



GEO

ENERGY RESOURCES

CREATING THE SPARK

Staying on Strategy for Sustainable
Growth

1Q2018

Results' Briefing

1 June 2018

FORWARD LOOKING STATEMENTS

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Geo Energy's performance remains strong with first quarter revenue of US\$90.5 million, underlying net profit of US\$14.3 million and cash profit of US\$25.3 million.

Cash position as at 31 March 2018 of US\$247.9 million.

Tung Kum Hon
Chief Executive Officer
1 June 2018

1Q2018 Highlights

3 Months – 31 March 2018

Revenue
US\$ **91m**

	US\$
Total revenue	90.5m
Sales volume (tonnes)	1.9m
Average selling price (US\$/tonne)*	46
Average ICI Index price (US\$/tonne)	48
Increase in ICI index price over a 3-month period (%)	5%

* Average selling price lags ICI index price by 3-4 weeks based on shipping laycan date and less marketing discount

1Q2018 Highlights

3 Months – 31 March 2018

Revenue

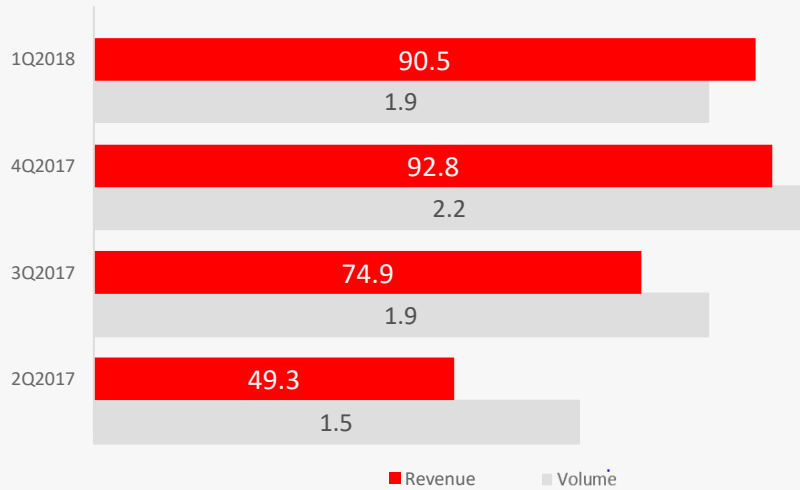
The Group recorded a revenue of **US\$90.5 million** in 1Q2018, decreased by US\$8.7 million or 9% comparing with 1Q2017 due to slightly lower volume sold.

Delivered 1.9 million tonnes of coal in 1Q2018 with an **average selling price per tonne of US\$46.**

Coal sales in 1Q2017 was 2.2 million tonnes.

