
PROPOSED ACQUISITION OF 100% SHAREHOLDING INTEREST IN BLESSING CAPITAL PTE LTD

1. INTRODUCTION

- 1.1. The board of directors (the “**Board**”) of Geo Energy Resources Limited (the “**Company**” or the “**Purchaser**”, together with its subsidiaries, the “**Group**”) wishes to announce that the Company has entered into a conditional sale and purchase agreement dated 4 March 2016 (the “**Agreement**”) with Alliance Joy Ltd (the “**Vendor**”) for the acquisition of ordinary share(s) representing 100% shareholding interest in Blessing Capital Pte Ltd (the “**Ultimate Holding Company**”, the Ultimate Holding Company share(s), (the “**UHC Shares**”), and the proposed acquisition, “**Proposed Acquisition**”).
- 1.2. Through various intermediate holding companies, the Ultimate Holding Company indirectly holds an effective equity interest in PT Cahaya Lembusuana (“**CLS**” or the “**Target Company**”) of 99.46%. The Proposed Acquisition enables the Company to collectively own the entirety of this interest.

2. INFORMATION ON THE VENDOR

The Vendor

- 2.1. The Vendor is an investment holding company incorporated in the Hong Kong Special Administrative Region of the People’s Republic of China. The Vendor holds 1 ordinary share in the capital of the Ultimate Holding Company, representing the full 100.0% shareholding interest in the Ultimate Holding Company. The CLS Vendor’s shareholders are Mantestar Overseas Corp., Osterfield Resources Ltd. and Opalica Resources Corp. (the “**Vendor Shareholders**”), each incorporated in the British Virgin Islands. The beneficiary owners of the Vendor Shareholders are Indonesian nationals. The Vendor, the Vendor Shareholders and the beneficial owners of the Vendor Shareholders are independent third parties and are not directly or indirectly related to the Company and/or its Directors, controlling shareholders or their respective associates.

3. INFORMATION ON THE TARGET COMPANY

PT Cahaya Lembusuana

- 3.1. CLS is a limited liability company established under the laws of the Republic of Indonesia, having its domicile at Samarinda, Indonesia. As at the date of the announcement, CLS is the holder of a coal mining concession. CLS holds a Production Operation Permit (IUP-OP) in accordance with Keputusan Bupati Kutai Kartanegara No. 540/002/IUP-OP/MB-PBAT/I/2014, dated 10 January 2014. The concession area is situated at Kedang Ipil, Kota Bangun District,

Kutai Kartanegara Regency of East Kalimantan Province, Indonesia. The IUP covers approximately 2,310 ha of concession area with an estimated mineable coal tonnage of 2.3¹ million tonnes, and an estimated calorific value of 6,500-7,100¹ kcal/kg, measured on an air-dried basis.

- 3.2. PT Artha Niaga Mulia (the “**Indonesian Local Company**”) is a limited liability company established under the laws of the Republic of Indonesia, having its domicile at South Jakarta. The Indonesian Local Company has an authorised capital of one billion Rupiah (Rp. 1,000,000,000.00) and issued and paid up capital of one billion Rupiah (Rp. 1,000,000,000.00) divided into 1,000 shares each with nominal value of one million Rupiah (Rp. 1,000,000.00). The Indonesian Local Company holds 2,499 ordinary shares in the capital of CLS, representing approximately 99.96% shareholding interest in CLS.
- 3.3. PT Benua Citra Kharisma (the “**Indonesian PMA Company**”) is a limited liability company established under the laws of the Republic of Indonesia, having its domicile at South Jakarta, and which holds PMA status as at the date of this announcement. The Indonesian PMA Company has an authorised capital of ten billion Rupiah (Rp. 10,000,000,000.00) and issued, and paid up capital of two billion five hundred million Rupiah (Rp. 2,500,000,000.00) divided into 25,000 shares each with nominal value of one hundred thousand Rupiah (Rp. 100,000.00). The Indonesian PMA Company holds 999 ordinary shares in the capital of the Indonesian Local Company, representing approximately 99.90% shareholding interest in the Indonesian Local Company.
- 3.4. The Ultimate Holding Company is a company incorporated in Singapore having its registered office at 1 Raffles Place, #39-01, One Raffles Place, Singapore 048616. The Ultimate Holding Company has a share capital of one United States Dollars (US\$ 1.00) divided into 1 share. The Ultimate Holding Company holds 2,490 ordinary shares in the capital of the Indonesian PMA Company, representing approximately 99.6% shareholding interest in the Indonesian PMA Company.

