



GEO ENERGY GROUP
天然煤矿集团

GEO ENERGY RESOURCES LIMITED

(Incorporated in the Republic of Singapore on 24 May 2010)
(Company Registration Number 201011034Z)

News Release

Geo Energy Generated US\$69.3 million in Revenue with a Total Sales of 1.6 million tonnes of Coal in 3Q2018; Prepares for Sustainable Growth with Ramping up of TBR's Production

SINGAPORE, 12 November 2018 – Geo Energy Resources Limited (“Geo Energy” or the “Company”, and together with its subsidiaries, the “Group”) (SGX:RE4), is pleased to announce the financial results for the three months ended 30 September 2018 (“3Q2018”).

(US\$ '000)	3Q2018 (Unaudited)	3Q2017 (Unaudited)	% change	9M2018 (Unaudited)	9M2017 (Unaudited)	% change
Revenue	69,264	74,852	(7)	242,995	223,476	9
Cost of sales	(52,057)	(58,665)	(11)	(182,520)	(163,011)	12
Gross Profit	17,207	16,187	6	60,475	60,465	nm
Other Income	1,560	18	nm	4,409	598	637
Finance Costs	(7,597)	(1,316)	477	(22,817)	(3,893)	486
General & Administrative Expenses	(2,646)	(2,986)	(11)	(7,977)	(7,786)	2
Other Expenses	(304)	(184)	66	(2,945)	(2,532)	16
Net Profit Attributable to Owners of the Company	5,595	8,601	(35)	23,053	33,243	(31)
Earnings per share* - Fully diluted* (US cents)	0.42	0.65	(35)	1.73	2.65	(35)

* Based on weighted average number of 1,329,273,113 ordinary shares for 3Q2018 (3Q2017: 1,329,272,113) and 1,329,273,113 ordinary shares for 9M2018 (9M2017: 1,255,130,256)

nm: denotes not meaningful

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Key Highlights

- PT Tanah Bumbu Resources (“**TBR**”) achieved its first coal sales of 0.2 million tonnes in 3Q2018. Together with PT Sungai Danau Jaya (“**SDJ**”), total coal sold in 3Q2018 was 1.6 million tonnes.
- To prepare for the expected increase in volumes of coal production, maintenance works have been performed by the jetty operators which include works on the loading equipment and dredging of the riverbed. Although these works resulted in the Group experiencing a lower loading volume of exports in 3Q2018, they have since been mostly completed as TBR ramps up its production in the coming months.
- Revenue increased by US\$19.5 million to US\$243.0 million in 9M2018, despite the lower loading volume of exports. The key driver for the increase was higher Average Selling Price (“**ASP**”) of coal.
- Cash profit for 3Q2018 averaged at US\$13 per tonne (2Q2018: US\$13 per tonne; 3Q2017: US\$11 per tonne) against the ASP of US\$43 per tonne for 4,200 GAR, giving a cash profit margin of 30%.
- Total production costs were higher at US\$31 per tonne in 3Q2018 against US\$29 per tonnes in 2Q2018, mainly driven by high overburden removal costs at the initial stage of operation at TBR mine. Overburden costs are projected to gradually decrease as the stripping ratio will trend lower over the life of mine.
- Underlying net profit for 3Q2018 and 9M2018 were US\$10.9 million (2Q2018: US\$13.8 million; 3Q2017: US\$8.6 million) and US\$39.1 million (9M2017: US\$33.3 million) respectively.
- In view of the lower start-up production volume of the TBR coal mine and lower loading volume for exports in 3Q2018 (caused by the maintenance of the jetty), the Group has revised the combined production for both SDJ and TBR to 8 – 9 million tonnes of coal in 2018.
- The Group targets a production and sales of 13-15 million tonnes of coal for both SDJ and TBR in 2019.

Commenting on its 3Q2018 financial performance for the Group, Mr Tung Kum Hon, Chief Executive Officer of Geo Energy said, **“We recorded a sustained underlying net profit in 3Q2018 of US\$10.9 million, 27% higher compared to US\$8.6 million in 3Q2017, despite higher costs on the start of coal production at TBR coal mine in the quarter, and a temporary decrease in our loading volume for exports due to the maintenance work by the jetty operators.**

Our higher finance costs were due to interest expenses relating to our US\$300 million Senior Notes raised in October last year, which we continue to work on deploying the proceeds for accretive acquisitions. We are positive of the financial performance in the future quarters as TBR ramps up in production as we target a combined total coal production and sales of 13–15 million tonnes in 2019 and beyond.



China will continue to be a dominant consumer of coal, providing support for ICI prices and demand for coal in Indonesia. For the near-term outlook, China's Ministry of Ecology and Environment trimmed its pollution reduction target to 3% from 5% for the period October 2018 through to March 2019, thereby encouraging more demand for the use of coal for power production in the country¹. We are also approaching winter season in China, where coal-fired power plants require additional stockpiles to power up heating facilities.

We announced a Life of Mine Coal Offtake for our TBR coal mine, with a multi-year prepayment facility, trade finance facility to support the exports of coal and equity investment in the Company by Macquarie Bank Limited, and a proposed dual primary listing on the Main Board of Hong Kong Stock Exchange ("HKEx") in the trading of the Company's shares in two of the leading global capital markets in Singapore and Hong Kong.

We will continue to pursue all opportunities to expand our business, drives productivity and improve cash flows generation, to ensure that we deliver superior returns to our shareholders."

- End -

ABOUT GEO ENERGY RESOURCES LIMITED (Bloomberg Ticker: GERL SP)

Geo Energy Resources Limited ("Geo Energy" or the "Group") is part of the FTSE ST China index. The Group's operations are primarily located in Indonesia. 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.

Geo Energy owns major mining concessions and coal mines in East and South Kalimantan, Indonesia with JORC marketable coal reserves of over 90 million tonnes.

For more information, please visit www.geocoal.com



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¹ <https://www.freightwaves.com/news/2018/9/28/indonesia-gets-ready-to-meet-increased-coal-demand-from-china-freight-to-respond>