GEO ENERGY GROUP

GEO ENERGY RESOURCES LIMITED

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

Geo Energy's Earnings Surges 136% to US$10.0 million with Cash Profit from Operations of US$22.1 million in 2Q2017

- Revenue increased 176% to US$58.9 million and delivered 1.5 million tonnes of coal from SDJ
- Generated cash profits of US$22.1 million or an average US$15.24 per tonne and EBITDA margin of 33.6 percent from coal mining
- Completed TBR acquisition in June 2017 to strengthen our portfolio to build higher returns for the future
- Returning cash of US$8.8 million to shareholder through dividend paid at 1 Singapore cent per share in May 2017

SINGAPORE, 14 August 2017 – Geo Energy Resources Limited ("**Geo Energy**" or together with its subsidiaries "**the Group**"), an integrated Indonesian coal mining group, is pleased to announce a positive set of financial results for the three months ended 30 June 2017 ("**2Q2017**").

(US$ '000)	**2Q2017** (Unaudited)	**2Q2016** (Unaudited)	**% change**	**1H2017** (Unaudited)	**1H2016** (Unaudited)	**% change**
Revenue	58,947	21,394	176	158,230	33,283	375
Gross profit	19,128	1,236	nm	44,458	1,483	nm
General & administrative expenses	(2,572)	(1,729)	49	(4,800)	(3,116)	54
Finance costs	(1,168)	(1,559)	(25)	(2,577)	(3,082)	(16)
Net profit from continuing operations	10,014	4,239	136	24,649	1,383	nm
Non-controlling interests	11	(3)	nm	7	(15)	nm
Earnings per share from continuing operations						
- fully diluted* (US cents)	0.82	0.35	nm	2.02	0.12	nm
- fully diluted** (SG cents)	1.14	0.47	nm	2.81	0.16	nm

nm – not meaningful

** Based on weighted average number of 1,222,558,827 ordinary shares for 2Q2017 (2Q2016: 1,212,273,113) and 1,217,444,383 ordinary shares for 1H2017 (1H2016: 1,200,157,728)*

***Numbers were translated using the 30 June 2017 and 2016 exchange rates of 1.3887 and 1.3489 respectively*

The Group's revenue increased 176% from US$21.4 million in 2Q2016 to US$58.9 million in 2Q2017, mainly contributed by its coal mining business as well as the new revenue streams from its coal mining management services.

The Indonesian Coal Index ("**ICI**") for 4,200 GAR coal decreased slightly from an average of US$42.77 per tonne in 1Q2017 to US$40.12 per tonne in 2Q2017. At the same time, the average selling price of coal in 2Q2017 was US$40.11 per tonne, an increase of US$0.66 per tonne over the US$39.45 per tonne in 1Q2017. This resulted in the Group's coal mining business recording a higher cash profit of an average US$15.24 per tonne in 2Q2017 as compared to an average of US$13.16 per tonne in 1Q2017 and US$4.50 per tonne in 2Q2016.

General and administrative expenses ("**G&A**") increased from US$1.7 million in 2Q2016 to US$2.6 million in 2Q2017 due to higher staff costs as part of the expansion of the Group's operations. Finance costs declined from US$1.6 million in 2Q2016 to US$1.2 million in 2Q2017 as a result of lower amortised borrowing costs on the Medium Term Notes ("**MTN**") payable. MTN is due on January 2018.

Overall, the Group's net profit from continuing operations surged 136% from US$4.2 million in 2Q2016 to US$10.0 million in 2Q2017.

In 2Q2017, the Group's SDJ mine delivered approximately 1.5 million tonnes of coal as compared to 1Q2017 where SDJ mine delivered approximately 2.2 million tonnes of coal. The lower production was due to the prolonged monsoon season in South Kalimantan during the second quarter, which had slowed down production. Rainfall in 2Q2017 was longer than 1Q2017 (321 hours vs 158 hours). The prolonged rainy season resulted in unfavourable conditions in the coal mine, where pit access is slippery and restricted by water. In addition, production halted during the last week of June 2017 due to the Muslim festive season and extended public holidays in Indonesia (which occurred in July last year). These factors affected the production volumes for most coal mines in South Kalimantan.