¹ Draft Limited Technical Assessment Report by PT Britminindo Utama Indonesia.

4. RATIONALE FOR AND BENEFIT OF THE PROPOSED ACQUISITION

- 4.1. The Proposed Acquisition is in line with the Company's business strategy to expand its business operations and increase its coal reserves and production levels.
- 4.2. The Proposed Acquisition will result in the Company indirectly holding an effective shareholding interest in CLS of 99.46%, allowing it access to and control over the mining concession and the coal deposits located in the mining permit area. This in turn would increase the Company's quantity of high calorific value coal reserves available for production.

5. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

5.1. Consideration

The total consideration payable for the CLS UHC Shares is US\$ 13.0 million (the "**CLS Consideration**").

The Company shall have the right to (i) set-off any outstanding amounts against any amount due from the Vendor to the Company, (ii) assign any debt, or (iii) make payment in such other form as both parties may agree.

The Consideration was arrived at on a willing-buyer, willing-seller basis, after taking into account (i) the current market prices for comparable coal quality, and (ii) the Company's willingness to take over capital investment and operating costs for continued mining production.

5.2. Due Diligence

The Company is entitled to carry out due diligence on CLS. In the event the due diligence inquiries are not to the satisfaction to the Company (as the Company may decide in its sole discretion) the Company is entitled to terminate the Agreement.

5.3. Conditions Precedent

The Proposed Acquisition is conditional upon the satisfaction of the following conditions, amongst others:

- (a) The completion, finalisation and delivery of the Independent Technical Report and Valuation Report by the Expert, such Independent Technical Report and Valuation Report having been reviewed and approved by the SGX-ST and/or its appointees;
- (b) All necessary requirements and approvals from governmental or regulatory authorities and/or other third parties (including the SGX-ST) having been successfully obtained, including but not limited to:- (i) the maintenance of the *Penanaman Modal*

Asing (PMA) status of the Indonesian PMA Company, (ii) the recommendations from relevant governmental or regulatory authorities, if necessary, (iii) all statutory requirements under the Indonesian company regulations and (iv) the issue of the necessary approvals and/or licences for the commencement of production operations at the Mining Permit Area, with respect to the Concession and the required environmental licences, and (iv) all approvals or waivers of all lenders or any other third party for entering into the Proposed Transaction;

- (c) Provision by the Vendor of evidence to the satisfaction of the Purchaser in its sole discretion that the Concession is on the Clear and Clean List and the Indonesian Operating Company having obtained a certificate of clear and clean from the MEMR;
- (d) All loans (whether documented or undocumented) which are extended to any of the Group Companies have been fully repaid or settled as evidenced by letters from all creditors (if any);
- (e) All security agreements pursuant to which any of the Group Companies or their assets are bound have been released and all of the Group Companies do not have any obligation whatsoever under such agreement and each of their assets have been set free from any Encumbrances as evidenced by the release letter from all security holders;
- (f) Revocation and cancellation of all corporate guarantee(s) issued by any of the Group Companies;
- (g) All past liabilities have been duly settled to the satisfaction of the Purchaser and following the Completion, all of the Group Companies shall have no further obligations and liabilities relating to such Past Liabilities (as defined herein).

For the purposes of this sub-paragraph (g), “**Past Liabilities**” means all liabilities including compliance obligations, and/or outstanding debts of the Group Companies incurred, in existence or attributed to any condition, circumstances or action taken place on or prior to Completion (including liabilities that arose or shall arise in connection with any royalty or fee agreements and/or arrangements which any of the Group Companies may have entered into with any and all parties (including former shareholder(s) of any of the Group Companies) which requires any of the Group Companies to make payments of royalty and/or fees to any party that are dependent and/or linked to the quantity of coal produced, extracted and/or sold, whether such coal is sourced from the Mining Permit Area or otherwise);

