

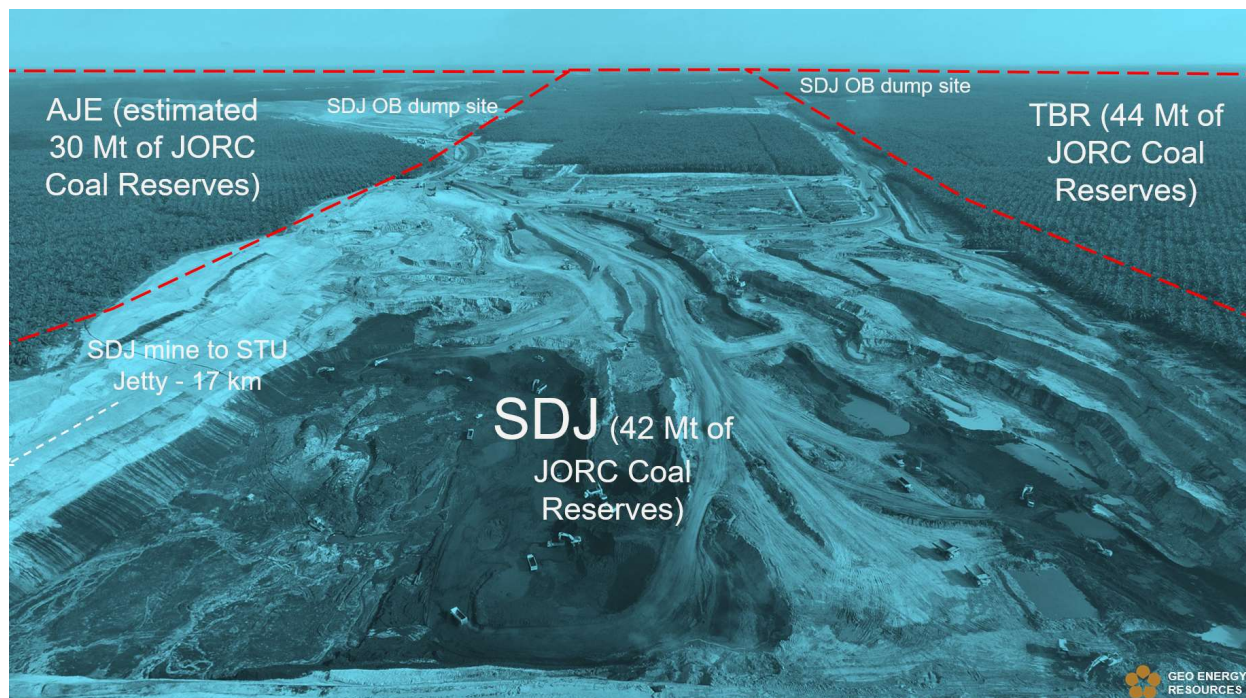
## **Geo Energy Seizes Opportunity to Increase Coal Sales Through Major Agreements with PT Angsana Jaya Energi**

- Geo Energy to secure approximately 5 million tonnes of coal in 2017 from PT Angsana Jaya Energi (“**AJE**”) for sale; Group will also provide mining project management services to AJE
- AJE is located beside the Group’s PT Sungai Danau Jaya (“**SDJ**”) coal mine, harnessing existing infrastructure, logistical and cost advantages
- These agreements are expected to generate more revenue for the Group in management fees and coal sales as coal prices continue its ascend

**SINGAPORE, 31 October 2016 – Geo Energy Resources Limited (“Geo Energy” or “the Group”), an integrated Indonesian coal mining group, is pleased to announce that both the Group’s wholly-owned subsidiaries, Geo Coal International Pte Ltd (“GCI”) and PT Mitra Nasional Pratama (“MNP”), have entered into a Sale and Purchase of Coal Agreement (“**AJE Coal Off-take Agreement**”) and Coal Mining Management Service Agreement (“**AJE Management Service Agreement**”) respectively with AJE for approximately 5 million tonnes of coal in 2017.**

AJE is a holder of coal mining permit in Tanah Bumbu, South Kalimantan, Indonesia with a mining area of 773.1 hectares. AJE coal mine is also located in close proximity to the Group’s SDJ coal mine which runs on the same coal seam.. AJE intends to conduct coal mining operation in a certain specified area of 259.5 hectares (the “working block”) has an estimated coal reserves of 5 million tonnes with calorific value of 4200 – 4000 GAR. Due to Geo Energy’s presence in the region, expertise in mine planning and lean operating model, MNP has been selected to provide mining project management services in the working block for AJE. Furthermore, AJE intends to appoint PT Bukit Makmur Mandiri Utama (“**BUMA**”) for the provision of overburden removal and coal hauling services.

Since June 2015, BUMA has been providing similar services at a cost competitive rate to neighbouring SDJ. Thus the AJE Management Service Agreement would create significant cost savings, large economies of scale, enhanced operational efficiency and harness synergies between both SDJ and AJE coal mines. This agreement also represents the Group’s first foray into mining project management services. All mining and production costs are borne by AJE, and MNP only provides project management services for AJE by working together with AJE’s contractors and BUMA.



In July 2016, the Group entered into a Life of Mine coal purchase agreement (“**LOM contract**”) with Engelhart Commodities Trading Partners (Singapore) Pte Ltd (“**ECTP Singapore**”) for the entire lifespan of SDJ coal mine. The LOM contract is to supply an initial 4 million tonnes of coal for a period of 7 months due in January 2017 and an additional minimum 6 million tonnes of coal for a period until December 2017 and a minimum 4 million tonnes of coal per year for the remainder period of the LOM contract with a prepayment of US\$4 per tonne.

