



SGX Announcement

Geo Energy Resources Limited Results Announcement

Second Quarter and Six Months Ended 30 June 2020

FORWARD LOOKING STATEMENTS

This announcement contains statements that are, or may be deemed to be, "forward looking statements" which are prospective in nature. These forward looking statements may generally be identified by the use of forward looking terminology, or the negative thereof such as "plans", "expects" or "does not expect", "is expected", "seeks", "continues", "assumes", "is subject to", "budget", "scheduled", "estimates", "aims", "forecasts", "risks", "intends", "positioned", "predicts", "projects", "anticipates" or "does not anticipate", or "believes", or variations of such words or comparable terminology and phrases or statements that certain actions, events or results "may", "could", "should", "shall", "would", "might" or "will" be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Forward-looking statements are not based on historical facts, but rather on current predictions, assumptions, expectations, beliefs, opinions, plans, objectives, goals, intentions and projections about future events, results of operations, prospects, financial condition and discussions of strategy, any of which could prove to be inaccurate. By their nature, forward looking statements involve known and unknown risks and uncertainties, many of which are beyond the control of Geo Energy Resources Limited ("Geo Energy"). Forward looking statements are not guarantees of future performance and may and often do differ materially from actual results. There is no certainty or assurance as at the date of this announcement that any transaction disclosed in this announcement will proceed or be completed or that no changes will be made to the terms thereof. Important factors that could cause these uncertainties include, but are not limited to, those discussed in Geo Energy's Annual Report 2019 and/or the offering memorandum dated 27 September 2017 in relation to the US\$300 million 8.00% senior notes due 2022 offering by Geo Coal International Pte. Ltd., a wholly-owned subsidiary of Geo Energy. Neither Geo Energy nor any of its associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. You are cautioned not to place undue reliance on these forward-looking statements which only speak as of the date of this announcement. Other than in accordance with its legal or regulatory obligations (including under the listing rules of the Singapore Exchange Securities Trading Limited), Geo Energy is not under any obligation and Geo Energy and its affiliates expressly disclaim any intention, obligation or undertaking to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. This announcement shall not, under any circumstances, create any implication that there has been no change in the business or affairs of Geo Energy since the date of this announcement or that the information contained herein is correct as at any time subsequent to its date. No statement in this announcement is intended as a profit forecast or a profit estimate. This announcement does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any securities. The making of this announcement does not constitute a recommendation regarding any securities. Shareholders, investors, and other persons are advised to exercise caution in trading the securities of the Group.

Results Review and Strategy Update

Second Quarter and Six Months Ended 30 June 2020



Sustainability and Strategic Planning Amid Challenging Times

"The COVID-19 pandemic continues to expand globally and will likely leave profound change on the world economy. The dire effects of extended lockdowns on employment and consumer confidence also means that recovery will take longer than expected into 2021-2023, with a permanent loss in output.¹ The Indonesian Coal Index ("ICI") prices have fallen from an average of US\$41.96 per tonne in 2018, to as low as US\$23.39 per tonne on 9 July 2020.

The coal mining industry is going through a difficult cycle, and it is going to be a challenge for all miners. Where does Geo Energy stand on sustainability and strategic planning amid challenging times? **The Group has delivered a strong operational performance in 1H2020 – we achieved record sales and production volumes and improved our costs base, and recorded our highest net profit for 6 months of US\$66.5 million (or S\$93.2 million) since the Company's listing in 2012, in the midst of challenging conditions.**

The Indonesian Government has reported an expected decrease in coal production as many coal miners are slowing or stopping production as selling prices fall below their costs. We have successfully implemented cost cutting measures and reduced our production costs, as we negotiated with our service providers. **The new production costs structure linked to coal prices gives us more flexibility as we chart our course ahead to build a resilient and sustainable future business for the Group.**

Success is when preparation meets opportunity. We have also slowed down some of our coal getting, and increased our coal exposed. This allows us flexibility to ramp up coal deliveries when the coal prices are better, and slow down when the prices are weaker. In addition, we have successfully applied for an increase in the Rencana Kerja Anggaran Biaya ("RKAB") (Work Plan and Budget) production quota for our SDJ and TBR mines from 8 million tonnes to 12 million tonnes in 2020, giving us added **flexibility in increasing our production volumes when coal prices increase.**

¹ S&P Ratings, Global Credit Condition report, 1 July 2020

During the period, we reinforced our risk management and carried out a liability management exercise through market purchases and a consent solicitation and tender offering on any and all our outstanding Senior Notes in May 2020. Through the repurchases of our Senior Notes due 2022, our Group delivered on its de-leveraging strategy, taking steps towards achieving our two key objectives of **(1) improving our debt position by 52.9% by repurchasing US\$151.2 million in principal amount of the Senior Notes in 1H2020, whilst maintaining a cash position of US\$78.1 million as at 30 June 2020 and (2) reducing our annual interest costs by US\$13.4 million a year.** Subsequent to 30 June 2020, the Group had further repurchased US\$23.2 million in principal amount of the Senior Notes, reducing its debt position and annual interest costs further.

The Group has **received approval** from the local authority on the **extension of the IUPs** of SDJ and TBR coal mines, which the IUPs have been extended to 11 May 2027 and 10 January 2028 respectively. The **Group's coal reserves have also increased** through further explorations on TBR coal mine and joint boundaries coal mining to 87.5 million tonnes as at 30 April 2020, based on the updated JORC report dated 12 August 2020, which is above the requisite coal reserve required under the Senior Notes Put Option covenant. **We expect the Senior Notes Put Option to fall away on 4 April 2021,** based the above.

The Group is currently in preliminary discussions to explore potential acquisition(s) of coal assets. However, in view of the current challenging market conditions, the Group will be cautious in any potential acquisition(s). **The Group is of the view that it has sufficient financial resources and access to financing to pursue potential acquisition(s) of coal assets to build a sustainable business for the future.** However, there is no certainty or assurance that such acquisition(s) will materialise. If and when an acquisition materialises, the Company will make an announcement in accordance with the listing rules of the SGX-ST.

2Q2020 HIGHLIGHTS

- The Group sold 1.0 million tonnes of 4,200 GAR coal from the SDJ coal mine and another 1.5 million tonnes from the TBR coal mine, totalling 2.5 million tonnes of coal during the quarter. This was comparable to 1Q2020 and an increase from 1.4 million tonnes in 2Q2019.
- Revenue increased by 40% from US\$51.9 million in 2Q2019 to US\$72.8 million mainly due to higher sales volume, offset by the lower Average Selling Price ("ASP") following from the downward trend in the ICI prices in the period.
- Cash profit for coal mining for 2Q2020 averaged at US\$6.25 per tonne (1Q2020: US\$6.36 per tonne; 2Q2019: US\$10.76 per tonne). The cash profit margin of 23% was higher than the 19% in 1Q2020, but lower than the 29% in 2Q2019, mainly due to the lower ASP offset by the lower production cash cost.
- Average production cash costs of US\$20.92 per tonne in 2Q2020 was a decrease from US\$26.86 per tonne in 1Q2020 and US\$25.78 per tonne in 2Q2019, as a result of the reduction in mining and services rates linked to coal prices in the current depressed market condition.
- EBITDA was US\$13.5 million (2Q2019: US\$14.2 million) and US\$27.6 million (1H2019: US\$15.9 million) in 2Q2020 and 1H2020 respectively.
- Net profit was US\$35.2 million (1Q2020: US\$31.4 million; 2Q2019: US\$0.8 million), mainly driven by increased sales volume, reduction in production cash cost, and by the Group's repurchases of its Senior Notes.

