

For Immediate Release

Geo Energy’s 1Q2014 net profit returns to black

- **Gross profit margin shows gradual improvement in 1Q2014**
- **Group has obtained its first off-take from its sales and purchase contract (PJA) and have started selling the higher calorific value coal**
- **Group planning to increase coal reserve bank through the purchase of more mining concessions**

SINGAPORE, 15 May 2014 – Geo Energy Resources Limited (“Geo Energy” or the “Group”); an Indonesian coal mining specialist, today announced that the Group has reported a return to profitability for the first quarter ending 31 March 2014 (“1Q2014”), with a 1Q2014 net profit of US\$0.1 million, compared to the US\$0.9 million loss the Group reported in 4Q2013 previously.

The return to profitability is also boosted by a gradual improvement in the Group’s gross profit margin, which stood at 8.6% in 4Q2013, but is now at a healthier level of 12.5% in 1Q2014.

Table 1. Financial Highlights for 1Q2014 vs. 4Q2013

<i>(US\$ 'million)</i>	1Q2014	4Q2013	% change
	(Unaudited)	(Unaudited)	
Revenue	<i>16.6</i>	<i>23.8</i>	<i>(30.2)</i>
Gross profit	<i>2.1</i>	<i>2.0</i>	<i>1.7</i>
Gross profit margin (%)	<i>12.5</i>	<i>8.6</i>	<i>45.3</i>
G&A expenses	<i>(2.2)</i>	<i>(2.3)</i>	<i>(7.0)</i>
Net profit	<i>0.1</i>	<i>(0.9)</i>	<i>N.M</i>
Net profit margin (%)	<i>0.5</i>	<i>N.M</i>	<i>N.M</i>
Earnings per share (US cents)	<i>0.01</i>	<i>(0.08)</i>	<i>N.M</i>

The Group's return to profitability comes amidst the global downtrend in coal prices, which has continued to affect coal miners, and is a mark of the efforts put in by the management to ensure that Geo Energy returned to profitability at the soonest.

The Group is also pleased to inform shareholders that it has obtained its first off-take from its sales and purchase contract with PT Parisma Jaya Abadi ("PJA"), first announced in September 2013. The Group has also started selling the higher calorific value coal of at least 6,800 kcal/kg (GAR) from PJA, which will offer higher margins and of which prices are less likely to be affected by the current situation surrounding lower calorific coal.

Commenting on the Group's latest performance, Mr. Charles Antony Melati, Executive Chairman of Geo Energy Group said,

"Our recent efforts to get the Group back in the black after suffering a loss in our 4Q13 results have paid off. I would like to reassure our staunch supporters that we will continue to put in great effort to ensure that we are able to maintain our profitability in these tough times.

As a Group, we want to focus on maintaining our operational excellence as we begin to divert more internal resources to the production of higher calorific value coal obtained from our mining services contracts."

A Reuters article¹ also recent stated that *"The rising demand from India, Asia's third-largest economy and the world's No. 3 coal importer, has helped coal producers in Indonesia and Australia cope with global oversupply and a price slump."* The article also states that *"Thermal coal imports through the (Indian) ports leaped 22 percent to 71.6 million tonnes, while shipments of coking coal, used in making steel, rose 18.3 percent to 33.1 million tonnes."*

As India has traditionally been a major geographical customer of the Group, with the news that there is a need to increase power capacity after years of under-investment, the Group will be looking to leverage on this shortage to possibly expand its reach in India.

¹ <http://in.reuters.com/article/2014/04/04/india-coal-imports-idINDEEA3309920140404>

As the weakening coal prices continue to affect the industry, the Group would also like to highlight to shareholders that it is continuously on the lookout for more mining concessions to increase its reserve bank.

Commenting on the Group's plans, Mr. Charles Antony Melati, Executive Chairman of Geo Energy Group continued, *"The weak coal prices might turn out to be a blessing in disguise for Geo Energy as it now gives us the opportunity to seek out more mining concessions at better value, which may potentially be beneficial to the Group in the long term. We have not set a definite timeline for any acquisition but we are keeping a close eye on several developments."*

The Group will also continue to look out for business expansion opportunities, which may include acquisitions, joint ventures and/or strategic alliances, to expand its business operations and increase its coal production levels.

This is in addition to the mining services agreements currently in place, which allows the Group greater flexibility over its productions and operations while easing any possible overdependence on the operations of the BEK mine.

--The End --

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 Group’s operations are primarily located in Indonesia.

Geo Energy primarily operates as a mine owner cum operator and a mine contractor. The Group obtained a mining concession in 2011 to undertake coal production activities at the 4,570 hectares BEK Concession Area located at Kutai Barat Regency, East Kalimantan Province in Indonesia. In addition, the Group also operates as a mine contractor providing specific mine contracting services to third party mine owners.

Issued for and on behalf of Geo Energy Resources Limited By Financial PR Pte Ltd

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