



SGX Announcement

Geo Energy Resources Limited Business Update

First Quarter and Three Months Ended 31 March 2023

FORWARD LOOKING STATEMENTS

This announcement contains statements that are, or may be deemed to be, "forward looking statements" which are prospective in nature. These forward looking statements may generally be identified by the use of forward looking terminology, or the negative thereof such as "plans", "expects" or "does not expect", "is expected", "seeks", "continues", "assumes", "is subject to", "budget", "scheduled", "estimates", "aims", "forecasts", "risks", "intends", "positioned", "predicts", "projects", "anticipates" or "does not anticipate", or "believes", or variations of such words or comparable terminology and phrases or statements that certain actions, events or results "may", "could", "should", "shall", "would", "might" or "will" be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Forward-looking statements are not based on historical facts, but rather on current predictions, assumptions, expectations, beliefs, opinions, plans, objectives, goals, intentions and projections about future events, results of operations, prospects, financial condition and discussions of strategy, any of which could prove to be inaccurate. By their nature, forward looking statements involve known and unknown risks and uncertainties, many of which are beyond the control of Geo Energy Resources Limited ("Geo Energy"). Forward looking statements are not guarantees of future performance and may and often do differ materially from actual results. There is no certainty or assurance as at the date of this announcement that any transaction disclosed in this announcement will proceed or be completed or that no changes will be made to the terms thereof. Important factors that could cause these uncertainties include, but are not limited to, those discussed in Geo Energy's Annual Report 2022. Neither Geo Energy nor any of its associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. You are cautioned not to place undue reliance on these forward-looking statements which only speak as of the date of this announcement. Other than in accordance with its legal or regulatory obligations (including under the listing rules of the Singapore Exchange Securities Trading Limited), Geo Energy is not under any obligation and Geo Energy and its affiliates expressly disclaim any intention, obligation or undertaking to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. This announcement shall not, under any circumstances, create any implication that there has been no change in the business or affairs of Geo Energy since the date of this announcement or that the information contained herein is correct as at any time subsequent to its date. No statement in this announcement is intended as a profit forecast or a profit estimate. This announcement does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any securities. The making of this announcement does not constitute a recommendation regarding any securities. Shareholders, investors and other persons are advised to exercise caution in trading the securities of the Group.

Business Update:

To: Shareholders

The Board of Directors (the "Board") of Geo Energy Resources Limited (the "Company", and together with its subsidiaries the "Group") reports the following:

- Business update for the first quarter and three months ended 31 March 2023, as set out in the accompanying key items from the consolidated financial statements and other information.
- The Company is declaring an interim dividend of 0.5 SG cent per share, as per our dividend policy to deliver at least 30% of our earnings to our shareholders, subject to debt covenants and capital requirements needed to support growth and investments.
- The Group is making active progress towards value accretive acquisitions of producing coal mines, to increase our reserves, production volumes, as well as achieve diversification.
- Cash position of US\$209 million and with debt over equity ratio of 0.01 times as at 31 March 2023, the Group is well-positioned to fund its acquisition plans.

On behalf of the Board,

Charles Antony Melati
Executive Chairman & CEO
12 May 2023

Consolidated Statement of Profit or Loss

	Group		% Change
	3 months ended 31.3.2023 US\$ (Unaudited)	3 months ended 31.3.2022 US\$ (Unaudited)	
Revenue	131,878,926	152,049,114	(13)
Cost of sales	(103,949,735)	(94,713,200)	10
Gross profit	27,929,191	57,335,914	(51)
Other income	1,684,355	1,116,429	51
General and administrative expenses	(2,679,790)	(2,356,777)	14
Other expenses	(1,230,361)	(269,568)	356
Finance costs	(13,973)	(13,022)	7
Profit before income tax	25,689,422	55,812,976	(54)
Income tax expense	(9,676,919)	(15,337,023)	(37)
Profit for the period	16,012,503	40,475,953	(60)