1Q2018 Highlights

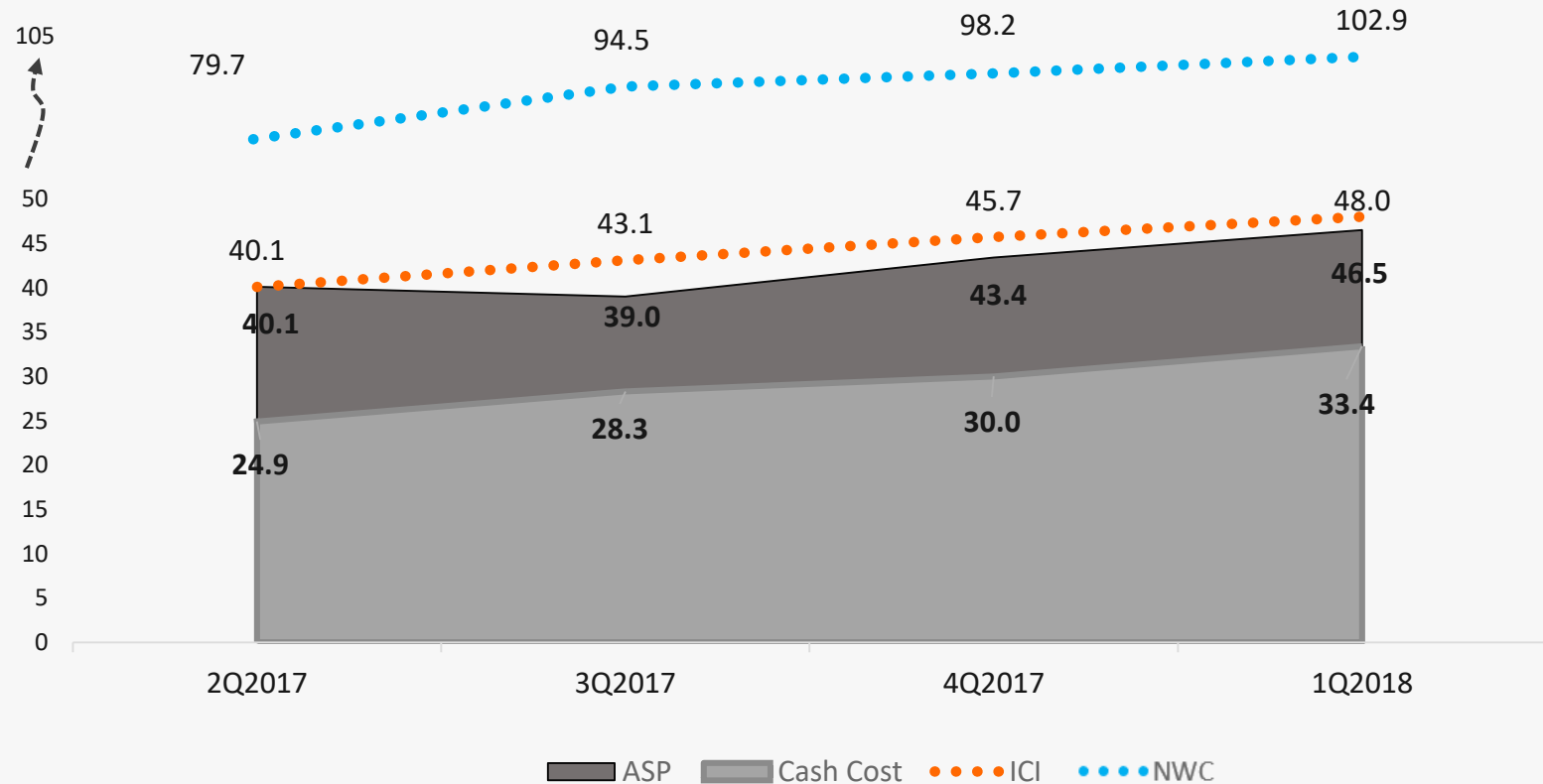
3 Months – 31 March 2018



Revenue in the last 12 months ended 31 March 2018 was US\$307.5m

Revenue

Average ICI4 Index vs Average Selling Price (4200 GAR) (US\$/tonne)



1Q2018 Highlights

3 Months - 31 March 2018

Coal mining segment substantially contributed **99%** of the Group's revenue.

