compared to the Company's market capitalisation of S\$177.5 million (based on 1,185,050,891 shares in issue and the weighted average price of S\$0.1498 per share of the Company transacted on 24 December 2015, being the full market day immediately prior to the signing of the Agreement).
- (4) The "number of equity securities issued by the Company as consideration" is based on the assumption that the US\$3.5 million of consideration shares are valued at S\$0.18 per ordinary share, converted at a foreign exchange conversion rate of US\$1: S\$1.4. On that basis, 27,222,222 consideration shares will be issued.

Pursuant to the tests for Rules 1006 (c) and (d) above, the Proposed Acquisition is a discloseable transaction for the purposes of Chapter 10 of the Listing Manual of the SGX-ST and approval of the shareholders of the Company is not required.

## 7. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The pro forma financial effects of the Company after the Proposed Acquisition set out in this announcement below are purely for illustrative purposes only and do not reflect the actual future financial position of the Company following the Completion of the Proposed Acquisition.

The objective of presenting the pro forma financial effects of the Proposed Acquisition as shown below is to illustrate what the historical financial information might have been had the Proposed Acquisition been completed at an earlier date. However, such financial information is not necessarily indicative of the results of the operations or the related effects in the financial position that would have been attained had the Proposed Acquisition been completed at the earlier date.

The pro forma financial effects of the Proposed Acquisition are based on the following assumptions:

- (a) in the calculation of the net tangible assets ("**NTA**") and NTA per share, for illustrative purposes, it is assumed that the Proposed Acquisition had been effected on 31 December 2014;
- (b) in the calculation of earnings per share ("**EPS**"), for illustrative purposes, it is assumed that the Proposed Acquisition had been effected on 1 January 2014;
- (c) the Consideration of US\$25 million is fully paid, and assumed to be fully funded by internal financing;

### 7.1. Effect on Share Capital

	No. of Shares	US\$
Total number of issued shares as at the date of this announcement	1,185,050,891	86,170,842
Add: consideration shares	27,222,222	3,500,000
Enlarged total number of issued shares after the Proposed Acquisition	1,212,273,113	89,670,842

## 7.2. Effect on EPS

	Before the Proposed Acquisition	After the Proposed Acquisition
Profit/(loss) attributable to the owners of the Company (US\$)	(12,578,189)	(12,578,189)
Weighted average number of shares	1,157,050,891	1,184,273,113
EPS (US cents)	(1.09)	(1.06)

## 7.3. Effect on NTA per Share

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA value attributable to the owners of the Company (US\$)	107,652,352	111,152,352
Weighted average number of shares	1,157,050,891	1,184,273,113
NTA per share (US cents)	9.30	9.39

## 8. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for Huang She Thong's effective equity interest in the Target (as disclosed in paragraph 1.4) and the directors' shareholdings in the Company, none of the directors or controlling shareholders of the Company or their associates has any interest, direct or indirect, in the Proposed Acquisition (other than through their respective shareholding interests in the Company).

## 9. SERVICE AGREEMENT

No new director will be appointed to the Board of the Company in connection with the Proposed Acquisition.

## 10. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their shares. There is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition.

**Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.**

**11. DIRECTORS' RESPONSIBILITY STATEMENT**

The directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Company and its subsidiaries, and the directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

**12. DOCUMENTS AVAILABLE FOR INSPECTION**

The Agreement is available for inspection during normal business hours at the Company's registered office at 12 Marina Boulevard #16-01, Marina Bay Financial Centre Tower 3, Singapore 018982 for three (3) months after the date of this announcement.

**BY ORDER OF THE BOARD**

Charles Antonny Melati  
Executive Chairman

26 December 2015