The Group repurchased US\$55.4 million in principal amount of its Senior Notes in 2Q2020 (the "Repurchases") to instil confidence in the market and provide an opportunity to the investors of our Senior Notes to gain liquidity that might not otherwise be available. On 21 May 2020, the Group commenced its Consent Solicitation and Tender Offer exercise, of which a total of US\$21.3 million in principal amount of the Senior Notes were repurchased. After the Repurchases, **the outstanding Senior Notes decreased to US\$132.7 million as of 30 June 2020 from US\$188.1 million as of 31 March 2020 (31 December 2019: US\$283.9 million).**

This represents a net debt position of US\$55.7 million as of 30 June 2020, as the Group has streamlined its capital structure and reduced annual interest costs by approximately US\$13.4 million. In July 2020, the Group further repurchased US\$23.2 million of the Notes, which further reduced the outstanding Senior Notes to US\$109.5 million as of 31 July 2020, representing **net debt of US\$49.5 million as of 31 July 2020**.

SUSTAINABILITY IS A KEY DRIVER OF FUTURE BUSINESS

The COVID-19 pandemic has raised fundamental questions about how a company can respond to change and Geo Energy is no different. Environmental, Social and Governance ("ESG") has increasingly become a key criterion for investing. Should Geo Energy prioritise profits or pursue goals that improves society?

COVID-19 has shown how a health and environmental issue can become a social problem causing material **Governance** challenges. As we move into a post-pandemic future, ESG is expected to form an integral part of the new normal ahead. We have undertaken great strides towards achieving our sustainability goals, in line with the Global Reporting Initiative ("GRI") Standards.

We have implemented an **Environmental** Management System based on ISO 14001: 2015. When we conduct mining activities, we excavate and store the topsoil for future reclamation and are committed to replanting crops and land restoration, and we completed more than 95 hectares of land reclamation and rehabilitation.

We have developed an Environment and **Social** Management System in accordance with International Finance Corporation Performance Standards, migrating to ISO 45001 to further strengthen occupational health and safety systems. Our Hygiene and Sanitation Management System ensures the highest standards in the food supply for workers and worker's accommodation. This plays a crucial role into preventing a potential COVID-19 viral outbreak among our employees at the mines.

We donated to Singapore Institute of Technology ("SIT") S\$500,000 Student Relief Fund which provided assistance to over 300 undergraduates impacted by the pandemic, and donated IDR1.5 billion for the supply of Personal Protective Equipment to healthcare workers, and provision of medical aid to the communities.

Many potential investors and partners have increasingly stringent requirements on sustainability. We have created management systems that will enable us to consistently foresee and address issues. As a result, we are able to attract world class customers and investors such as Macquarie Bank and Trafigura, as a testament to our sustainability practices. Macquarie and Trafigura, as key customers of the Group, contributed significantly to our revenue of US\$249.1 million in 2019 and US\$72.8 million for the first half of 2020, as well as contributing to the business and trade flow of Singapore.

Geo Energy won the **Metals & Mining category award in the Singapore Business Review Listed Companies Awards 2020** (Please click here: [Geo Energy Resources Limited won the SBR Listed Companies Metals & Mining Category](#)) based on our focus on ESG and sustainability principles in our business, especially so in the coal and energy industries we are engaged in. The Company has released its Sustainability Report 2019 in May 2020 (Please click here: [Sustainability Report 2019](#)). The Company was also a winner of the **Le Fonti Awards 2020 for Excellence of the Year – Innovation and Leadership in the Coal Mining Sector**.



Tung Kum Hon
Chief Executive Officer/Director

14 August 2020

Unaudited Financial Statements Announcement for the Second Quarter and Six Months Ended 30 June 2020

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF RESULTS FOR SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2020

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

1(a)(i) Consolidated statement of profit or loss and other comprehensive income

	Group			Group		
	3 months ended 30.6.2020 US\$ (Unaudited)	3 months ended 30.6.2019 US\$ (Unaudited)	% Change	6 months ended 30.6.2020 US\$ (Unaudited)	6 months ended 30.6.2019 US\$ (Unaudited)	% Change
Revenue	72,795,181	51,929,511	40	160,626,772	117,655,465	37
Cost of sales	(64,244,224)	(40,930,347)	57	(142,936,164)	(108,121,925)	32
Gross profit	8,550,957	10,999,164	(22)	17,690,608	9,533,540	86
Other income	37,999,370	1,357,025	nm	77,118,643	3,344,748	nm
General and administrative expenses	(3,607,323)	(2,537,536)	42	(6,312,682)	(6,292,768)	nm
Other expenses	(405,244)	(352,246)	15	(5,840,115)	(1,086,387)	438
Finance costs	(5,617,930)	(6,633,335)	(15)	(13,006,669)	(13,267,045)	(2)
Profit (loss) before income tax	36,919,830	2,833,072	nm	69,649,785	(7,767,912)	nm
Income tax expense	(1,739,557)	(2,013,110)	(14)	(3,116,526)	(129,515)	nm
Profit (loss) for the period	35,180,273	819,962	nm	66,533,259	(7,897,427)	nm
Other comprehensive income, net of tax:						
Item that may be subsequently reclassified to profit or loss:						
- Exchange differences on translation of foreign operations	(667,748)	272,045	nm	32,918	171,718	(81)
- Effects of change in certain subsidiaries' prevailing tax rate	31,399	-	nm	31,399	-	nm
Total comprehensive income	34,543,924	1,092,007	nm	66,597,576	(7,725,709)	nm
Profit (loss) attributable to:						
Owners of the Company	35,165,913	830,481	nm	66,474,501	(7,883,129)	nm
Non-controlling interests	14,360	(10,519)	nm	58,758	(14,298)	nm
	35,180,273	819,962	nm	66,533,259	(7,897,427)	nm
Total comprehensive income attributable to:						
Owners of the Company	34,554,153	1,099,975	nm	66,535,430	(7,722,209)	nm
Non-controlling interests	(10,229)	(7,968)	28	62,146	(3,500)	nm
	34,543,924	1,092,007	nm	66,597,576	(7,725,709)	nm

nm – not meaningful

1(a)(ii) Profit (loss) before income tax is arrived at after charging/(crediting) the following:

	Group			Group		
	3 months ended 30.6.2020 US\$ (Unaudited)	3 months ended 30.6.2019 US\$ (Unaudited)	% Change	6 months ended 30.6.2020 US\$ (Unaudited)	6 months ended 30.6.2019 US\$ (Unaudited)	% Change
Interest income	(891,569)	(1,357,025)	(34)	(1,584,351)	(2,947,995)	(46)
Loss (gain) on disposal of property, plant and equipment (net)	188	27	596	(932)	(134)	596
Foreign exchange (gain) loss (net)	(1,719,943)	285,721	nm	240,487	535,545	(55)
Interest on Senior Notes	3,518,818	6,000,000	(41)	8,564,162	12,000,000	(29)
Amortisation of transaction costs of Senior Notes	2,098,214	617,197	240	4,425,230	1,234,395	258
Gain on repurchases of Senior Notes	(35,183,642)	-	nm	(75,231,893)	-	nm
Depreciation of property, plant and equipment	5,244,746	2,885,883	82	10,229,421	6,953,960	47
Depreciation of right-of-use assets	123,004	67,207	83	244,730	102,403	139
Amortisation of deferred stripping costs	2,324,238	1,384,708	68	4,402,468	2,661,014	65
Share-based payment expense	58,542	213,286	(73)	133,541	426,935	(69)
Amortisation of deferred gain	(95,110)	(6,597)	nm	(181,008)	(115,857)	56
Allowance for impairment loss on trade and other receivables under Cooperation Agreement	-	-	nm	5,172,712	-	nm
Allowance for inventory written-down value	57,076	-	nm	57,076	-	nm

nm – not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	30.6.2020 US\$ (Unaudited)	31.12.2019 US\$ (Audited)	30.6.2020 US\$ (Unaudited)	31.12.2019 US\$ (Audited)
ASSETS				
Current assets				
Cash and bank balances	78,110,124	138,996,173	15,153,782	10,150,757
Trade and other receivables	30,023,553	26,809,630	42,005,050	49,009,479
Deposits and prepayments	51,633,015	57,204,960	228,598	196,287
Inventory	14,512,881	12,232,738	-	-
Total current assets	174,279,573	235,243,501	57,387,430	59,356,523
Non-current assets				
Trade and other receivables	6,032,243	11,013,697	-	3,140,278
Restricted cash deposits	4,341,014	4,288,088	-	-
Deposits and prepayments	19,889,341	23,282,989	105,397	105,397
Investment in subsidiaries	-	-	178,745,819	178,745,819
Deferred stripping costs	56,286,140	61,257,435	-	-
Property, plant and equipment	143,654,825	152,856,916	23,249	30,523
Right-of-use assets	1,001,360	1,248,349	769,529	961,750
Deferred tax assets	2,644,046	1,971,539	583,462	362,284
Other non-current asset	153,698	153,698	153,698	153,698
Total non-current assets	234,002,667	256,072,711	180,381,154	183,499,749
Total assets	408,282,240	491,316,212	237,768,584	242,856,272

	Group		Company	
	30.6.2020	31.12.2019	30.6.2020	31.12.2019
	US\$	US\$	US\$	US\$
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	75,072,448	81,245,997	139,806,533	140,041,499
Current portion of lease liabilities	421,898	458,951	390,232	392,672
Financial guarantee liability	-	-	1,576,536	1,580,855
Income tax payable	777,610	970,700	-	-
Total current liabilities	76,271,956	82,675,648	141,773,301	142,015,026
Non-current liabilities				
Other payable	1,683,699	1,939,667	-	-
Lease liabilities	364,161	571,312	364,161	558,363
Senior Notes payable	130,485,699	277,292,469	-	-
Provisions	2,391,515	2,245,975	111,747	109,747
Financial guarantee liability	-	-	1,991,186	2,772,975
Deferred tax liabilities	7,072,261	3,309,309	-	-
Total non-current liabilities	141,997,335	285,358,732	2,467,094	3,441,085
Capital, reserves and non-controlling interests				
Share capital	106,513,187	106,513,187	106,513,187	106,513,187
Capital and other reserve	2,962,721	2,829,180	5,208,777	5,075,236
Translation reserve	5,191,761	5,131,676	4,464,506	4,464,506
Retained earnings (accumulated losses)	75,339,378	8,864,033	(22,658,281)	(18,652,768)
Equity attributable to owners of the Company	190,007,047	123,338,076	93,528,189	97,400,161
Non-controlling interests	5,902	(56,244)	-	-
Total equity	190,012,949	123,281,832	93,528,189	97,400,161
Total liabilities and equity	408,282,240	491,316,212	237,768,584	242,856,272

1(b)(ii) Aggregate amount of group's borrowings and debt securities

	Group		Group	
	30.6.2020	30.6.2020	31.12.2019	31.12.2019
	US\$	US\$	US\$	US\$
	Secured	Unsecured	Secured	Unsecured
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Amount repayable in one year or less, or on demand	36,559	385,339	79,694	379,257
Amount repayable after one year	-	130,849,860	12,949	277,850,832
	36,559	131,235,199	92,643	278,230,089

Details of any collateral and security:

As at 30 June 2020, the Group's lease liabilities are secured by the leased assets — motor vehicles and leasehold property.

On 4 October 2017, the Company's subsidiary, Geo Coal International Pte. Ltd. ("GCI") issued US\$300 million in aggregate amount of 8.0% Senior Notes due 2022 (the "Notes" or "Senior Notes"). The proceeds of which was used to redeem the Medium-Term Notes of S\$100 million due in January 2018, and the remainder for purpose of making potential acquisitions of coal mining assets and for working capital purposes. The Senior Notes are listed on the SGX. They are unsecured and guaranteed by the Company and certain subsidiaries of the Group ("Financial Guarantees"). The Financial Guarantees are effectively subordinated to secure obligations of each guarantor, to the extent of the value of assets serving as security. As at 30 June 2020, the Company recognised the fair value of its Financial Guarantee of US\$7,887,000 on the statement of financial position as deemed investment in a subsidiary. Amortisation of the financial guarantee liability amounting to US\$786,108 was credited to the Company's profit or loss during the financial period ended 30 June 2020.

As at 30 June 2020, the Group had repurchased a total of US\$167.3 million in principal amount of its Senior Notes ("Repurchases"). The repurchased Notes were cancelled in accordance with the terms of the Notes and the indenture

governing them. Following the cancellation of all the repurchased Notes, the aggregate principal amount of the Notes outstanding was US\$132.7 million as at 30 June 2020. In July 2020, the Group further repurchased a total of US\$23.2 million in principal amount of its Senior Notes. In total, the Group has recorded a gain on repurchases of the Notes of US\$90.0 million, of which US\$5.3 million was recorded in 2019.

Please refer to the relevant announcements.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group		Group	
	3 months ended 30.6.2020 US\$ (Unaudited)	3 months ended 30.6.2019 US\$ (Unaudited)	6 months ended 30.6.2020 US\$ (Unaudited)	6 months ended 30.6.2019 US\$ (Unaudited)
Operating activities				
Profit (loss) before income tax	36,919,830	2,833,072	69,649,785	(7,767,912)
Adjustments for:				
Depreciation of property, plant and equipment	5,244,746	2,885,883	10,229,421	6,953,960
Depreciation of right-of-use assets	123,004	67,207	244,730	102,403
Amortisation of deferred stripping costs	2,324,238	1,384,708	4,402,468	2,661,014
Loss (gain) on disposal of property, plant and equipment	188	27	(932)	(134)
Reversal of loss on financial asset carried at amortised cost	-	-	-	(41,802)
Share-based payment expense	58,542	213,286	133,541	426,935
Amortisation of deferred gain	(95,110)	(6,597)	(181,008)	(115,857)
Allowance for impairment loss on trade and receivables under Cooperation Agreement	-	-	5,172,712	-
Allowance for inventory written-down value	57,076	-	57,076	-
Amortisation of transaction costs of Senior Notes	2,098,214	617,197	4,425,230	1,234,395
Interest expense	3,519,716	6,016,138	8,581,439	12,032,650
Gain on repurchases of Senior Notes	(35,183,642)	-	(75,231,893)	-
Interest income	(891,569)	(1,357,025)	(1,584,351)	(2,947,995)
Retirement benefit obligations	103,949	81,499	207,344	166,011
Net foreign exchange (gains) losses	(1,276,089)	1,111,569	(13,950)	1,596,389
Operating cash flows before movements in working capital	13,003,093	13,846,964	26,091,612	14,300,057
Trade and other receivables	5,156,649	3,077,494	(1,373,344)	(2,665,262)
Deposits and prepayments	2,716,009	6,356,252	7,795,202	5,525,243
Inventory	2,927,902	(6,985,736)	(252,380)	(11,869,385)
Trade and other payables	(21,035,814)	(6,143,353)	(2,919,040)	8,590,778
Cash from operations	2,767,839	10,151,621	29,342,050	13,881,431
Income tax paid	(975,744)	(784,642)	(2,099,685)	(1,292,913)
Income tax refund	36,816	146,700	37,759	146,700
Retirement benefit paid	(563)	-	(3,338)	-
Net cash from operating activities	1,828,348	9,513,679	27,276,786	12,735,218
Investing activities				
Interest received	898,828	1,315,012	1,514,376	3,142,052
Addition to deferred stripping costs	-	(508,709)	-	(1,150,928)
Advance payments for purchase of property, plant and equipment	(6,435)	(256,965)	(79,950)	(247,611)
Purchase of property, plant and equipment	(802,616)	(498,295)	(1,301,442)	(1,342,302)
Proceeds from disposal of property, plant and equipment	1,022	-	2,294	3,892
Net cash from investing activities	90,799	51,043	135,278	405,103