Revenue Business Segments

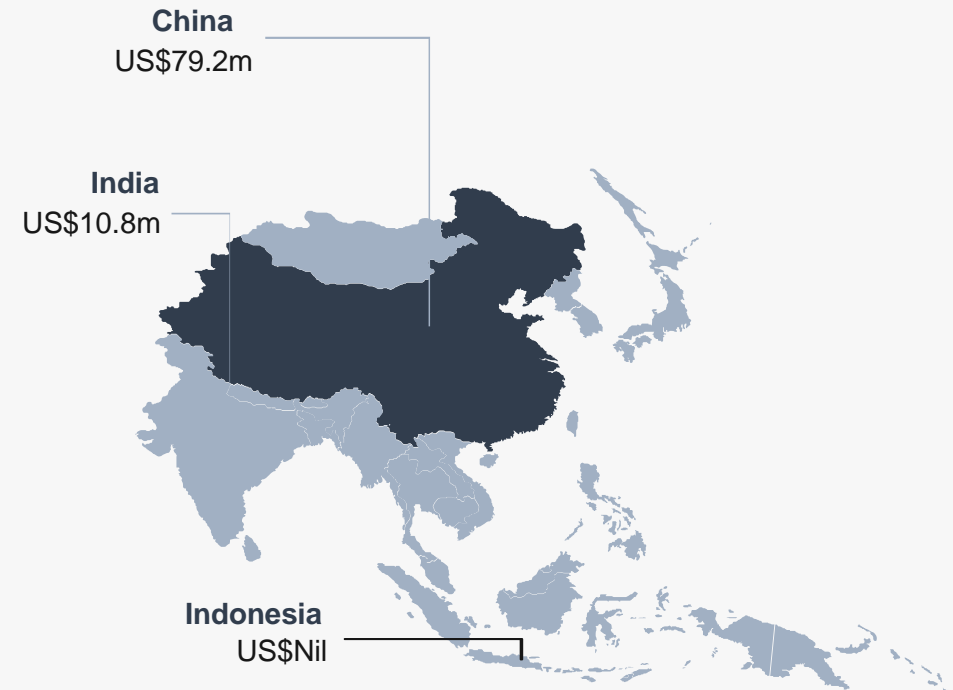


1Q2018 Highlights

3 Months - 31 March 2018

China substantially contributed **88%** of the Group's revenue.

Revenue – Coal Mining Geographical Segments



1Q2018 Highlights

3 Months – 31 March 2018

Cash profit of
US\$13 per tonne

Underlying Net Profit

US\$ **14m**

	US\$
Gross Profit	21.9m
Cash Profit	25.3m
Cash Profit per tonne	13.1
Underlying Net Profit*	14.3m

* Underlying net profit excludes the increase of finance cost on the US\$300 million 8.0% Senior Notes

1Q2018 Highlights

3 Months – 31 March 2018

Net Debt / EBITDA of
1.8 times as at 31
March 2018

Underlying Net Profit

	2Q2017	3Q2017	4Q2017	1Q2018
Gross Profit Margin (%)	32.4	21.6	19.3	24.2
Cash Profit Margin (%)	38.1	27.7	29.6	28.0
Underlying EBITDA (US\$m)	19.8	17.5	22.8	22.9
Net Debt (US\$m)	45.0	30.3	22.5	42.1
Cash (US\$m)	26.5	43.1	265.8	247.9
Net Debt / EBITDA (times)	2.27	1.73	0.99	1.8

1Q2018 Highlights

3 Months – 31 March 2018

Underlying Net Profit

Geo Energy's gross profit decreased by 14% from US\$25.3 million in 1Q2017 to US\$21.9 million in 1Q2018.

Cash profit per tonne increased to US\$13 giving a cash profit margin of 28% in 1Q2018 mostly as a result of higher average selling price.

1Q2018 Highlights

3 Months - 31 March 2018

Operating Cash Flow

(US\$ **18m**)

	US\$
Operating Cash Flows	(18.2m)
Investing Cash Flows	0.5m
Financing Cash Flows	(1.8m)
Net decrease in Cash and Cash Equivalents	(19.6m)
Cash and Cash Equivalents at 31 March 2018	242.9m

1Q2018 Highlights

3 Months – 31 March 2018

Operating Cash Flow

Cash and cash equivalents as at 31 March 2018 was **US\$242.9 million.**

Net decrease in cash and cash equivalents of **US\$19.6 million** in 1Q2018.

Mainly due to refundable deposits paid to third parties for the provision of integrated coal mining support and infrastructure services in view of the commencement of TBR production in May 2018.

1Q2018 Highlights

As of 31 March 2018

Total Assets
US\$ **556m**

	US\$
Total Assets	556.4m
Cash and cash equivalents	247.9m
Total Liabilities	393.0m
Shareholders' equity	162.1m
NAV (Net Assets Value) per share (S\$ Cents) *	16.00

* Based on number of issued shares of 1,329,273,113 and on an exchange rate of US\$:S\$ of 1.3117 as at 31 March 2018

