

Geo Energy Announces Record Revenue of US\$316.3 million, underlying ⁽¹⁾ Net Profit of US\$47.6 million and Cash Profit of US\$99.9 million, and Delivers Record Coal Sales of 7.7 million tonnes for 2017

- Geo Energy recorded a 74% growth in revenue of US\$316.3 million in 2017, a new record since its public listing in 2012
- Underlying net profit increased to US\$47.6 million, a rise of 136% over last year
- Coal sales hit a new record level of 7.7 million tonnes with majority of the shipment driven by sustainable strong demand in China and resilient average coal index prices of around US\$43 per tonne in 2017
- Coal production from PT Tanah Bumbu Resources ("TBR") to commence in 2018 and is expected to increase Group's earnings further
- The Group targets for new investments and potential acquisitions of coal assets with its strong cash position of US\$265.8 million as at 31 December 2017

SINGAPORE, 1 March 2018 – Geo Energy Resources Limited ("Geo Energy" or "the Group"), an integrated Indonesian coal mining group, is pleased to announce another record set of financial results for the twelve months ended 31 December 2017.

(US\$ '000)	4Q2017 (Unaudited)	4Q2016 (Unaudited)	% change	2017 (Unaudited)	2016 (Audited)	% change
Revenue	92,826	91,950	1	316,303	182,109	74
Gross Profit	17,957	27,690	(35)	78,421	41,919	87
General & Administrative Expenses	(3,780)	(3,418)	11	(11,566)	(8,154)	42
Finance Costs	(8,842)	(1,439)	514	(12,735)	(6,047)	111
Net Profit	3,424	14,671	(77)	36,678	23,537	56
Earnings per share from continuing operations ⁽²⁾ Fully diluted (US cents)	0.26	1.21	(79)	2.88	1.95	48

1. The Group reports underlying net profit and cash profits to provide additional insight and understanding of the performance of the Group. Underlying net profit and cash profits excludes the non-recurring exceptional charges, legacy issues and additional interest charges arising from the refinancing of the MTN during the year.
2. Based on weighted average number of 1,329,273,113 ordinary shares for 4Q2017 (4Q2016: 1,212,273,113) and 1,273,818,318 ordinary shares for 2017 (2016: 1,206,248,522)

2017 Highlights

Revenues and net profit

The Group continued its strong growth momentum as it delivered a new record revenue of US\$316.3 million for 2017 since its listing in 2012. The Group managed to achieve its highest revenue performance with its key revenue driver, Coal Mining business segment, contributing 98% of its total revenue. Coal Mining revenue increased by 71% from US\$182.1 million in 2016 to US\$310.9 million in 2017. Coal Trading and Coal Mining Management Services business units had also provided new revenue streams of US\$2.1 million and US\$3.3 million respectively. The Group previously suspended Coal Trading business in 2015 to concentrate on its Coal Mining business while Coal Mining Management Services is a new business segment that focuses on advising other coal mines on mine planning and execution related services.

Gross profit increased by 87% to US\$78.4 million and cost of sales increased by 70% to US\$237.9 million in 2017. Excluding depreciation and amortisation, one-off additional assessment on mining royalties (which are now pegged to the Harga Batubara Acuan) and allowance on written down value of PT Bumi Enggang Khatulistiwa ("BEK")'s inventory, totalling US\$21.5 million, the Group's cash profit was US\$99.9 million or US\$12.86 per tonne in 2017 (of which US\$12.74 per tonne was contributed by the Coal Mining segment), an increase of 33% over the US\$9.66 per tonne in 2016.

The Group incurred higher general and administrative expenses of US\$11.6 million in 2017 as compared to US\$8.2 million in 2016. This is mainly due to a higher staff and other administrative costs as the Group expanded its operations, recorded share-based payment expense and incurred professional costs on the acquisition of TBR in 2017.

Finance costs increased from US\$6.0 million in 2016 to US\$12.7 million in 2017, mainly due to the additional interest expense on the Senior Notes in addition to the MTN that was redeemed in October 2017. The Group had successfully raised US\$300 million from the issuance of the Senior Notes on 4 October 2017.

Overall, the Group achieved a 56% increment in net profit from US\$23.5 million in 2016 to US\$36.7 million for 2017.

Underlying net profit and cash profit

Overall, the underlying net profit and cash profit increased by 136% and 88% to US\$47.6 million and US\$99.9 million from US\$20.2 million and US\$53.2 million in 2016, respectively. Underlying net profit and cash profit excludes the non-recurring exceptional charges, legacy issues and additional interest charges arising from the refinancing of the MTN during the year.