The Group's cash and bank balances declined from US$67.7 million as of 31 December 2016 to US$26.5 million as of 30 June 2017 mainly due to the payments made relating to the PT Tanah Bumbu Resources ("**TBR**") acquisition on 23 June 2017, dividend paid by the Company in May 2017 of 1 Singapore cent per share and advance payments made to jetty owners to facilitate our coal delivery. TBR was acquired in a part-cash part-share deal for US$90.0 million. Following the completion of the TBR acquisition, total number of shares issued increased to 1,329,273,113 shares as of 30 June 2017. Excluding the new shares issued, net asset value per share increased to 11.54 US cents per share as of 30 June 2017.

The ICI shows promising signs of a sustained uptrend on coal prices. ICI 4,200 GAR coal prices had increased from US$26.69 per tonne in January 2016 to US$42.55 per tonne on 4 August 2017, an increase of US$15.86 per tonne or 59% during the period. Global seaborne export supply of thermal coal is expected to increase in line with demand through to 2025 to support power generation requirements and allow for ongoing industrialisation and electrification[1] . Indonesia remains the largest contributor of seaborne thermal coal market, contributing approximately 40% of the thermal coal supply[2]. Majority of Geo Energy's production currently goes to end customers in China, comprising mainly coal-fired power plants. Strong economic growth in the South-East Asian markets, including Indonesia, are also expected to see increased coal demand given the need for power for these developing countries around the region.

Commenting on the positive set of financial results and the outlook of the Group, Mr Tung Kum Hon, Chief Executive Officer of Geo Energy said, ***"Today we announced a net earnings of US$10.0 million and a cash profit from operations of US$22.1 million for 2Q2017 despite SDJ's production being slowed down by the rainy season in 2Q2017. The Group expects a higher volume of coal sales for the second half of 2017 given better weather conditions.***

Our Group is also delighted to announce the completion of our acquisition of TBR in June 2017. Our Group is now looking for the most cost-effective method for the mutual joint mining plan to boost production and sales for both SDJ and TBR. Given that our MTN is due in January 2018, our Group has been exploring feasible options to redeem the bond early and to optimise our capital structure in order to maximise shareholder value.

Demand for Indonesian's high calorific, low sulphur and low ash coal in the region is still increasing due to the Chinese government's potential tightening of rules on low-quality and high ash content coal imports[3]***. In the near future, China intends to reject coal grades of below 3,400 GAR and those with high ash content of above 30% to uphold their strict environmental initiatives***[4]***.***

As most countries head into the winter season in the later part of the year, the Group expects stocking-up demand to pick up during the July to October period which should see current coal prices sustain or improve.

By driving performance and focusing on cash generation, we are delivering superior cash returns to our shareholders as our Group aims to becoming one of the top ten coal producers in Indonesia. We are also constantly exploring opportunities to acquire additional coal mining concessions to complement our portfolio of coal mining assets and are also exploring opportunities to divest stake in our coal mining

[1] Wood Mackenzie – Indonesian Coal Industry Summary Report, 4 July 2017
[2] Citi Research – The Coal Book 2017, 12 July 2017
[3] Reuters - China Authorities and Power Firms discuss Curbing Low-Quality Coal Imports, 12 May 2017
[4] Citi Research – The Coal Book 2017, 12 July 2017

concessions as a means to collaborate with strategic partners and raise capital to strengthen our portfolio to build higher returns for the future."

\- ***End*** **-**

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

Geo Energy is part of the Singapore FTSE index.

The Group's operations are primarily located in Indonesia. It 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. It now owns major mining concessions and coal mines in East and South Kalimantan, Indonesia with JORC coal reserves of over 90 million tonnes.

For more information, please visit www.geocoal.com

For more information please contact:
Romil SINGH, Colin LUM
geoenergy@financialpr.com.sg
Tel: (65) 6438 2990 Fax: (65) 6438 0064