1Q2018 Highlights

As of 31 March 2018

Total Assets

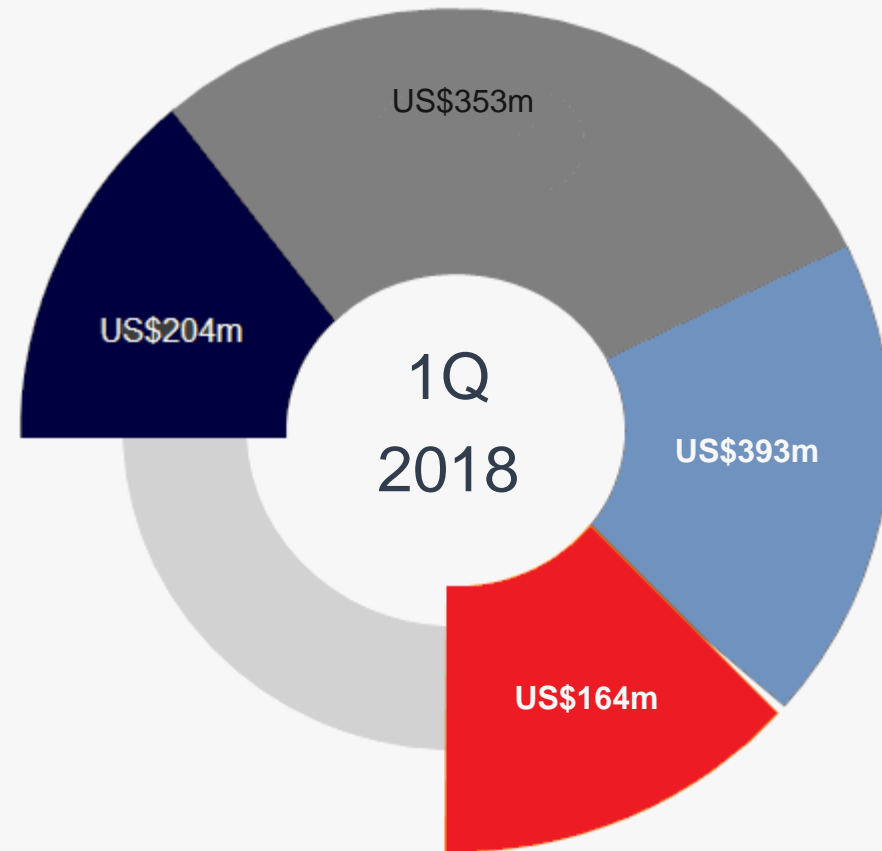
Total assets increased by **US\$6.5 million** in 1Q2018 mainly from the profit generated by the Group's operations during the quarter, partially offset by decrease in total liabilities.

1Q2018 Highlights

As of 31 March 2018

- Non current assets
- Current assets
- Liabilities
- Equity

Financial Position



1Q2018 Highlights

3 Months - 31 March 2018

Summary

Overall, the Group registered a 2.1% decrease in underlying net profit from US\$14.6 million in 1Q2017 to US\$14.3 million in 1Q2018.

Trading at 4.0x of our 1Q2018 underlying net profit based on current share price of S\$0.23 and exchange rate of 1.34 as of 28 May 2018.

Our market capitalisation was at S\$306 million as of 28 May 2018.

The price of our Senior Notes has performed well since its issuance and has been mostly trading above par, and to as high as US\$106.

1Q2018 Highlights

3 Months - 31 March 2018

The Group remains focused on several strategic objectives in
2018:

Strategic Objectives		Progress
Gaining momentum and staying on strategy for sustainable growth	➤	Delivered 1.9 million tonnes of coal in 1Q2018 and recorded another quarter of revenue in excess of US\$90 million. Production of TBR to commence in May 2018.
Reducing or maintaining our fixed cost base and creating operational leverage	➤	A combined mining plan of SDJ and TBR greatly improve the Group's mining efficiency and create synergistic effects on its cost of production.
Strengthening our capital position	➤	Total cash of US\$247.9 million.
Return value to shareholders	➤	Continue to drive growth and deliver stronger cash profits to enhance shareholder returns.



