



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)

News Release

Geo Energy Secures Coal Offtake, Prepayment and Funding on TBR's Life of Mine and an Equity Investment in the Company in a Deal with Macquarie Bank Limited

- The Group entered into a coal offtake agreement for life of mine with Macquarie Bank Limited (“**Macquarie**”) (a wholly owned subsidiary of Macquarie Group, a global diversified financial group) for the Coal Offtake¹ and prepayment facility agreement and trade financing facility agreement for the Company’s subsidiary, PT Tanah Bumbu Resources (“**TBR**”) coal mine as well as an equity investment in the Company
- Macquarie will make available a multi-year prepayment facility and also provide a trade finance facility to support the exports of coal
- Macquarie to subscribe for 5% of the total issued ordinary shares in the capital of the Company post-subscription at a subscription price of SGD0.29² per share and 74 million non-listed, transferable, free warrants at an exercise price of SGD0.33 per share

SINGAPORE, 8 November 2018 – Geo Energy Resources Limited (“Geo Energy”, or the “Company”, and together with its subsidiaries, the “Group”) (SGX:RE4), an integrated Indonesian coal mining group, is pleased to announce that the Group has entered into a coal offtake agreement for life of mine (“Offtake Agreement**”) with Macquarie for the entire production of coal from TBR subject to Indonesia Domestic Market Obligation (“**DMO**”) requirement.**

¹ Except for coal output that is set aside to fulfil the TBR’s Indonesia DMO requirement

² The Financial Group must hold the shares for at least 1 year

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The Offtake Agreement and prepayment facility agreement with Macquarie

In terms of the Coal Offtake, the Group is expected to supply 43.2³ million tonnes or an average of 7 million tonnes over a 12 months period for the next 6⁴ years (subject to the Indonesian DMO) of coal to Macquarie over the life of mine of TBR, commencing in January 2019, at an index-linked price less offtake margin.

Macquarie will make available a multi-year prepayment facility for the coal offtake of TBR in three tranches of US\$25 million, US\$25 million and US\$10 million respectively, where only a single tranche may be outstanding at any time. In addition, Macquarie will provide a trade finance facility to support the exports of coal.

New equity in Geo Energy

Macquarie will subscribe for 5% of the total issued ordinary shares in the capital of Geo Energy post-subscription at a subscription price of SGD0.29 per share. Macquarie must hold the shares for at least 1 year in accordance with the terms of the Subscription Agreement. The subscription price represents a 28.9% premium over the current price of SGD0.225 per share as at 2 November 2018.

Macquarie will subscribe for 74,000,000 non-listed, transferable, free warrants in the Company exercisable within 2 years from the date of issue and each warrant to carry the right to subscribe, at Macquarie's option, for 1 ordinary share in the Company at an exercise price of SGD0.33 per share.

The Coal Offtake, Prepayment, Trade Finance Facility and Share and Warrant Subscription are (collectively referred to as the "**Proposed Transactions**") inter-conditional such that if the obligations in respect of a Proposed Transaction are not fulfilled, the other Proposed Transactions will not proceed.

Mr. Charles Antony Melati, Executive Chairman of Geo Energy commented, "**Considerable interest was shown in TBR's low ash, low sulfur coal with numerous competing parties offering the TBR's life of mine coal offtake. Macquarie was selected based on their scale and international presence and their experience in commodity trading. We will be using Macquarie's expertise and experience to develop a market for TBR's coal.**

The signing of an Offtake Agreement with Macquarie is another significant step forward for the Group. We look forward to building and commencing a focused marketing plan for TBR's coal brand name in the international market, similar to our PT Sungai Danau Jaya ("SDJ") coal that has successfully established its brand name in China and the region.

³ Coal reserves estimates were reported in accordance with Independent Qualified Person Report (IQPR) as at 31 December 2017.

⁴ In accordance to the TBR mining plan stated in the IQPR as at 31 December 2017.



This deal will not only secure a coal offtaker with a global presence for our TBR coal mine but also an important substantial investor via the shares and warrants subscription in the Company. We see this strong testament to the value of Geo Energy, our capabilities to deliver high quality coal in the region and to grow our level of profitability going forward.

Mr. Tung Kum Hon, Chief Executive Officer of Geo Energy said, **“We are very pleased with the comprehensive terms given by Macquarie on TBR’s Coal Offtake, prepayment, trade financing and equity investment in the Company. Currently our Group’s financial results are driven by our SDJ coal mine, which has an existing life of mine coal offtake agreement with ECTP. The transaction with Macquarie will broaden our reach. With Macquarie and ECTP, the Group will have its sale of coal production of both SDJ and TBR secured in the coming years.**

When Macquarie subscribes to the equity and if Macquarie exercises the warrants in our Group, our net gearing will be reduced from 38.6% as at 30 June 2018 to 16.4%. The start of coal production of TBR mine will drive the Group’s 2018 overall growth and contribute towards the Group’s target production volume of 13 – 15 million tonnes for 2019, higher than the volume of 7.7 million tonnes achieved in 2017. The ramping up of TBR’s production would build a strong platform for the Group’s near-term growth. At the same time, we are working on new investments and acquisition of coal assets to strengthen our portfolio and further drive our growth in the longer-term. We expect to make an announcement on this in due course.”

About Macquarie Group

Macquarie Group is a diversified financial group providing clients with asset management and finance, banking, advisory, risk and capital solutions across debt, equity and commodities. Founded in 1969, Macquarie Group employs more than 14,400 people across 25 countries. At 31 March 2018, Macquarie Group had assets under management of \$A497 billion. For more information, visit www.macquarie.com.

About TBR Coal Mine

The Group completed the acquisition of a 98.73% stake in TBR mine on 23 June 2017 for USD90 million. The TBR mine is strategically located beside SDJ, the Group’s producing mine.

TBR’s coal mine possesses similar qualities as of SDJ such as average calorific value of 4,200 kcal/kg, thick coal seams, low strip ratio, close proximity to jetty, low sulfur and ash content. Based on a recent Joint Ore Reserves Committee report (“**JORC**”), TBR mine has an estimated proved and probable coal reserves of 43.2 million tonnes. The Group has also signed an overburden removal agreement in March 2018 for the entire life of TBR coal mine with a guaranteed minimum annual production volume.



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

Geo Energy Resources Limited (“Geo Energy” or the “Group”) is one of the major coal producers in Indonesia and is listed on the Main Board of the Singapore Exchange Securities Trading Limited and is part of the Singapore FTSE and FTSE-ST China index.

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

For more information, please visit www.geocoal.com.

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