	Group		Group	
	3 months ended 30.6.2020 US\$ (Unaudited)	3 months ended 30.6.2019 US\$ (Unaudited)	6 months ended 30.6.2020 US\$ (Unaudited)	6 months ended 30.6.2019 US\$ (Unaudited)
Financing activities				
Decrease in deposits pledged	-	-	-	400,000
(Increase) decrease in restricted cash deposits	(166,933)	25,877	(172,230)	35,432
Interest paid for Senior Notes	(11,815,378)	(12,000,000)	(11,815,378)	(12,000,000)
Interest paid for lease liabilities	(6,955)	(4,687)	(15,214)	(9,782)
Dividend paid	-	(4,090,545)	-	(4,090,545)
Repurchase of Senior Notes	(20,248,358)	-	(76,000,107)	-
Repayment of obligations under lease liabilities	(112,713)	(74,595)	(245,720)	(111,962)
Net cash used in financing activities	(32,350,337)	(16,143,950)	(88,248,649)	(15,776,857)
Net decrease in cash and cash equivalents	(30,431,190)	(6,579,228)	(60,836,585)	(2,636,536)
Cash and cash equivalents at beginning of the period	102,396,512	201,133,695	133,996,173	197,190,402
Effect of exchange rate changes on the balance held in foreign currencies	1,144,802	27,591	(49,464)	28,192
Cash and cash equivalents at end of the period (Note A)	73,110,124	194,582,058	73,110,124	194,582,058

	Group		Group	
	3 months ended 30.6.2020 US\$ (Unaudited)	3 months ended 30.6.2019 US\$ (Unaudited)	6 months ended 30.6.2020 US\$ (Unaudited)	6 months ended 30.6.2019 US\$ (Unaudited)
Note A				
Cash on hand and at banks	73,110,124	148,521,312	73,110,124	148,521,312
Deposits	5,000,000	51,060,746	5,000,000	51,060,746
Cash and bank balances	78,110,124	199,582,058	78,110,124	199,582,058
Restricted cash deposits (non-current)	4,341,014	3,483,911	4,341,014	3,483,911
	82,451,138	203,065,969	82,451,138	203,065,969
Less: Deposits pledged	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
Less: Restricted cash deposits (non-current)	(4,341,014)	(3,483,911)	(4,341,014)	(3,483,911)
Cash and cash equivalents	73,110,124	194,582,058	73,110,124	194,582,058

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group	Share capital US\$	Capital and other reserves US\$	Translation reserve US\$	Retained earnings US\$	Equity attributable to owners of the Company US\$	Non-controlling interests US\$	Total US\$
At 1.1.2020 (audited)	106,513,187	2,829,180	5,131,676	8,864,033	123,338,076	(56,244)	123,281,832
Profit for the period	-	-	-	31,308,588	31,308,588	44,398	31,352,986
Other comprehensive income for the period	-	-	672,689	-	672,689	27,977	700,666
Transactions with owners, recognised directly in equity:							
Deemed capital contribution*	-	60,128	-	-	60,128	-	60,128
Share-based payment**	-	14,871	-	-	14,871	-	14,871
At 31.3.2020 (unaudited)	106,513,187	2,904,179	5,804,365	40,172,621	155,394,352	16,131	155,410,483
Profit for the period	-	-	-	35,165,913	35,165,913	14,360	35,180,273
Other comprehensive income for the period	-	-	(612,604)	844	(611,760)	(24,589)	(636,349)
Transactions with owners, recognised directly in equity:							
Deemed capital contribution*	-	58,542	-	-	58,542	-	58,542
At 30.6.2020 (unaudited)	106,513,187	2,962,721	5,191,761	75,339,378	190,007,047	5,902	190,012,949

Group	Share capital US\$	Capital and other reserves US\$	Translation reserve US\$	Retained earnings US\$	Equity attributable to owners of the Company US\$	Non-controlling interests US\$	Total US\$
Balance at 1.1.2019 (audited)	106,513,187	2,019,246	4,865,233	60,524,888	173,922,554	180,214	174,102,768
Loss for the period	-	-	-	(8,713,610)	(8,713,610)	(3,779)	(8,717,389)
Other comprehensive income for the period	-	-	(98,802)	(9,772)	(108,574)	8,247	(100,327)
Transaction with owners, recognised directly in equity:							
Deemed capital contribution*	-	82,663	-	-	82,663	-	82,663
Share-based payment**	-	130,986	-	-	130,986	-	130,986
At 31.3.2019 (unaudited)	106,513,187	2,232,895	4,766,431	51,801,506	165,314,019	184,682	165,498,701

Group	Share capital US\$	Capital and other reserves US\$	Translation reserve US\$	Retained earnings US\$	Equity attributable to owners of the Company US\$	Non-controlling interests US\$	Total US\$
At 31.3.2019 (unaudited)	106,513,187	2,232,895	4,766,431	51,801,506	165,314,019	184,682	165,498,701
Profit for the period	-	-	-	830,481	830,481	(10,519)	819,962
Other comprehensive income for the period	-	-	259,724	9,770	269,494	2,551	272,045
Transaction with owners, recognised directly in equity:							
Deemed capital contribution*	-	82,300	-	-	82,300	-	82,300
Share-based payment**	-	130,986	-	-	130,986	-	130,986
Dividend	-	-	-	(4,090,545)	(4,090,545)	-	(4,090,545)
At 30.6.2019 (unaudited)	106,513,187	2,446,181	5,026,155	48,551,212	162,536,735	176,714	162,713,449