2 Main Operating Mines

SDJ & TBR

Our operating mines		SDJ	TBR
↳	have a significant competitive advantage	<ul style="list-style-type: none"> • High quality coal assets with low-ash and low-sulphur characteristics driving demand locally and internationally • Close proximity to anchorage point and relatively low strip ratio – most cost competitive mines <ul style="list-style-type: none"> • Thick coal seams and low strip ratio – effective to mine <ul style="list-style-type: none"> • With a CV of around 4200 GAR 	
↳	total coal (JORC as at 31 Dec 2017)	33.4 million tonnes	47.2 million tonnes
↳	estimated annual production for 2018	8.0 million tonnes	3.0 million tonnes



Mine Plan

SDJ

	Year	Unit	2018	2019	2020	2021	2022	2023
SDJ	<u>Production</u>							
	Overburden	Mbcm	21.3	17.7	17.5	17.3	17.3	10.6
	Coal	Mt	8.0	6.0	6.0	5.0	4.5	3.4
	Stripping ratio	bcm/ton	2.7	3.0	2.9	3.5	3.8	3.1
	Haul distance	m	2,222	2,474	2,321	2,067	1,847	1,821
	Gross calorific value	Kcal/kg	4,198	4,209	4,197	4,225	4,174	4,199

* Mine plan is based on IQPR as at 31 December 2017 and is subject to change and market conditions



Mine Plan

TBR

	Year	Unit	2018	2019	2020	2021	2022	2023
TBR	<u>Production</u>							
	Overburden	Mbcm	21.2	27.0	27.3	29.1	29.3	29.0
	Coal	Mt	3.0	7.0	7.0	9.0	9.0	8.0
	Stripping ratio	bcm/ton	7.1	3.9	3.9	3.2	3.3	3.6
	Haul distance	m	2,695	2,201	2,185	1,923	1,847	1,795
	Gross calorific value	Kcal/kg	4,224	4,273	4,284	4,269	4,262	4,184

* Mine plan is based on IQPR as at 31 December 2017 and is subject to change and market conditions

Status on TBR



Production

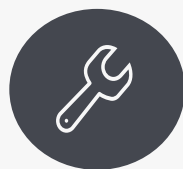
- Signed mining contractor agreement with BUMA for the provision of overburden removal at TBR mine with estimated contract value of over US\$500 million
- Production commenced in May 2018 with first delivery expected in June 2018



Offtake

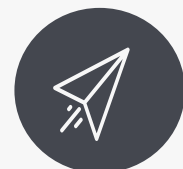
- Advanced stages of discussion with potential offtakers for the offtake agreement
- Offtake with option of prepayment, trade finance facilities as well as potential equity investment into Geo

Corporate Action Updates



Acquisition Structure

- Currently assessing numerous M&A opportunities to strengthen Geo's portfolio
- JV / Production sharing methods are also an option
- Deferred payment in the form of conditions subsequent and/or earn-outs from future production.



Investment Parameters

- Acquisition size of around US\$100 – 150 million
- Strong cash profit margins
- Ability to generate cashflows quickly
- Target ROI of over 20%

2018 Strategic Directions

“
STAYING ON STRATEGY
FOR SUSTAINABLE
GROWTH

M&A and Investments US\$100-125m

1

Increase 2P reserves to more than 120m tonnes with additional production and sales of 5 million tonnes at ROI in excess of 20%

Sales Ramp Up

2

11-12 Million tonnes for SDJ and TBR

Control costs and increase productivity

3

Geo Energy Share Price?

0.23 SGD (28-05-2018)

OPEN	PREV CLOSE	VOLUME
0.23	0.23	508,600
MARKET CAP	DAY RANGE	52 WEEK RANGE
312.379M	0.23-0.23	0.21-0.31



Valuation

US\$ Bond Price? (28-05-2018)