Selected items from the Statement of Financial Position

	Group		Company	
	31.3.2023 US\$ (Unaudited)	31.12.2022 US\$ (Audited)	31.3.2023 US\$ (Unaudited)	31.12.2022 US\$ (Audited)
Total assets	548,570,221	563,026,121	292,774,355	299,247,005
Comprising:				
Cash and bank balances	208,599,623	234,082,769	21,877,756	64,601,526
Inventory	33,856,019	30,969,092	-	-
Trade and other receivables	70,356,458	67,615,989	86,836,213	50,481,050
Deposits and prepayments	39,621,275	31,730,726	48,271	65,931
Deferred stripping costs	41,879,618	42,823,783	-	-
Mining properties	103,862,641	105,891,227	-	-
Total liabilities	125,141,188	154,740,662	27,620,993	106,121,793
Comprising:				
Trade and other payables	93,707,449	122,246,434	24,273,847	102,735,195
Income tax payable	14,414,929	14,259,397	-	-
Bank borrowing	3,347,145	3,386,598	3,347,145	3,386,598
Shareholders' equity	421,664,667	407,364,949	265,153,362	193,125,212

Selected items from the Consolidated Statement of Cashflows

	Group	
	3 months ended 31.3.2023 US\$ (Unaudited)	3 months ended 31.3.2022 US\$ (Unaudited)
Operating cashflow	(19,103,905)	19,612,145
Comprising:		
Operating cash flows before movement in working capital	27,639,325	60,305,032
Working capital	(32,654,733)	(38,028,021)
Income tax paid	(14,053,271)	(2,663,473)
Investing cashflow	(930,445)	(283,059)
Comprising:		
Interest received	1,591,443	174,156
Capital expenses	(2,521,888)	(457,215)
Financing cashflow	(3,912,812)	(774,605)
Comprising:		
Withholding taxes paid	(4,075,335)	-
Repurchases of shares	(949,043)	(725,002)
Repayment of bank borrowing	(106,941)	(91,560)
Repayment of obligations under lease liabilities and interest	(4,471)	(1,110)

Key Operating Matrix

	Group	
	3 months ended 31.3.2023 (Unaudited)	3 months ended 31.3.2022 (Unaudited)
Revenue – Coal mining		
Sales Volume (million tonnes)	1.9	2.4
- SDJ	0.6	1.1
- TBR	1.3	1.3
- BEK	nm	nm
Average Indonesian Coal Index Price (US\$/tonne)	76.60	82.31
Average Selling Price ("ASP") (US\$/tonne)	69.94	62.34
Production		
Production Volume – Finished goods (million tonnes)	1.8	2.5
- SDJ	0.5	1.0
- TBR	1.3	1.5
- BEK	nm	nm
Strip Ratio – Sales (times)		
- SDJ	1.7	2.4
- TBR	4.0	2.9
Production Cash Cost (US\$/tonne)	52.58	36.63
Cash Profit (US\$/tonne)	17.36	25.71
Cash Profit Margin (%)	24.8	41.2
Net Profit Margin (%)	12.1	26.6
Net Asset Value - Group (SG cents) ⁽¹⁾	40.09	37.18
Earnings per Share – Basic (SG cents) ^{(1) (2)}	1.44	3.86

nm – not meaningful

(1) Numbers were translated using the 31 March 2023 and 2022 of US\$:S\$ exchange rates of 1.3279 and 1.3530 respectively.

(2) The calculation for the basic EPS is based on the weighted average number of ordinary shares in issue during the respective financial period.

Key Financial Ratios

	Group	
	3 months ended 31.3.2023 (Unaudited)	3 months ended 31.3.2022 (Unaudited)
12-month trailing EBITDA (US\$ millions)	254.8	287.4
Net Cash (US\$ millions)	205.2	205.4
Debt / Equity (times)	0.01	0.01
Dividend Yield (%) ⁽¹⁾	13.6	14.9
Enterprise Value (US\$ millions) ⁽²⁾	141.9	284.0
Enterprise Value / 12-month trailing EBITDA (times) ⁽²⁾	0.56	0.99

(1) Yield periods pertain to 1 January to 31 March 2023 and 2022. Yield for 2023 includes final dividend of 4 SG cents per share declared for 4Q2022 and interim dividend of 0.5 SG cent per share declared for 1Q2023. Yield for 1Q2022 includes final dividend of 5 SG cents per share declared for 4Q2021 and interim dividend of 2 SG cents per share declared for 1Q2022.

(2) Based on market capitalisation and share price as of 31 March for 2023 and 2022.