Company	Share capital US\$	Capital and other reserves US\$	Translation reserve US\$	(Accumulated losses)/ Retained earnings US\$	Total US\$
At 1.1.2020 (audited)		106,513,187	5,075,236	4,464,506 (18,652,768)	97,400,161
Loss for the period		-	-	(3,590,438)	(3,590,438)
Transactions with owners, recognised directly in equity:					
Deemed capital contribution*		-	60,128	-	60,128
Share-based payment**		-	14,871	-	14,871
At 31.3.2020 (unaudited)		106,513,187	5,150,235	4,464,506 (22,243,206)	93,884,722
Loss for the period		-	-	(415,075)	(415,075)
Transactions with owners, recognised directly in equity:					
Deemed capital contribution*		-	58,542	-	58,542
At 30.6.2020 (unaudited)		106,513,187	5,208,777	4,464,506 (22,658,281)	93,528,189

Company	Share capital US\$	Capital and other reserves US\$	Translation reserve US\$	Retained earnings/ (Accumulated losses) US\$	Total US\$
At 1.1.2019 (audited)		106,513,187	4,265,302	4,464,506 3,051,111	118,294,106
Profit for the period		-	-	517,181	517,181
Transactions with owners, recognised directly in equity:					
Deemed capital contribution*		-	82,663	-	82,663
Share-based payment**		-	130,986	-	130,986
At 31.3.2019 (unaudited)		106,513,187	4,478,951	4,464,506 3,568,292	119,024,936

Company	Share capital US\$	Capital and other reserves US\$	Translation reserve US\$	Retained earnings/ (Accumulated losses) US\$	Total US\$
At 31.3.2019 (unaudited)	106,513,187	4,478,951	4,464,506	3,568,292	119,024,936
Loss for the period	-	-	-	(24,839)	(24,839)
Transactions with owners, recognised directly in equity:					
Deemed capital contribution*	-	82,300	-	-	82,300
Share-based payment**	-	130,986	-	-	130,986
Dividend	-	-	-	(4,090,545)	(4,090,545)
At 30.6.2019 (unaudited)	106,513,187	4,692,237	4,464,506	(547,092)	115,122,838

* Pertains to deemed capital contribution by Master Resources International Limited ("MRIL"), the substantial shareholder of the Company for issuance of shares to a director (and the Chief Executive Officer) of the Company, as share-based payment.

** Pertains to share-based payment arising from the granting of share options pursuant to the Geo Energy share option scheme on 11 January 2019.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

As at 30 June 2020, the Company's share capital comprised 1,399,273,113 shares (31 March 2020: 1,399,273,113 shares). There were no outstanding convertibles or treasury shares as at 30 June 2020 and 30 June 2019.

On 19 November 2018, the Company issued 74,000,000 non-listed, transferable, free warrants exercisable within two years from the date of issue, with each warrant carrying the right to subscribe for one ordinary share in the Company at an exercise price of S\$0.33 per share. As at 30 June 2020, no warrant was exercised.

On 11 January 2019, the Group announced the grant of share options pursuant to the Geo Energy share option scheme. A total of 24,850,000 options was granted at the exercise price of S\$0.19 per share. In 2019, 1,750,000 share options granted were forfeited as the option holders ceased to be full-time employees of the Company. The exercise period of the options commences after the first anniversary from the date of the grant. As at 30 June 2020, no option was exercised.

Please refer to relevant announcements.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	30.6.2020	31.12.2019
Total number of issued shares (excluding treasury shares)	1,399,273,113	1,399,273,113

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. Our Company does not hold any treasury shares.

2. **Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)**

The figures have not been audited nor reviewed by our Company's auditors, unless otherwise stated.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements for the year ended 31 December 2019.

5. **If there are any changes in accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

On 1 January 2020, the Group and the Company adopted all the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior periods.

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividend**

	Group		Group	
	3 months ended 30.6.2020 (Unaudited)	3 months ended 30.6.2019 (Unaudited)	6 months ended 30.6.2020 (Unaudited)	6 months ended 30.6.2019 (Unaudited)
Earnings per share ("EPS")				
Earnings (losses) for computing EPS (US\$)	35,165,913	830,481	66,474,501	(7,883,129)
Weighted average number of ordinary shares ⁽¹⁾	1,399,273,113	1,399,273,113	1,399,273,113	1,399,273,113
Basic and diluted EPS based on weighted average number of ordinary shares (US cent) ⁽²⁾	2.51	0.06	4.75	(0.56)
Basic and diluted EPS based on weighted average number of ordinary shares (SG cent) ⁽³⁾	3.50	0.08	6.62	(0.76)

- (1) The calculation for the basic and diluted EPS is based on the weighted average number of ordinary shares in issue during the respective financial period.
- (2) The basic and diluted EPS were the same, as the warrants issued by the Group only have a dilutive effect when the average market price of ordinary shares during the period exceeds the exercise price of the warrants.
- (3) Numbers were translated using the 30 June 2020 and 2019 of US\$:S\$ exchange rates of 1.3932 and 1.3537 respectively.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group		Company	
	30.6.2020 (Unaudited)	31.12.2019 (Audited)	30.6.2020 (Unaudited)	31.12.2019 (Audited)
Net asset value (US\$)	190,007,047	123,338,076	93,528,189	97,400,161
Number of issued shares	1,399,273,113	1,399,273,113	1,399,273,113	1,399,273,113
Net asset value per ordinary share (US cent)	13.58	8.81	6.68	6.96
Net asset value per ordinary share (SG cent) ⁽¹⁾	18.92	11.87	9.31	9.38

(1) Numbers were translated using the 30 June 2020 and 31 December 2019 of US\$:S\$ exchange rates of 1.3932 and 1.3469 respectively.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

8.1 Income Statement

	Group		Group	
	3 months ended 30.6.2020 (Unaudited)	3 months ended 30.6.2019 (Unaudited)	6 months ended 30.6.2020 (Unaudited)	6 months ended 30.6.2019 (Unaudited)
Revenue – Coal mining				
Sales Volume (million tonnes)	2.5	1.4	5.0	3.5
- SDJ	1.0	0.4	2.1	1.6
- TBR	1.5	1.0	2.9	1.9
Average Indonesian Coal Index Price (US\$/tonne)	26.78	37.56	30.61	36.52
Average Selling Price (US\$/tonne)	27.17	36.54	30.16	33.88
Production				
Production Volume (million tonnes)	3.2	1.7	5.8	3.6
- SDJ	1.5	0.7	2.6	1.6
- TBR	1.7	1.0	3.2	2.0
Strip Ratio (times)				
- SDJ	3.0	2.7	3.3	2.8
- TBR	3.4	3.0	3.5	3.3
Production Cash Cost (US\$/tonne)	20.92	25.78	23.86	28.41
Cash Profit (US\$/tonne)	6.25	10.76	6.30	5.47

Financial performance (2Q2020 vs. 2Q2019)

Revenue increased by US\$20.9 million to US\$72.8 million in 2Q2020 due to higher sales volume, offset by the lower Average Selling Price ("ASP") in 2Q2020. The lower ASP was due to the decrease in the average ICI price for 4,200 GAR coal to US\$26.78 per tonne (2Q2019: US\$37.56 per tonne; 1Q2020: US\$34.44 per tonne). Indonesian coal prices have been under pressure since the COVID-19 outbreak began in China at the start of the year and Chinese ports rolled out new import controls measures amidst the ongoing disruptions and uncertainty arising from the COVID-19 pandemic. With China's imports still being restricted and buying interest remains limited, coal prices remain weak. Demand from India remain subdued due to monsoon rains and Indian coal miners curtailed output to manage inventories. Coal demand from other consuming sectors have also softened with the arrival of monsoon which impacted the demand of end use products such as cement and steel.²

² McCloskey Fax, Issue 999, 3 July 2020

The Group increased its domestic sales during the period, as domestic prices remain relatively higher compared to export sales prices. Domestic sales volume increased by 6% in 2Q2020 to 0.79 million tonnes, as compared to 1Q2020 of 0.75 million tonnes.