Ask Yield to Maturity ⓘ

8.895%

Bid Yield to Maturity ⓘ

9.090%

Ask Yield to Worst ⓘ

8.895%

Bid Yield to Worst ⓘ

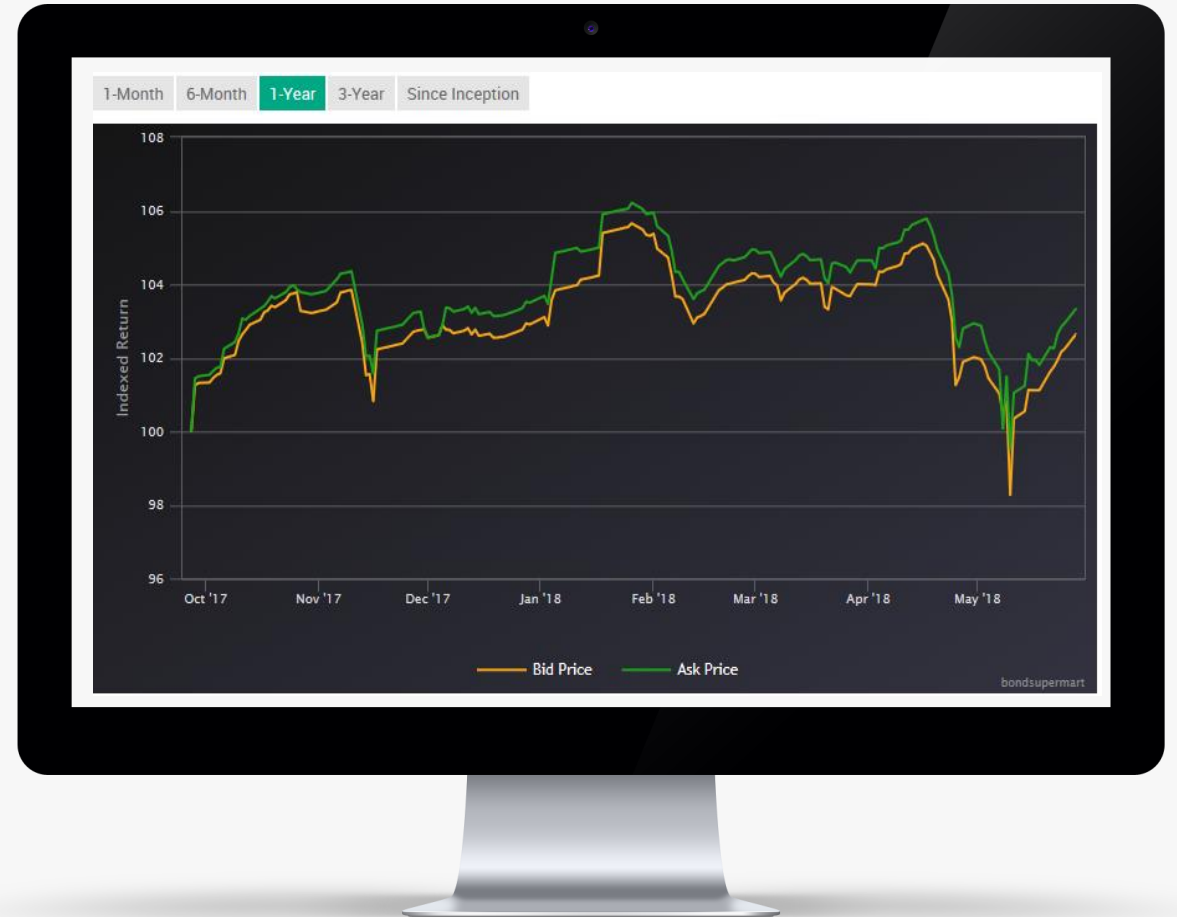
9.090%

Ask Price (USD)

96.812

Bid Price (USD)