As a result of Geo Energy’s proven track record in coal production and sales, GCI managed to secure an exclusive AJE Coal Off-take Agreement for approximately 5 million tonnes of coal for 2017 with an option to renew the agreement, if both parties agreed. This agreement would enable the Group to boost its coal sales and revenue beyond its existing coal assets.

Commenting on the signing of both agreements and the future outlook of the Group, Chief Executive Officer of Geo Energy, Mr Tung Kum Hon said, *“Both agreements represent a positive step in the right direction for our Group to move into higher value services in coal mining and to expand our revenue streams beyond our coal assets and improve the effectiveness and reduce the mining costs of the Company’s SDJ coal mine. Our Group believes our low-cost and lean operation model for our SDJ coal*

*mine would be the future blue print to scale our business further in the region. At the same time, our Group would like to extend our gratitude to the owners of AJE coal mine for their faith in our capabilities to manage their mine efficiently and to secure demand for its coal output. These agreements seek to combine both SDJ and AJE resources and infrastructure to produce and deliver coal in a cost efficient manner benefiting both mines.*

*According to the International Energy Agency (IEA), coal still remains as the world's second primary fuel after oil. As we head into the winter season, stronger import demand from China coupled with domestic mining curbs have forced many power generators back into the import market<sup>1</sup>. The Indonesian Coal Index (ICI) has also seen prices rallied from a bottom of US\$26.65 per tonne hit in December 2015 to a current price of US\$43.82 per tonne on 28 October 2016, a great increase of US\$17.17 per tonne or 64.4% in the 10 months' period. Given our Group's low cost structure of cash cost of about US\$25 per tonne, we remain hopeful of improving our margins in an environment of increasing coal prices. Singapore's Energy Sector was the strongest of the stock sectors on the SGX in September, with a 4.7% market capitalisation weighted total return. During the month, the price of oil gained 7.9% and the price of thermal coal gained 15.6%<sup>2</sup>.*

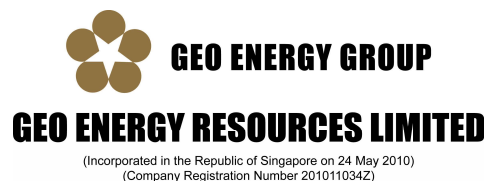
*Our Group is also in the midst of acquiring a 98.73% stake in PT Tanah Bumbu Resources, which is located beside our SDJ coal mine as well. The proposed acquisition will add an additional 44.4 million tonnes of coal and effectively double our Group's total mineable coal reserves. Our Group continues to seek out acquisition opportunities in the region to build up our coal reserves into one of Indonesia's top coal producers going forward."*

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<sup>1</sup><http://www.businesstimes.com.sg/energy-commodities/coal-rises-from-ashes-rally-to-last-until-2017>

<sup>2</sup>[http://www.sgx.com/wps/wcm/connect/sgx\\_en/home/newsflash/mu\\_03102016\\_2?utm\\_source=MG&utm\\_medium=EDM&utm\\_campaign=alwayson&utm\\_term=101016&utm\\_content=Growth](http://www.sgx.com/wps/wcm/connect/sgx_en/home/newsflash/mu_03102016_2?utm_source=MG&utm_medium=EDM&utm_campaign=alwayson&utm_term=101016&utm_content=Growth)

The statements contained in this media release that are not historical facts are "forward-looking" statements. These forward-looking statements are subject to a number of substantial risks and uncertainties, many of which are beyond the Company's control and actual results and developments may differ materially from those expressed or implied by these statements for a variety of factors. These forward-looking statements are statements based on the Company's current intentions, beliefs and expectations about among other things, the Company's financial condition, prospects, growth, strategies and the industry in which the Company operates. Forward-looking statements are typically identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "intends", "estimates", "plans", "assumes" or "anticipates" or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. In addition, from time to time, the Company or its representatives have made or may make forward-looking statements orally or in writing. Furthermore, such forward-looking statements may be included in, but are not limited to, press releases or oral statements made by or with the approval of an authorised executive officer of the Company. No assurance can be given that such future results will be achieved; actual events or results may differ materially from those expressed in or implied by these statements as a result of risks and uncertainties facing the Company and its subsidiaries. Many of these risks and uncertainties relate to factors that are beyond the Company's ability to control or estimate precisely, such as changes in taxation and



fiscal policy, future market conditions, currency fluctuations, the behaviour of other market participants, the actions of governmental regulators and other risk factors such as the Company's ability to continue to obtain financing to meet its liquidity needs, changes in the political, social and regulatory framework in which the Company operates or in economic or technological trends or conditions, including inflation and consumer confidence, on a global, regional or national basis. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. The forward-looking statements contained in this announcement speak only as of the date of this announcement and the Company undertakes no duty to update any of them publicly in light of new information or future events, except to the extent required by applicable law or regulation.

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

Geo Energy Resources Limited (“**Geo Energy**”) is a coal mining specialist with an established track record in the operation of coal mining sites for the purpose of coal production and coal sales since 2008. The Geo Energy Group’s operations are primarily located in Indonesia.

Geo Energy owns major mining concessions and coal mines in East and South Kalimantan, Indonesia with JORC marketable coal reserves of 53.5 million tonnes.

For more information, please visit [www.geocoal.com](http://www.geocoal.com)

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