

Geo Energy Divests Non-Core Assets to Focus More on Coal Production and Improving Its Cost Structure

- Geo Energy divested its mining services and coal haulage services businesses under wholly owned subsidiaries, PT Mitra Riau Pratama (“**MRP**”) and PT Geo Mineral Trading (“**GMT**”), for US\$10.0 million to PT Autum Bara Sejahtera (“**Purchaser**”)
- The disposal of both subsidiaries are expected to generate cost-savings of US\$1.7 million in operating expenses and US\$1.0 million in working capital per quarter for the Group
- Upon the sale, the Group’s financial lease obligation would be substantially reduced as well, by US\$8.6 million while net gearing is expected to improve further

SINGAPORE, 29 June 2016 – Geo Energy Resources Limited (“Geo Energy” or “the Group”), an integrated Indonesian coal mining group, through its wholly-owned subsidiary, Geo Group Holdings Ltd (“**GGH**”), has entered into and completed a sale and purchase agreement (“**SPA**”) to sell 100% of All Win Holdings Pte. Ltd. (“**All Win**”) to the purchaser for US\$10.0 million. Both GGH and All Win were recently incorporated in June 2016 with the purpose of restructuring the Group’s business and divesting MRP and GMT. GMT and MRP are presently held via All Win by GGH. Pursuant to the SPA and in accordance to ownership regulations in Indonesia, the Group’s Executive Chairman, Mr Charles Antonny Melati, would also dispose his 0.01% stake in MRP and the Group’s Executive Director, Mr Huang She Thong, will dispose his 0.1% stake in GMT.

The intended sale of non-core assets would allow the Group to focus more on coal production as the Group targets 6 million tonnes of coal production for PT Sungai Danau Jaya (“**SDJ**”) coal mine. During 1Q2016, the Group announced proposed acquisitions of a 79.9% stake in PT Parisma Jaya Abadi (“**PJA**”) and a 99.5% stake in PT Cahaya Lembusuana (“**CLS**”). Both acquisitions are expected to boost the Group’s coal reserves and widen its range of calorific grade of coal output for sale.

Since listing on the Singapore Stock Exchange (SGX) in 2012, the Group was a mining services contractor leasing mining equipment for various coal mines in the region. Today, Geo Energy owns two coal mining concessions in East and South Kalimantan and is building up coal reserves to transform into one of Indonesia’s major coal producers.

The divestment of MRP's mining services business and GMT's coal haulage and coal trading business is also part of the Group's strategy to lower its cost structure and streamline its operations to focus more on coal production. The expected sale would save the Group US\$1.7 million in operating expenses and US\$1.0 million in working capital per quarter while financial lease obligation would be substantially reduced by US\$8.6 million and net gearing is expected to improve going forward. While the sale of MRP's heavy mining equipment and services and GMT would result in a net book gain of approximately US\$2.8 million to the Group.

In June 2015, the Group entered into a contract with PT Bukit Makmur Mandiri Utama ("**BUMA**") for overburden removal and coal haulage services. BUMA is able to provide such services at a very cost competitive rate thereby allowing the Group to compete regionally in terms of coal pricing and is in accordance to the Group's core strategy of lowering its cost of production. The long-term contract secured with BUMA has reduced the Group's need to upkeep its mining services equipment and coal haulage services.

In July 2015, the Group has signed an off-take agreement with BTG Pactual Commodities (Singapore) Pte Ltd ("**BTG Pactual**") to supply 23 shipments or equivalent of 1.5 million tonnes of coal. This contract for 23 shipments has since been completed in June 2016. The Group is currently in discussion to finalize new off-take agreements for 2H2016 and FY2017. Such off-take agreements not only resolve demands for the Group's coal output but also reduce the inherent risks and operating costs required for coal trading and sales. Therefore, the Group has made the prudent decision to dispose GMT and focus more on coal production.

Commenting on the proposed divestment, Mr Tung Kum Hon, Chief Executive Officer of Geo Energy said, ***"The proposed disposal of our mining services, coal haulage services and coal trading businesses would allow our Group to reduce our operational costs significantly, streamline our operations, free up working capital and improve our cash flow and gearing. Spinning-off non-core assets would enable our Group to focus more on coal production as we target to increase the following months' production to 500,000 tonnes per month and more for SDJ coal mine."***

Our Group's strategies involve improving our cost structure, enhancing our integrated value chain and expanding our coal production. Since BUMA is already providing mining equipment for overburden removal and coal hauling at our SDJ coal mine, this represents an opportunity for us to reduce our heavy capital expenditure requirement on mining equipment via a proposed disposal. Whereas our Group would also explore more opportunities to outsource our coal trading and sales via off-take

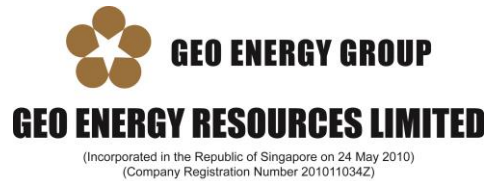
agreements with global trading houses to further reduce our operating costs and to mitigate market risks in coal trading.

Our Group is also encouraged by the improving outlook in the international coal market reflected by the persistent demand shown in China. Furthermore, the Indonesian Coal Index (ICI) for GAR 4200 has strengthened by US\$1.52 per tonne to US\$28.38 per tonne on 24 June 2016 from US\$26.86 on 6 May 2016. Given our low cost structure, our Group stands to yield better margins should the ICI appreciate further.

As our Group aims to become one of Indonesia's top coal producers, we would continue to seek acquisition opportunities in the region and sale of non-core assets that complement our core strategy and to build up our coal reserves going forward."

End

The statements contained in this media release that are not historical facts are "forward-looking" statements. These forward-looking statements are subject to a number of substantial risks and uncertainties, many of which are beyond the Company's control and actual results and developments may differ materially from those expressed or implied by these statements for a variety of factors. These forward-looking statements are statements based on the Company's current intentions, beliefs and expectations about among other things, the Company's financial condition, prospects, growth, strategies and the industry in which the Company operates. Forward-looking statements are typically identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "intends", "estimates", "plans", "assumes" or "anticipates" or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. In addition, from time to time, the Company or its representatives have made or may make forward-looking statements orally or in writing. Furthermore, such forward-looking statements may be included in, but are not limited to, press releases or oral statements made by or with the approval of an authorised executive officer of the Company. No assurance can be given that such future results will be achieved; actual events or results may differ materially from those expressed in or implied by these statements as a result of risks and uncertainties facing the Company and its subsidiaries. Many of these risks and uncertainties relate to factors that are beyond the Company's ability to control or estimate precisely, such as changes in taxation and fiscal policy, future market conditions, currency fluctuations, the behaviour of other market participants, the actions of governmental regulators and other risk factors such as the Company's ability to continue to obtain financing to meet its liquidity needs, changes in the political, social and regulatory framework in which the Company operates or in economic or technological trends or conditions, including inflation and consumer confidence, on a global, regional or national basis. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. The forward-looking statements contained in this announcement speak only as of the date of this announcement and the Company undertakes no duty to update any of them publicly in light of new information or future events, except to the extent required by applicable law or regulation.



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

Geo Energy Resources Limited (“**Geo Energy**”) 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. The Geo Energy Group’s operations are primarily located in Indonesia.

Geo Energy owns major mining concessions and coal mines in East and South Kalimantan, Indonesia with JORC marketable coal reserves of 53 million tonnes.

For more information, please visit www.geocoal.com

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