Cash profit for coal mining averaged US\$6.25 per tonne in 2Q2020 compared to an average of US\$6.36 per tonne in 1Q2020 and US\$10.76 per tonne in 2Q2019. The lower cash profit was mainly due to the decrease in ASP notwithstanding the lower production cash cost from the Group's cost cutting measures taken since the start of 2020, as announced earlier. During the quarter, the production volume increased by 20% from 2.6 million tonnes in 1Q2020 to 3.2 million tonnes in 2Q2020.

The Group recorded gross and cash profit from coal trading segment of US\$0.2 million from sales of coal purchased from PT Titan Infra Energy ("TIE"), with whom the Group has entered into coal purchase agreements for exports in 2020.

Group (All figures in US\$'000 except as indicated)	Coal mining	Coal trading	Coal mining management services	Total
3 months ended 30.6.2020 (unaudited)				
Volume (tonnes)	2,540,025	104,730	-	2,644,755
Revenue	69,003	3,792	-	72,795
Cost of sales	(60,679)	(3,565)	-	(64,244)
Gross profit	8,324	227	-	8,551
<u>Non-cash items:</u>				
Allowance for inventory written-down value	57	-	-	57
Depreciation & amortisation	7,501	-	-	7,501
Cash profit	15,882	227	-	16,109
3 months ended 31.3.2020 (unaudited)				
Volume (tonnes)	2,481,981	145,860	-	2,627,841
Revenue	82,441	5,391	-	87,832
Cost of sales	(73,625)	(5,067)	-	(78,692)
Gross profit	8,816	324	-	9,140
<u>Non-cash items:</u>				
Depreciation & amortisation	6,964	-	-	6,964
Cash profit	15,780	324	-	16,104
3 months ended 30.6.2019 (unaudited)				
Volume (tonnes)	1,421,297	-	-	1,421,297
Revenue	51,930	-	-	51,930
Cost of sales	(40,930)	-	-	(40,930)
Gross profit	11,000	-	-	11,000
<u>Non-cash items:</u>				
Depreciation & amortisation	4,289	-	-	4,289
Cash profit	15,289	-	-	15,289

Profit before income tax of US\$36.9 million includes:

- Other income of US\$38.0 million. The increase of US\$36.6 million was mainly due to the gain on repurchases of Senior Notes of US\$35.2 million and forex gain recorded during the period (2Q2019: forex loss). During the quarter, the Group repurchased US\$55.4 million in principal amount of its Senior Notes. The aggregate amount paid for the repurchased Senior Notes including the accrued interest was US\$24.5 million. The gain from the repurchases was partially offset by the lower interest income earned from short-term investments and deposits, due to the funds having been used in the repurchases of the Senior Notes and lower interest rates;
- General and administrative expenses of US\$3.6 million. The increase of US\$1.1 million was mainly due to higher professional fees and charges;
- Other expenses of US\$0.4 million. The increase of US\$0.1 million was mainly due to foreign exchange translation loss. The IDR, which had sharply depreciated against the US\$ in March 2020, has since strengthened during the quarter;

- Finance costs of US\$5.6 million. The decrease of US\$1.0 million was mainly due to the lower interest expense from the lower outstanding principal amount of the Senior Notes held in the period. During the period additional amortisation of transaction costs on the Senior Notes was recorded upon the repurchases; and
- Depreciation and amortisation of US\$7.7 million. The increase of US\$3.4 million was mainly due to the increase in sales volume in the period.

The Group recorded **income tax expense** of US\$1.7 million. Effective tax rate of 5% was mainly driven by non-taxable income from the gain on repurchases of the Senior Notes.

Overall, the Group recorded a profit of US\$35.2 million for the period, driven by higher sales volume, lower finance costs and other income from the gain on repurchases of the Senior Notes, partially offset by lower cash profit due to lower ASP notwithstanding a lower production cash cost and higher general and administrative expenses.

Financial performance (1H2020 vs. 1H2019)

Revenue increased by US\$43.0 million to US\$160.6 million mainly due to the increase in coal sales volume, offset by the decrease in ASP driven mainly by the downward trend of the ICI prices. Despite the weaker coal prices, the Group has managed its cash costs to remain competitive and profitable even in the current challenging market condition. Provisional statistics from the Ministry of Energy and Mineral Resources ("MEMR") for the first six months of 2020 suggests that Indonesia exported just over 142 million tonnes of coal, as many coal miners reduce their production due to export coal prices falling below their cash costs. Coal sales in the domestic market during the period were 90 million tonnes, up 5% from 86 million tonnes in the first half of 2019.³ Despite ICI prices decreasing by 16% year on year in 1H2020 as compared to 1H2019, the ASP during the same period decreased by 11% due to the higher ASP from domestic sales.

The Group sold 2.1 million tonnes of 4,200 GAR coal from the SDJ coal mine and 2.9 million tonnes from the TBR coal mine, totalling 5.0 million tonnes of coal sold during the period. The average ICI price for 4,200 GAR coal was US\$30.61 per tonne in 1H2020, down from US\$36.52 per tonne in 1H2019. The Group recorded a **cash profit from coal mining** of US\$31.7 million, compared to US\$19.0 million recorded in 1H2019 mainly due to the higher coal sales volume.

The Group also recorded gross and cash profit from coal trading segment of US\$0.6 million from sales of coal purchased from TIE.

Group (All figures in US\$'000 except as indicated)	Coal mining	Coal trading	Coal mining management services	Total
6 months ended 30.6.2020 (unaudited)				
Volume (tonnes)	5,022,006	250,590	-	5,272,596
Revenue	151,444	9,183	-	160,627
Cost of sales	(134,304)	(8,632)	-	(142,936)
Gross profit	17,140	551	-	17,691
<u>Non-cash items:</u>				
Allowance for inventory written-down	57	-	-	57
Depreciation & amortisation	14,465	-	-	14,465
Cash profit	31,662	551	-	32,213
6 months ended 30.6.2019 (unaudited)				
Volume (tonnes)	3,472,485	-	-	3,472,485
Revenue	117,655	-	-	117,655
Cost of sales	(108,122)	-	-	(108,122)
Gross profit	9,533	-	-	9,533
<u>Non-cash items:</u>				
Depreciation & amortisation	9,457	-	-	9,457
Cash profit	18,990	-	-	18,990

³ McCloskey Coal Report, Issue 489, 10 July 2020

Profit before income tax of US\$69.6 million includes:

- Other income of US\$77.1 million. The increase of US\$73.8 million was mainly due to the gain on repurchases of Senior Notes of US\$75.2 million. In 1H2020, the Group repurchased US\$151.2 million in principal amount of its Senior Notes. The aggregate amount paid for the repurchased notes including the accrued interest was US\$80.2 million. The gain from the repurchases was partially offset by the lower interest income earned from short-term investments and deposits, due to the funds having been deployed for our working capital, the Senior Notes repurchases and prepayments made to TIE for coal purchases in end 2019;
- General and administrative expenses of US\$6.3 million was comparable to 1H2019;
- Other expenses of US\$5.8 million. The increase of US\$4.8 million was mainly due to the allowance for impairment loss on trade and other receivables under Cooperation Agreement of US\$5.2 million, partially offset by lower foreign exchange loss in this period. Due to the COVID-19 pandemic and depressed coal prices, the Group has made an allowance for impairment on the receivables under Cooperation Agreement to conduct joint mining activities in South Kalimantan, which is dependent on the value in use of the underlying coal reserves;
- Finance costs of US\$13.0 million. The decrease of US\$0.3 million was mainly due to the lower interest on the lower outstanding principal amount of the Notes following the repurchases between December 2019 and June 2020. This was partially offset by the additional amortisation of transaction costs recorded upon the repurchases; and
- Depreciation and amortisation of US\$14.9 million. The increase of US\$5.2 million was due to the increase in sales volume in this period.