Cash flow and financial position

Geo Energy generated cash flows from operations of US\$46.3 million and paid US\$18.6 million in dividends as returns to shareholders in 2017.

As of 31 December 2017, the Group had total cash of US\$265.8 million, mainly from net proceeds from the issuance of its US\$300 million Senior Notes, US\$40 million advanced payment from Engelhart CTP (Singapore) Pte. Ltd ("ECTP") and operating cash flows for the year.

Subsequent to year end, the Group had entered into agreement in January 2018 for the provision of integrated coal mining support and infrastructure services from the Group's PT Sungai Danau Jaya ("SDJ") and TBR coal mines to the point of anchorage for exporting coal. The agreement had secured for the

Group, the long-term use of integrated logistics, transportation and facilities for SDJ and TBR's production and sales going forward.

As part of the agreement, the Group had given refundable deposits of approximately US\$30.0 million to the service providers to invest and expand the coal mining support and infrastructure for use by SDJ and TBR. The refundable deposits will be released progressively back to the Group over the next 1-2 years.

The balance of the cash held will be used for acquisition and investments to expand the Group's business and increase its coal reserves and for working capital purposes.

Business Outlook and Guidance

China has continued to be a main market for the Group's coal sales, representing 91% of total revenue. China is expected to continue to be the main market of the Group's exports of coal, due to its sustainable demand for the Group's brand of low caloric value, low ash and sulphur content coal from Indonesia. Furthermore, coal sales to India have almost tripled from US\$6.5 million in 2016 to US\$16.7 million in 2017. The Group shipped its first capesize vessel of coal of 153,240 tonnes from SDJ in December 2017.

Demand of growth in the use of coal as a main source of energy in South East Asia will be an upcoming market that the Group is targeting for as its next phase of market expansion. The Group is also exploring with various major offtakers on selling coal to Japan and South Korea (where there are many coal-fired power plants) to diversify its geographic revenue base.

The Group expects its near-term growth to be driven by the upcoming start of TBR, which should increase the Group's total production and sales to 11-12 million tonnes in 2018. The Group is currently in advanced discussions with various potential offtakers to secure a coal offtake agreement for TBR. On top of that, the Group's BEK mine has started to deliver 69,629 tonnes of 3,600 GAR coal in 2017. The BEK mine was previously under care and maintenance since 2014 due to unfavourable market conditions back then.

The Group is also working on new investments and acquisition of coal assets to strengthen its portfolio and drive growth in the longer-term.

Mr Tung Kum Hon, Chief Executive Officer of Geo Energy said, *"The quarter's underlying net profit was lower at US\$14.7 million (4Q2016: US\$16.3 million) due to lower coal sales caused by temporary limitations of coal holding area at the jetty following the rainy season in the last quarter. Underlying net profit for the year increased 136% to US\$47.6 million (2016: US\$20.2 million) and revenue for 2017 increased by 74%, mainly on higher average selling price of coal (+22%) as well as higher volume of coal shipped (+40%) during the year. The Group generated a cash profit of US\$99.9 million. Based on current share price of S\$0.235 as at 28 February 2018, we are trading at 4.7x on our 2017 underlying net profit. We paid US\$18.6 million in dividends as cash returns to shareholders in 2017, a dividend yield of 8.5% at current share price.*

Our Group is encouraged by continued improvement in our financial performance in 2017 despite our coal production at SDJ in South Kalimantan being affected by adverse weather conditions in 2Q2017 and 3Q2017.

The signing of the agreement on 31 January 2018 for the provision of integrated coal mining support and infrastructure services for the Group's SDJ and TBR coal mines to the point of anchorage for exporting coal secures the long-term use of integrated logistics, transportation and facilities for SDJ and TBR's production and sales going forward. It is a value creation for the Group as we are not investing but

supporting our service providers to expand their facilities to support our business expansion of SDJ and TBR.

2018 would be an exciting year ahead for Geo Energy. With the coal production of TBR starting in the year and a strong balance sheet (with a total cash of US\$265.8 million as of 31 December 2017 to invest in new coal assets and businesses and for working capital), we are positive that we are able to drive further improvements in productivity and deliver stronger cash profits to enhance our shareholder returns going forward. Our aim is to become one of the top ten coal producers in Indonesia."

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

Geo Energy Resources Limited ("Geo Energy") is listed on the Singapore Stock Exchange and 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, with JORC marketable coal reserves of over 90 million tonnes.

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