96.137

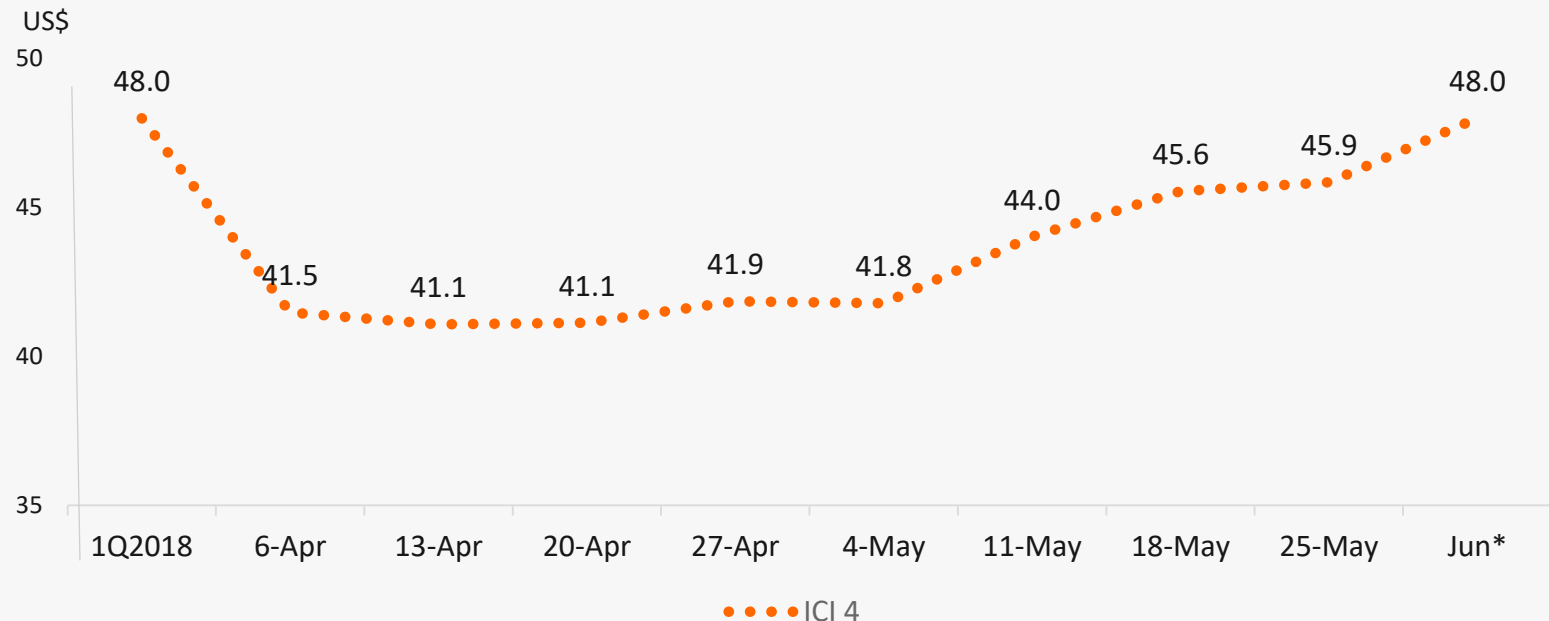


Coal Price Updates

Indonesian 4,200 GAR / 3,800 NAR

Following the Indonesia government's announcement on the domestic price cap, prices fell in the month of March and April.

It gradually increased to US\$45.9 at end of May, with bid/offer price of around US\$48 in June.



*June 2018 estimated coal price is based on market bid and offer price

Coal Price Forward

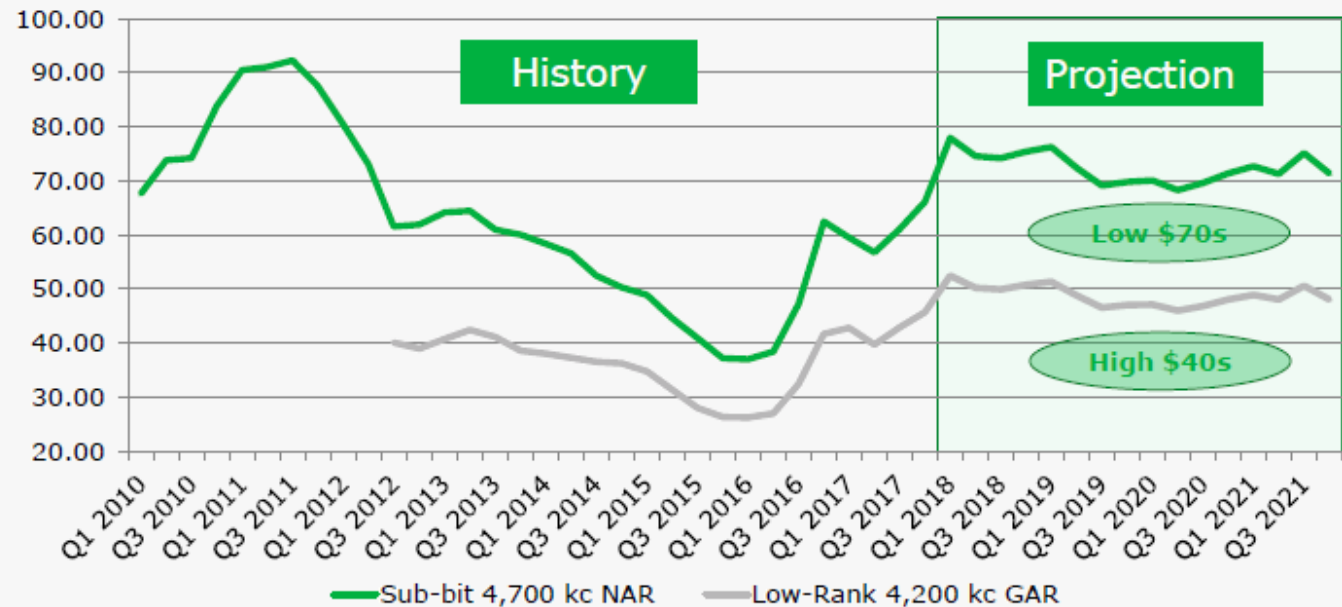
Near term prices projected to soften but generally stable over next few years