The Group recorded **income tax expense** of US\$3.1 million. Effective tax rate of 4% was mainly driven by non-taxable income from the gain on repurchases of Senior Notes.

Overall, the Group recorded a profit of US\$66.5 million for the period, mainly due to higher sales volume and other income from the gain on repurchases of the Senior Notes, as well as lower production cash cost and lower finance costs following the repurchases of the Senior Notes. These were partially offset by the lower ASP.

8.2 Financial Position

Group

Current Assets

Current assets decreased by US\$61.0 million to US\$174.3 million as at 30 June 2020.

Cash and bank balances decreased by US\$60.9 million to US\$78.1 million as at 30 June 2020, mainly due to payments for Senior Notes interest and repurchases, advance payments for and purchase of property, plant and equipment ("PPE") and income tax payments, offset by improved working capital management.

Trade and other receivables of US\$30.0 million as at 30 June 2020 comprise mainly trade receivables of US\$10.2 million and non-trade receivables of US\$19.8 million. The increase of US\$3.2 million from US\$26.8 million as at 31 December 2019 was mainly due to increases in other receivables and prepaid income tax for our Indonesian subsidiaries. Our Indonesian subsidiaries are required to prepay their current income tax. Should the total amount of tax prepaid exceed the official tax assessment, the excess amount will be refunded.

Deposits and prepayments decreased by US\$5.6 million to US\$51.6 million as at 30 June 2020 mainly due to the utilisations of amount prepaid for integrated mine support and infrastructure services and advance payment for purchase of coal.

Inventory increased by US\$2.3 million to US\$14.5 million as at 30 June 2020, due to higher production over sales volume during the period.

Non-current Assets

Non-current assets decreased by US\$22.1 million to US\$234.0 million as at 30 June 2020, mainly due to decreases in PPE by US\$9.2 million and deferred stripping costs by US\$5.0 million (mainly due to depreciation and amortisation), deposits and prepayments by US\$3.4 million and trade and other receivables by US\$5.0 million (due to the allowance for impairment loss on trade and other receivables under Cooperation Agreement recorded in 1Q2020). These were offset by the increase in deferred tax assets ("DTA") by US\$0.7 million.

Current Liabilities

Current liabilities decreased by US\$6.4 million to US\$76.3 million as at 30 June 2020, mainly due to decreases in trade and other payables by US\$6.2 million and income tax payable by US\$0.2 million. The decrease in trade and other payables was mainly due to the utilisation of advances from customers and payment of Senior Notes interest, partially offset by the increase in trade and other payables as a result of better credit management on our payables.

Non-current Liabilities

Non-current liabilities decreased by US\$143.4 million to US\$142.0 million as at 30 June 2020, mainly due to the Senior Notes repurchases during the period and the decreases in non-current portion of deferred gain and lease liabilities. These were offset by the increases in deferred tax liabilities by US\$3.8 million and provisions by US\$0.1 million.

Contingent Liability

- (A) In 2016, the Indonesian Tax Office ("ITO") assessed an underpayment of tax expenses of approximately US\$3.7 million (IDR53 billion) in respect of a subsidiary for capitalisation of an intercompany loan as equity.

Management has sought advice from professional tax consultants and holds the view that the imposed tax is without merit under the tax law. Management has submitted their Closing Statements to the Court of Appeal in July 2018 and final decision has yet to be received. No provision has been recognised in the financial statements as the Group does not consider that there is any probable loss.

- (B) One of the Group's subsidiaries is facing a civil claim brought against it by a former supplier (the "Supplier") in the district court of Jakarta Utara, for which the district court has rendered a judgement in favour of the Supplier for a potential legal claim amounting to US\$2.5 million.

Taking reference from legal advices, management holds the view that the legal claim has neither merit nor strong legal basis, and the case is in the process of examination by the Supreme Court (Cassation). No provision has been recognised as the management does not consider that there is any probable loss.

- (C) As at 30 June 2020, the Company has an unsecured corporate guarantee issued in 2017 in respect of the issuance of Notes by its subsidiary with nominal value of US\$132.7 million (31 December 2019: US\$283.9 million).

News Reports of Potential Dispute

It has come to the Company's attention that there are news reports that the current/former ultimate controlling shareholders of TIE have filed a legal claim in the Jakarta Courts against, among others, Geo Ventures Global Pte. Ltd. ("GVG") and Geo Coal International Pte. Ltd. ("GCI"), both subsidiaries of the Company, for acting together with TIE against the interests of the shareholders of TIE in connection with the Proposed Acquisition and the coal purchase agreements signed between GCI and TIE for the purchase and sale of coal in the Group's ordinary course of business. Mr Victor Budi Tanuadji is a director of TIE and the son of the ultimate controlling shareholder of TIE and its subsidiaries. Mr Victor Budi Tanuadji is also a guarantor of the coal purchase agreements signed between GCI and TIE.

Although neither GVG nor GCI has received any court summons or official notification of the legal claim, the Group has engaged Indonesian legal advisers to monitor any developments and advise the Group on its legal position. If GVG and/or GCI receives any court summons or official notification of the legal claim, the Group will make a further announcement and defend any claims against GVG and/or GCI.

The shareholders reported to have filed the legal claim have communicated to the Group that they intend to initiate settlement discussions with the Group in relation to the legal claim.

Company**Current Assets**

Current assets decreased by US\$2.0 million to US\$57.4 million as at 30 June 2020, mainly due to receipt of payment for intercompany receivables of US\$7.0 million, offset by payments made for operating expenses.

Non-current Assets

Non-current assets comprised mainly investment in subsidiaries of US\$178.7 million, right-of-use assets of US\$0.8 million and DTA of US\$0.6 million. During the period, the Company recorded an allowance for impairment loss on other receivables of US\$3.1 million.

Current Liabilities

Current liabilities decreased by US\$0.2 million to US\$141.8 million as at 30 June 2020 mainly due to the decrease in intercompany payables.

Net current Liabilities

The Company's working capital was negative US\$84.4 million, mainly due to intercompany payables. Based on the Group's current financial performance and financial position as at 30 June 2020 with a total cash of US\$78.1 million and positive working capital of US\$98.0 million, the Company will be able to pay its debt as and when they fall due.

Non-current Liabilities

Non-current liabilities as at 30 June 2020 comprised financial guarantee liability, lease liabilities and provisions. The decrease of US\$1.0 million was mainly due to the amortisation of financial guarantee liability of US\$0.8 million to the profit or loss as deemed guarantee income and decrease in lease liabilities by US\$0.2 million.

