

Geo Energy's PT Sungai Danau Jaya coal mine kick-starts production

- Coal mine to begin producing 55,000 tonnes of coal in December 2015, production is expected to ramp up to 500,000 tonnes by March 2016 and targeting to produce more than 6 million tonnes of coal a year
- Delivering first shipment of 55,000 tonnes of coal to China in January 2016

SINGAPORE, 16 December 2015 – Geo Energy Resources Limited (“Geo Energy” or “the Group”), an integrated Indonesian coal mining group, is pleased to announce that PT Sungai Danau Jaya (“SDJ”) has commenced commercial production of its coal mine asset.

The Group acquired a 66% stake in the SDJ concession coal mine in August 2014. The concession spans a total area of 235.5 hectares with coal reserves of approximately 42 million tonnes that contains thermal coal with a calorific value of 4,036 kcal/kg (GAR), moisture (36.3%), ash (4.5%), sulphur (0.19%) and volatile matter (41.7%) according to its Joint Ore Reserves Committee (“JORC”). The SDJ coal mine is located within 17 km from a port. Barring unforeseen circumstances, the Group is expecting immediate production of 55,000 tonnes of coal by the end of December 2015 and production capacity to expand further to 500,000 tonnes by the end of March 2016. Once all operations are running at full capacity, coal production at the SDJ mine is expected to exceed 6 million tonnes a year. In addition, the Group contracted its first shipment of 55,000 tonnes of coal to a customer in China with shipping scheduled in early January 2016.

Commenting on the start of SDJ's production, Mr Charles Antonny Melati, Executive Chairman of Geo Energy said, ***"Since acquiring the SDJ coal mine in August 2014, the Group has been working on all fronts to improve our upstream and downstream processes. As international coal prices remained low, we gave priority to streamlining our operations and lowering our cost of production, which were extremely vital for us to compete in this challenging environment."***

"With the start of SDJ's production, Geo Energy has successfully transformed from being a coal miner and mining services provider into a fully integrated coal mining group with upstream and downstream capabilities."

"Despite depressed international coal prices, securing our first shipment to China is a real testament to our Group's capability to compete on the international stage. We remain buoyant as we seek out future acquisitions in line with our business model and opportunities to gain significant market share in both international and domestic markets."

In October 2014, the Group's subsidiary PT Sumber Bara Jaya has signed a cooperation agreement with PT Bandar Laut Biru for the management and operation of a port terminal for a period of 15 years. The port is located in close proximity to the SDJ coal mine which will provide the Group with significant cost savings, speed in transportation and flexibility in arranging shipping and logistics.

In June 2015, SDJ has secured an agreement with PT Bukit Makmur Mandiri Utama ("BUMA"), one of the largest mining services companies in Indonesia and listed on the Jakarta Stock Exchange under PT Delta Dunia Makmur Tbk (Bloomberg Code: DOID.IJ), for the provision of overburden removal and coal hauling services for the entire life of SDJ coal mine with a guaranteed minimum annual production volume. This agreement would further allow the Group to control its cost of production and secure a long-term service provider at the same time.

Commenting on the start of coal production at SDJ, Mr Ronald Sutardja, Chief Executive Officer of BUMA said, ***"We are very honoured to work with Geo Energy on the development of the SDJ mine. This is one***

of our major projects which will span over a period of around 7 years. The site preparation and overburden removal commenced on 30 October 2015. The development of the mine to its first coal production date took less than two months due to the mine's low stripping ratio, near ground surface, thickness and proximity of the coal seams."

Commenting further on the start of SDJ's production and outlook of the Group, Mr Tung Kum Hon, Chief Executive Officer of Geo Energy said, *"The SDJ mine represents the first and one of the best coal mine the Group has worked on in South Kalimantan, Indonesia. The SDJ mine possesses good quality coal, high JORC proven reserves and is a low capex development asset. On top of our first shipment from SDJ, the company has also signed an offtake agreement earlier to export 1.5 million tonnes of coal. These are expected to contribute positively to the Group's financial results going forward.*

Despite the depressed outlook on international coal prices and demand, we are cautiously optimistic that domestic demand for coal in Indonesia will increase. According to Indonesia's Ministry of Energy and Mineral Resources, Indonesia's power sector accounts for two thirds of coal consumption domestically and Indonesia relies heavily on coal for 48% of the country's electricity generation capacity⁽¹⁾. The commencement of SDJ's production coincides with the Indonesia's government policy to increase coal production⁽²⁾, and its production will supply to the future demands for coal in the fourth most populous country in the world.

On the international front as China gradually reduces its dependence on coal, India is expected to emerge as a key global export market for Indonesian coal⁽³⁾. In light of growing demands in the region and depressed asset prices, these represent an opportune time to pursue further acquisitions to

(1) <http://www.futuredirections.org.au/publications/associate-papers/2111-indonesia-s-energy-requirements-part-one-current-energy-dynamics.html>

(2) Indonesia Energy Data and Analysis, U.S. Energy Information Administration, 7 October 2015

(3) Macquarie Research, Indonesia Thermal Coal, PT Macquarie Capital Securities Indonesia, 6 July 2015

complement our business strategy and to grow our coal reserves. Our strategy of pursuing lower cost of production in coal extraction coupled with a fully-integrated value chain from extraction, loading to transportation would enable us to compete effectively on both the international and domestic markets.”

--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 Geo Energy Group’s operations are primarily located in Indonesia.

Geo Energy primarily operates as a coal producer and mine contractor. The Group owns mining concessions in East and South Kalimantan. In addition, the Group also operates as a mine contractor providing specific mine contracting services to third party mine owners.

For more information please contact:

Romil SINGH, Reyna MEI, Colin LUM

staff@financialpr.com.sg

Tel: (65) 6438 2990 Fax: (65) 6438 0064

Geo Energy Resources Limited
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
#16-01, Singapore 018982