1Q2023 Summary

- The Group achieved quarterly revenue of US\$131.9 million, a decrease of 13% from 1Q2022, mainly due to lower sales volume, partially offset by the higher average selling price ("ASP") through export sales. The average ICI4 was US\$76.60 per tonne in 1Q2023, compared to US\$82.31 per tonne in 1Q2022.
- The Group delivered coal sales of 1.9 million tonnes in 1Q2023, mainly comprising 1.3 million tonnes and 0.6 million tonnes of 4,200 GAR coal from the TBR and SDJ coal mines respectively. This was lower than the 2.4 million tonnes in 1Q2022.
- Cash profit per tonne from coal mining for 1Q2023 after taking into account domestic sales at lower price set by the Indonesian Government averaged at US\$17.36 per tonne (1Q2022: US\$25.71 per tonne), mainly due to the increase in cash costs per tonne following the increase in royalty rate announced by the Government of Indonesia on September 2022 and the higher stripping ratios due to the geology of the mines.
- Other income was US\$1.7 million, an increase of 51% compared to US\$1.1 million in 1Q2022, mainly from higher effective interest rate on the Group's fixed deposits.
- General and administrative expenses of US\$2.7 million in 1Q2023 was largely comparable to 1Q2022. Other expenses was US\$1.2 million in 1Q2023, an increase of US\$1.0 million compared to 1Q2022, mainly due to foreign exchange differences upon receipt of 2021 VAT receivables in 1Q2023 as the Indonesian Rupiah had depreciated against the United States Dollar.
- EBITDA for 1Q2023 was US\$31.7 million (1Q2022: US\$61.3 million) with a margin of 24%.
- Net profit for 1Q2023 was US\$16.0 million, a decrease of 60% compared to US\$40.5 million in 1Q2022 due to lower sales volume and higher production cash costs.
- Income tax expense was US\$9.7 million with effective tax rates of 38% in 1Q2023. This was an increase from 27% in 1Q2022 due mainly to withholding taxes on dividends declared by our Indonesian subsidiaries in 1Q2023.

Market Updates

Coal remains a significant pillar of the power generation and industrial sectors, particularly during the infrastructure-led economic recovery post COVID-19 pandemic. China and India continue to lead coal-fired power generation activities, and European countries have been temporarily switching to coal due to the comparatively higher prices for natural gas, low hydropower generation and modest increase in nuclear power generation.¹ Coal remains the preferable option to supplement global energy imbalance² due to the lack of alternative price-competitive energy sources and prices are expected to continue

¹ Coal 2022: Analysis and forecast to 2025, December 2022 (International Energy Agency)

² Business Times: Indonesia sees record coal exports of more than 500 million tonnes in 2023

remaining strong in 2023 with M42 Futures Index forecasting an average of US\$71.41³ per tonne for the rest of 2023. ICI4 as at 11 May 2023 was US\$71.39 per tonne.

As forecasted by the International Energy Agency (IEA), annual global coal demand is expected to remain around 8 billion tonnes through 2025⁴ with India, China, and EU expecting to lead the coal demand going forward. On the supply side, coal production from China and India is expected to increase in 2023 while Australia and Indonesia are increasing export volumes, with Indonesia expected to export more than 500 million tonnes in 2023.⁵

Acquisition Plans

We are making active progress towards value accretive acquisitions of producing coal mines, to increase our reserves, production volumes, as well as achieve diversification. We are not only eyeing the growth of our revenue, but also an expansion of revenue streams towards building a sustainable business. Further announcement will be made when such acquisition or investment materialises.

Dividends

Amount per share:

Name of dividend:	Interim
Dividend type:	Cash
Dividend rate:	0.5 SG cent per ordinary share

Previous corresponding period:

Name of dividend:	Interim
Dividend type:	Cash
Dividend rate:	2 SG cents per ordinary share

Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country whether the dividend is derived:

Dividend declared is tax exempt (one-tier).

The date the dividend is payable:

The interim dividend will be paid on 8 June 2023.

The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined:

The book record date is 31 May 2023 at 5.00 pm, and the ex-dividend date will be 30 May 2023 at 5.00 pm.

³ M42 Futures Index price, SGX (extracted on 11 May 2023)

⁴ Coal Investing News: Coal Market Forecast 2023: Top Trends That Will Affect Coal in 2023

⁵ Business Times: Indonesia sees record coal exports of more than 500 million tonnes in 2023