8.3 Cash Flow**Group****Cash Flow (2Q2020 vs. 2Q2019)**

Net cash from operating activities was US\$1.8 million. Operating cash flows before movements in working capital was an inflow of US\$13.0 million. The Group made income tax payments of US\$1.0 million during the period. Our Indonesian subsidiaries are required to prepay their current income tax. Should the total amount of tax prepaid exceed the official tax assessment, the excess amount will be refunded.

Working capital movement was negative US\$10.2 million in 2Q2020, as compared to negative working capital of US\$3.7 million in 2Q2019, mainly due to payments made to our service providers due to late billing for services provided in 1Q2020 but received only during the period.

Net cash from investing activities of US\$0.1 million was mainly due to the interest received of US\$0.9 million, offset by purchase of PPE of US\$0.8 million.

Net cash used in financing activities of US\$32.4 million was due to the repurchases of and interest payment on the Senior Notes, additional amount placed as restricted cash deposits and repayment of lease liability obligations.

Cash Flow (1H2020 vs. 1H2019)

Net cash from operating activities was US\$27.3 million. Operating cash flows before movements in working capital was an inflow of US\$26.1 million. The Group made income tax payments of US\$2.1 million during the period. Our Indonesian subsidiaries are required to prepay their current income tax. Should the total amount of tax prepaid exceed the official tax assessment, the excess amount will be refunded.

Working capital movement was positive US\$3.3 million in 1H2020, as compared to the negative working capital of US\$0.4 million in 1H2019. The improvement in the working capital movement was mainly due to utilisation of amount prepaid for integrated mine support and infrastructure services and repayment of advance payments to TIE for purchase of coal from proceeds on coal sales by TIE commencing in 1Q2020.

Net cash from investing activities of US\$0.1 million was mainly due to the interest received of US\$1.5 million, offset by advances for and purchase of PPE totalling US\$1.4 million.

Net cash used in financing activities of US\$88.2 million was due to the payment of Senior Note interest of US\$11.8 million, amount paid for Senior Notes repurchases of US\$76.0 million, additional amount placed as restricted cash deposits of US\$0.2 million and repayment of lease liability obligations of US\$0.2 million.

Overall, total cash and cash equivalent as of 30 June 2020 was US\$73.1 million, excluding the pledged deposits of US\$5.0 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

For 2Q2020, the Group has achieved coal sales of 1.0 million tonnes from SDJ and 1.5 million tonnes from TBR coal mines. For 1H2020, a total of 5.0 million tonnes of coal were sold by both SDJ and TBR coal mines.

The Group's applications to increase the Rencana Kerja Anggaran Biaya ("RKAB") (Work Plan and Budget) production quota for the Group's SDJ and TBR coal mines for 2020, from a total of 8.0 million tonnes to 12.0 million tonnes, were approved by Dinas Energi Dan Sumber Daya Mineral (Department of Energy and Mineral Resources). This is in line with the mining plan schedule of 12.0 million tonnes of coal, as previously disclosed in the Group's Independent Qualified Person's Report as at 31 December 2019. This would give the Group flexibility to produce more if coal prices are better.

However, the impact of COVID-19 globally has been unprecedented and the coal prices have remained weak. The Group will continue to assess the operations and business viability and could consider temporarily suspending part of the mining operations if the coal prices are below production costs.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The ICI for 4,200 GAR coal has shown an increase of US\$0.97 per tonne from US\$24.15 per tonne on 8 May 2020 to US\$25.12 per tonne on 7 August 2020. For 2Q2020, the average ICI price for 4,200 GAR coal was US\$26.78 per tonne, down from US\$34.44 per tonne in 1Q2020.

The COVID-19 pandemic continues to expand globally and will likely leave profound effects on the world economy. The effect of extended lockdowns on employment and consumer confidence also means that recovery will take longer than expected into 2021-2023.⁴

According to McCloskey coal report, China's imports are still being restricted by the quota system, with buying interest remaining limited despite rising domestic coal prices. As a result, thermal prices remain under downwards pressure. As the Group previously announced, if coal sale prices fall below the Group's production costs, the Group may consider suspending part of its mining and production activities at its SDJ and TBR coal mines. If we do so, the Group will focus on coal getting from the coal exposed and stockpiled inventory to meet its supply obligations to coal offtakers and better manage its working capital, without affecting Group's operations in the short-term. The Group has also kept a larger coal exposed, which will readily allow the Group to ramp up production and sales when coal prices improve.

The Company completed its consent solicitation and tender offer for the 8% Senior Notes due 2020. Following the tender offer exercise from 21 May 2020 to 18 June 2020, the Group repurchased an aggregate principal amount of US\$21.3 million of the Notes that were validly tendered. Following the cancellation of all the tendered Notes, the aggregate principal amount of Notes outstanding was US\$132.7 million. In July 2020, the Group further repurchased US\$23.2 million in principal amount of the Notes, which further reduced the outstanding Senior Notes to US\$109.5 million as at 31 July 2020. The Group will continue to proactively manage its capital structure and seek alternative sources of funding and joint ventures to expand its business going forward.

The Group's coal reserves have increased to 87.5 million tonnes as at 30 April 2020, through further exploration on its coal mining concessions as well as joint boundaries arrangements for coal mining, based on the updated JORC report dated 12 August 2020. The Group has received approval from the local authority on the extension of the IUPs of SDJ and TBR coal mines, which the IUPs have been extended to 11 May 2027 and 10 January 2028 respectively. With the extension of the IUPs of SDJ and TBR, and the JORC coal reserves for SDJ and TBR of 87.5 million as at 30 April 2020, and based on the existing mining production plan, the Group expects that it will be able satisfy the aforementioned minimum coal requirements by 4 April 2021. If so, the Mandatory Offer to Purchase covenant will fall away.

The Group is currently in preliminary discussions to explore potential acquisition(s) of coal assets. However, in view of the current challenging market conditions, the Group will be cautious in any potential acquisition(s). The Group

⁴ S&P Ratings, Global Credit Condition report, 1 July 2020

is of the view that it has sufficient financial resources and access to financing to pursue potential acquisition(s) of coal assets to build a sustainable business for the future. However, there is no certainty or assurance that such acquisition(s) will materialise. If and when an acquisition materialises, the Company will make an announcement in accordance with the listing rules of the SGX-ST.

11. If a decision regarding dividend has been made: -

(a) Whether an interim (final) ordinary dividend has been declared

No dividend has been declared for the financial period ended 30 June 2020.

(b)(i) Amount per share

Not applicable.

(b)(ii) Previous corresponding period

None.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country whether the dividend is derived

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect and provide the reasons for the decision

No dividend has been declared or recommended as the Group recorded a net loss in 2019 and is setting aside capital for its requirements to support investments and working capital.

13. If the group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect

No IPT mandate has been obtained from shareholders and there is no IPT.

14. Negative confirmation pursuant to Rule 705(5)

We, Charles Antonny Melati and Tung Kum Hon, being Directors of the Company, do hereby confirm, on behalf of the Board of Directors of the Company (the "Board") that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for the second quarter ended 30 June 2020 to be false or misleading in any material aspect.

15. Confirmation Pursuant to Rule 720(1) of the Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7 of the Listing Manual) under Rule 720(1) of the Listing Manual.

On behalf of the Board of Directors

Charles Antonny Melati

Executive Chairman

14 August 2020

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

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.

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.

For more information, please visit www.geocoal.com



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