- (h) All mining activity reports or obligations as required under the Mining Law or the Concession having been submitted, fulfilled, or reported to the relevant government agency who issued the Concession or any other government agency;
- (i) All necessary requirements, approvals of governmental or regulatory authorities and/or other third parties (including the relevant regulatory authorities in Indonesia) required for the Indonesian Operating Company to carry out mining activities in forestry areas that are governed by forestry laws and require permits and licences from the Indonesian government and/or Indonesian regulatory authorities (including

but not limited to the borrow-use permit (*Izin Pinjam Pakai*) having been obtained successfully, including but not limited to:- (i) the recommendations from relevant governmental or regulatory authorities, if necessary, (ii) all statutory requirements under the Indonesian company regulations and (iii) the issue of the necessary approvals and/or licences. However, the *Izin Pinjam Pakai* to be obtained by the Vendor shall be limited to the potential coal in the forestry area base on mine design as agreed by the Parties.

- (j) Provision of evidence of cancellation of any and all royalty and/or fee agreements and/or arrangements which the Indonesian Operating Company (or any of the Group Companies, as the case may be) may have entered into with any and all parties (including former shareholder(s) of the Indonesian Operating Company and/or the Group Companies) which requires any of the Group Companies to make payments of royalty and/or fees to any party that are dependent and/or linked to the quantity of coal produced, extracted and/or sold, whether such coal is sourced from the Mining Permit Area or otherwise;
- (k) Transfer to the Indonesian Operating Company of all land, land use rights and/or land occupancy rights owned and/or held by the Vendor (if any) in respect of the Mining Permit Area or if the Vendor(s) do not own or hold any such land, land use rights and/or land occupancy rights, a letter from the Vendor confirming the same; and
- (l) The renewal of the Production Operations IUP for another 5 (five) years period, beginning from the date of expiry of the current Production Operations IUP.

For the purposes of this Paragraph 5.3, capitalised terms shall have the same meanings as defined in the Agreement.

5.4. Undertakings

For the Proposed Acquisition, the Vendor has undertaken, amongst others:

- (a) to use its best endeavours to satisfy and/or procure the satisfaction of the conditions precedent;
- (b) to use its best endeavours to obtain all necessary requirements, approvals of governmental or regulatory authorities and/or other third parties (including the relevant regulatory authorities in Indonesia), including but not limited to: (i) the recommendations from relevant governmental or regulatory authorities, if necessary, (ii) all statutory requirements under the Indonesian company regulations and (iii) the issue of the necessary approvals and/or licences required for any of the Group Companies (and in particular, the Indonesian Operating Company) to carry out mining activities in forestry areas that are governed by forestry laws and required permits and licences from the Indonesian government and/or Indonesian regulatory authorities including but not limited to the borrow-use permit (*Izin Pinjam Pakai*) and other licences which are relevant. However, the *Izin Pinjam Pakai* to be obtain by the Vendor shall be limited to the potential coal in the forestry area base on mine design as agreed by the Parties.

- (c) to use its best endeavours to maintain all the necessary governmental and regulatory consents and approvals and the like prior to Completion (including but not limited to maintaining the effectiveness of the PMA status of the Indonesian PMA Company prior to Completion and the various approvals in connection with the Concession) that each of the Group Companies has for the lawful conduct of its business, activities and operations (including but not limited to the holding of the Concession and the carrying on of the relevant coal mining activities);
- (d) renew, or procure the renewal of the Production Operations IUP for another 5 (five) years period, beginning from the date of expiry of the current Production Operations IUP, all such costs necessary for renewal of the Productions Operations IUP to be borne solely at the Vendor's expense; and
- (e) assist and facilitate the Purchaser in clearing the Mining Permit Area for the purposes of mining operations, including but not limited to: (i) assisting in and facilitating the drainage of swamp land, (ii) assisting in and facilitating the relocation of squatters, and (iii) blasting of the land, if necessary. For the avoidance of doubt, the aggregate amount of compensation to be paid to the occupiers of the Mining Permit Area under this sub-paragraph (e) shall not exceed US\$ 10,000 per ha, and any excess expense thereof shall be borne by the Vendor.

For the purposes of this Paragraph 5.4, capitalised terms shall have the same meanings as defined in the Agreement.

5.5. Completion

Completion of the Proposed Acquisition is to be the date falling 5 Business Days after the date on which all the conditions have been fulfilled or otherwise waived in writing.

