

NEWS RELEASE

2 December 2020

INCREASE IN COAL RESERVES AND THE MANDATORY OFFER TO PURCHASE ON THE NOTES TO FALL AWAY

- The coal reserves of SDJ and TBR issued by the independent JORC consultant, SMG Consultants (“**SMGC**”) reported a combined coal resource of 110.6 million tonnes and a combined coal reserves (proved and probable) of 86.4 million tonnes as at 31 October 2020.
- With the extended IUPs of SDJ and TBR, and the JORC coal reserves for SDJ and TBR of 86.4 million tonnes as at 31 October 2020, the minimum qualified coal reserve requirements of the Notes have been met and the Mandatory Offer to Purchase covenant will fall away.

The coal reserves of SDJ and TBR issued by SMGC reported a combined coal resource of 110.6 million tonnes and a combined coal reserves (proved and probable) of 86.4 million tonnes as at 31 October 2020.

As previously announced, the 8.0% Senior Notes due 2022 (the “**Notes**”) issued by Geo Coal International Pte. Ltd. (the “**Issuer**”), a wholly-owned subsidiary of the Company, includes a Mandatory Offer to Purchase (“**Put Option**”) covenant, which requires the Issuer or the Company to make an offer to purchase all of the outstanding Notes in the event the Group is unable to satisfy the minimum qualified coal reserve requirements of not less than 80 million tonnes of JORC-compliant proved and probable reserves based on a JORC report issued no earlier than six months from 4 April 2021 (“**Put Option Date**”) from qualified mines with IUPs expiring no earlier than 4 October 2025.

With the extended IUPs of SDJ and TBR to 11 May 2027 and 10 January 2028 respectively, and the JORC coal reserves for SDJ and TBR of 86.4 million tonnes as at 31 October 2020, the minimum qualified coal reserve requirements of the Notes have been met and the Mandatory Offer to Purchase will fall away on the Put Option Date.



Commenting on this, Mr Charles Antonny Melati, Executive Chairman of Geo Energy said:

“We have previously extended the mining business licences (Izin Usaha Pertambangan or “IUPs”) of SDJ and TBR coal mining concessions to 2027 and 2028 respectively, and now with the combined proved and probable coal reserves of 86.4 million tonnes for SDJ and TBR, we have met the minimum qualified coal reserve requirements and the Mandatory Offer to Purchase on the Notes will fall away.

As part of our liability management and optimisation of our capital structure, we have reduced our gearing by 78% through repurchases of the Notes in the past 12 months when we were approached by noteholders on the repurchase when market liquidity on the Notes was lacking during the COVID-19 pandemic, and also through a Consent Solicitation and Tender Offer to approve certain proposed

amendments to its indenture to waive certain covenants on the Notes and offered to repurchase any and all of the outstanding Notes for cash.

We have used US\$128.8 million of the Group's cash on the repurchases of US\$240.8 million of the Notes, and the outstanding Notes as at the date of this announcement is US\$59.2 million. Annual interest costs following the Notes repurchases is US\$4.7 million, down from US\$24.0 million, representing interest savings per annum of US\$19.3 million. The Group had US\$32.7 million in cash as at 30 September 2020.

With the expected falling away of the Mandatory offer to Purchase, we now have around 2 years to repay the outstanding Notes when it is due on 4 October 2022. This has removed the uncertainty surrounding the Put Option on the Notes which affected our Company and created an overhang on its shares price. The markets have responded positively to the results of the Group's liability management exercise as shown by the recent increases in the Company's shares and Notes prices."

Commenting further, Mr Tung Kum Hon, CEO and Executive Director of Geo Energy said:



The Indonesian Coal Index ("ICI") price has improved in recent months and the ICI 4 price was at US\$31.78 as at 27 November 2020, a 32.7% or US\$7.83 per tonne increase from the average ICI 4 price of US\$23.95 for the 3 months ended 30 September 2020 ("3Q2020"). Based on our cash cost of US\$19.58 per tonne for 3Q2020, we expect increases in our cash profit per tonne for 4Q2020 if coal prices remain or continue to strengthen. This would put us in good stead for our cash flow generation in the coming months.

The Group is expected to post a record net earnings for 2020. As announced, the net earnings for the 9 months ended 30 September 2020 ("9M2020") was US\$91.6 million or S\$128.2 million¹, the highest recorded by the Company since its IPO in 2012. Earnings per share for 9M2020 was US\$0.07 or S\$0.09¹ per share. Net Tangible Asset per share was S\$0.21 as at 30 September 2020. The Company's share price as at 1 December 2020 was S\$0.12 per share.

The Company will consider the payment of a final dividend for 2020 (subject to shareholders' approval) based on its dividend policy of at least 30% of the Group's net profits attributable to Owners of the Company, subject to debt covenants and its capital requirements needed to support growth and investments. The Company last paid a dividend of S\$0.004 per share on 17 May 2019.

We will continue to work and strengthen our core earnings through opportunities in these times of crisis and aim to emerge out of this crisis as one of the major Indonesian integrated Mining Companies."

ABOUT GEO ENERGY

Geo Energy Resources Limited ("Geo Energy") is a major Indonesian coal producer with an established track record in operating coal mines, coal production and selling coal throughout the region. Geo Energy commenced its business in 2008 as a coal mining services provider and became a listed company on the Mainboard of the SGX in 2012, under the stock code: RE4 and is part of the Singapore FTSE-ST index.

¹ Calculated at the exchange rate of US\$1: S\$1.4

Since then, Geo Energy has transitioned from being primarily a coal mining services provider to a coal producer that subcontracts its coal mining operations. This transition has allowed the Group to change the business model from operating as a relatively small-scale mining services provider in an environment of high capital expenditure and relatively low operational efficiency, with high dependence on owners of coal mining concessions, to being a low-cost coal producer with high-quality coal mining assets, working in collaboration with world-class business partners.

The Group's investment strategy is mainly focused on acquisition of new mining concessions to increase production quantity and at the same time diversify its sources of coal. The Group owns four mining concessions through its wholly owned subsidiaries PT Bumi Enggang Khatulistiwa, PT Sungai Danau Jaya, PT Tanah Bumbu Resources and PT Surya Tambang Tolindo in Kalimantan, Indonesia.

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