Demand – generally positive

- Strong Asian power demand set to continue
- Chinese demand looks set to remain strong
- Indian demand looks like returning
- SEA demand increasing rapidly



Indonesian prices, history and projection (PROVISIONAL), by quarters (mt)



Source: IHS Markit – HIS McCloskey 4,200 kc GAR FOB marker (M42)

Coal and the Industry



Coal demand for the next two years is expected to remain stable around current levels. According to BP's latest Statistical Review of the World, thermal coal remains the most-used fuel for power generation globally, especially in Asia which uses more than 70% of the world's thermal coal, up from under 50% in 2000. Even though China intends to switch to cleaner sources of fuels, leading to a gradual decline away from record coal consumption between 2012 and 2014, demand for coal is still firm, as many power stations and industrial facilities still rely on coal for its energy and power generation.¹

The Indonesian government has introduced a new regulation that caps coal prices for domestic PLN power plant at Harga Batubara Acuan ("HBA") price for 6,322 GAR of US\$70 per tonne FOB vessel, lower than the current coal price exceeding \$100 per tonne. This was implemented starting 12 March 2018 through December 2019. The government has also published the 2018-2027 electricity procurement business plan (or RUPTL) of state-owned electricity firm PT PLN, under which the total power plant installed capacity target has been significantly cut down from 77.9 GW to 56 GW, to adjust to the lower than previously anticipated electricity demand.² Currently, Geo Energy does not have any significant Domestic Market Obligation ("DMO").

The Indonesian government has also given a guideline to set a DMO of 25% of planned production.

¹ The Daily Star, Strong Asian Demand Continues Hold Thermal Coal Markets, Apr 30, 2018

² Bloomberg Intelligence, Indonesia Coal Policy, 16 March 2018

We would be among the major coal producers in Indonesia with a targeted annual production of 11-12 million tonnes in 2018 and based on the latest JORC mining plan a 13-15 million tonnes for 2019 and beyond.

Source:

<https://www.indonesia-investments.com/news/news-columns/coal-mining-indonesia-producers-to-boost-production-in-2018/item8606>

Indonesia Major Coal Producers

Projection output for Indonesia's top Coal Mining Companies:

Coal Miner	2016	2017	2018
Bumi Resources	87.8	84-90	90-96
Adaro Energy	52.6	51.8	54-56
Indika Energy	32	33	34
Bukit Asam	20.0	24.1	25.5
Indo Tambangraya Megah	25.6	22.6	22.6

* in million tonne

With a production of 11-15 million tonnes a year, we would contribute around 3% of the Indonesia's total coal production.

Indonesia Coal Production

Indonesian Production, Exports and Consumption:

	2015	2016	2017
Production	461	456	477
Export	323	308	369
Domestic	76	91	108

* in million tonne

Source:

<https://www.indonesia-investments.com/news/todays-headlines/coal-mining-update-indonesia/item8468?>

About Geo Energy

ABOUT GEO ENERGY RESOURCES LIMITED (Bloomberg Ticker: GERL SP)

Geo Energy Resources Limited (“Geo Energy”) is listed on the Singapore Stock Exchange and part of the Singapore FTSE index.

The Group’s operations are primarily located in Indonesia. It 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. It now owns major mining concessions and coal mines in East and South Kalimantan, with JORC marketable coal reserves of over 90 million tonnes.

Thank You



For more information, please visit
www.geocoal.com