5.6. Long-Stop Date

If the conditions set out in the Agreement are not fulfilled by the date falling 12 months from the signing of the Agreement, or such later date as the Company may determine in its sole discretion, the Agreement shall be terminated.

6. RELATIVE FIGURES UNDER RULE 1006

Relative Figures for the Proposed Acquisition

The relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST, are as follows:-

Rule	Base	Relative Figure (%)
1006(a)	Net asset value of the assets to be disposed of compared with the Group's net asset value.	Not applicable
1006(b)	Net profits attributable to the assets acquired, compared with the Group's net profits. ⁽¹⁾	n/m ⁽²⁾
1006(c)	Aggregate value of the consideration given, compared with the Company's market capitalisation on 3 March 2016, being the market day preceding the date of the Agreement. ⁽³⁾	12.94%
1006(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of compared with the aggregate of the Group's proved and probable reserves.	Not applicable

Notes:-

- (1) Under Rule 1002(3)(b), "net profit/loss" means profit or loss before income tax, minority interests and extraordinary items.
- (2) n/m – Not material. The concession to be acquired has yet to be developed; as such no profits have been attributable to the assets to be acquired.
- (3) The aggregate value of the consideration given for the Proposed Acquisition is US\$13.0 million (which is equivalent to S\$18.2 million based on the exchange rate of US\$1:S\$1.4), compared to the Company's market capitalisation of S\$140.6 million (based on 1,185 million shares in issue and the weighted average price of S\$0.1187 per share of the Company transacted on 3 March 2016, being the full market day immediately prior to the signing of the Agreement).

Pursuant to the test for Rule 1006 (c) above, the Proposed Acquisition is a discloseable transaction for the purposes of Chapter 10 of the Listing Manual of the SGX-ST and approval of the shareholders of the Company is not required.

7. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The pro forma financial effects of the Company after the Proposed Acquisition set out in this announcement below are purely for illustrative purposes only and do not reflect the actual future financial position of the Company following the completion of the Proposed Acquisition.

The objective of presenting the pro forma financial effects of the Proposed Acquisition as shown below is to illustrate what the historical financial information might have been had the Proposed Acquisition been completed at an earlier date. However, such financial information is not necessarily indicative of the results of the operations or the related effects in the financial position that would have been attained had the Proposed Acquisition been completed at the earlier date.

Pro Forma Financial Effects on the Proposed Acquisition

The pro forma financial effects of the Proposed Acquisition are based on the following assumptions:

- (a) in the calculation of the net tangible assets (“**NTA**”) and NTA per share, for illustrative purposes, it is assumed that the Proposed Acquisition had been effected on 31 December 2015;
- (b) in the calculation of earnings per share (“**EPS**”), for illustrative purposes, it is assumed that the Proposed Acquisition had been effected on 1 January 2015;
- (c) the Consideration of US\$13.0 million is fully paid, and assumed to be fully funded by internal financing;

7.1. Effect on EPS by the Proposed Acquisition

	Before the Proposed Acquisition	After the Proposed Acquisition
Profit/(loss) attributable to the owners of the Company (US\$)	(16,306,250)	(16,306,250)
Weighted average number of shares	1,172,163,220	1,172,163,220
EPS (US cents)	(1.39)	(1.39)

7.2. Effect on NTA per Share by the Proposed Acquisition

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA value attributable to the owners of the Company (US\$)	93,733,683	93,733,683
Number of issued shares	1,185,050,891	1,185,050,891
NTA per share (US cents)	7.90	7.90

8. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for the directors' shareholdings in the Company, none of the directors or controlling shareholders of the Company or their associates has any interest, direct or indirect, in the Proposed Acquisition.

9. SERVICE AGREEMENT

No new director will be appointed to the Board of the Company in connection with the Proposed Acquisition.

10. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their shares. There is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition.

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Company and its subsidiaries, and the directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or

reproduced in the announcement in its proper form and context.

12. DOCUMENTS AVAILABLE FOR INSPECTION

The Agreement is available for inspection during normal business hours at the Company's registered office at 12 Marina Boulevard #16-01, Marina Bay Financial Centre Tower 3, Singapore 018982 for three (3) months after the date of this announcement.

BY ORDER OF THE BOARD

Charles Antonny Melati
Executive Chairman

4 March 2016