



GEO ENERGY GROUP
天然煤礦集團

GEO ENERGY RESOURCES LIMITED

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

This News Release does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The securities referred to herein will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), and may not be offered or sold in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act. Any public offering of securities to be made in the United States will be made by means of a prospectus. Such prospectus will contain detailed information about the company making the offer and its management and financial statements. None of GCI and Geo Energy (each as defined below) intends to make any public offering of securities in the United States.

News Release

Geo Energy Purchases an Aggregate Principal Amount of US\$21.3 million of its 8.0% Senior Notes Due 2022 Issued by Geo Coal International Pte. Ltd. in its Tender Offer Exercise

- Following the expiration deadline at 11.59 p.m., New York City time on 18 June 2020, an aggregate principal amount of US\$21.3 million of the Notes had been validly tendered (the **“Tendered Notes”**).
- GCI has waived the Requisite Consent Condition and will accept for purchase all of the Tendered Notes, which will reduce the outstanding principal amount of the Notes by 13.8% to US\$132.7 million from US\$154.0 million as at 21 May 2020.
- After the series of bond repurchases that has seen GCI reduce its outstanding Notes from US\$300.0 million to US\$132.7 million, the Group has reduced its annual financing costs by 55.8% or US\$13.4 million in coupon interest.

SINGAPORE, 19 June 2020 – Geo Energy Resources Limited (the “Geo Energy”, and together with its subsidiaries, the “Group”) (SGX: RE4), today announced that its tender offer for the 8.0% Senior Notes due 2022 issued by Geo Coal International Pte. Ltd. (“GCI”) (the “Notes”) had closed on 18 June 2020 at 11.59 p.m., New York City time (the “Expiration Date”).

An aggregate principal amount of US\$21.3 million of the Notes has been validly tendered prior to the Expiration Date. GCI has waived the Requisite Consent Condition and will accept for purchase all the Tendered Notes, thereby reducing the aggregate principal amount of outstanding Notes to US\$132.7 million from US\$154.0 million as at 21 May 2020.

Prior to the tender offer exercise, the Group had repurchased US\$146.0 million of its Notes in open market transactions (**“Repurchased Notes”**) which contributed a gain of US\$64.5 million for the Group. Upon the purchase of the Tendered Notes, the Group will record an additional gain of US\$11.8 million. Along with

Geo Energy Resources Limited

(Incorporated in the Republic of Singapore on 24 May 2010) (Co. Reg. No: 201011034Z)

12 Marina Boulevard, #16-01, Marina Bay Financial Centre Tower 3, Singapore 018982 T +65 6702 0888 F +65 6702 0880

The Suites Tower 17 Floor, Jln Boulevard, Pantai Indah Kapuk, No. 1 Kav OFS Jakarta 14470, Indonesia T +62 21 2251 1055 F +62 21 2251 1057

www.geocoal.com



the Repurchased Notes, the Group will have annual savings of US\$13.4 million in coupon interest on the Notes.

On 10 June 2020, the Group announced that its applications to increase the Rencana Kerja Anggaran Biaya (“**RKAB**”) (Work Plan and Budget) annual production quota for the Group’s PT Sungai Danau Jaya (“**SDJ**”) and PT Tanah Bumbu Resources (“**TBR**”) coal mines have been approved by the Indonesian Dinas Energi Dan Sumber Daya Mineral (Department of Energy and Mineral Resources), thereby increasing the Group’s 2020 production quota from a total of 8.0 million tonnes to 12.0 million tonnes.

Mr Tung Kum Hon, Chief Executive Officer of Geo Energy said, **“Through the completion of this tender offer exercise as part of our liability management, our Group delivered on its de-leveraging strategy, taking steps towards achieving our two key objectives of (1) improving our net debt position and (2) reducing our annual interest costs.**

The Group’s cash and bank balances as at 31 May 2020 was US\$89.4 million. After taking into consideration US\$9.5 million for the settlement of the Tendered Notes, including accrued interests of US\$0.4 million, the Group’s net debt as at 31 May 2020 would have been reduced to US\$52.6 million to be repaid in less than two and a half years on 4 October 2022, provided the Mandatory Offer to Purchase covenant under the Notes falls away on or before 4 April 2021.

We are now in a stronger financial position in an uncertain economic period. After the purchase of the Tendered Notes, our liquidity and solvency had improved, gearing reduced to 74% as at 31 May 2020, and annual interest costs lowered.

We will continue to proactively manage our capital structure and seek alternative sources of funding and joint ventures to expand our business going forward. In view of an increasingly uncertain outlook on coal prices further impacted by the ongoing COVID-19 situation, our Group is cautious in pursuing suitable earnings-accretive acquisitions or investments to increase our coal reserves. The current conditions provide opportunities for us to capitalise on smaller acquisitions. Doing so will enhance our business resilience over the long term into the post COVID-19 future.

The Group had received regulatory approval to increase its work plan and budget production quota (RKAB) for its SDJ and TBR mines by 50.0% to 12.0 million tonnes for 2020, whilst some Indonesian coal producers are revising their production output downwards.

Demand fluctuations are not new to mining. We operate in one geographical location and rely on a single product offering although our markets are diverse in China, India, and South East Asia. Although our mining has been able to keep operating through the COVID-19 crisis, we have also had to adapt and evolve. In an uncertain environment, we are focusing more on controlling the things we can control, and this has brought positive results in reducing our mining costs in the current year. The increased



RKAB would give the Group flexibility to increase its production volumes and revenue, if coal prices are favourable, albeit with increased levels of precautionary controls. 75% of the increased coal production would be sold to Trafigura and Macquarie Bank, SDJ's and TBR's coal offtakers respectively, under our existing agreements, with the remaining 25% to be sold under our Domestic Market Obligation (DMO) to local Indonesian power plants, IPP (independent power producers) and other end-user customers.

We remain as one of the lowest cost producers in Indonesia and are committed to manage our operating costs, improve our margins to enhance our profitability, increase our investment in local communities and improve our ESG (environmental, social and governance) reporting. We have contributed over US\$0.6 million towards various COVID-19 local and Indonesian Government CSR (corporate social responsibility) projects and initiatives since the start of the pandemic.

The Group is in the process of renewing the licenses of its SDJ and TBR coal mining concessions and completing its new exploration at the TBR concession to increase its JORC proved and probable coal reserves. It is expected that the combined JORC coal reserves of SDJ and TBR will increase from this new exploration in TBR and the Mandatory Offer to Purchase covenant may fall away with or without a small acquisition by 4 April 2021. We will update our stakeholders when there are further developments".

- End -

CAUTION IN TRADING

Shareholders, investors, and other persons are advised to exercise caution in trading the securities of Geo Energy. There is no certainty or assurance as at the date of this News Release that any potential acquisition(s) will proceed or be completed, or that the Group's business and operations will not be affected further by the current COVID-19 pandemic and the current depressed coal prices, if they continue further. Geo Energy will continue to closely monitor the situation and will make the necessary announcements and provide further updates as and when there are material developments. Shareholders, investors, and other persons are advised to read this News Release and any further announcements by Geo Energy carefully. They should consult their stockbrokers, bank managers, solicitors, or other professional advisors if they have any doubt about the actions they should take.

The Consent Solicitation and the Tender Offer was made solely pursuant to the offer to purchase and consent solicitation statement dated 21 May 2020 (the "Statement"), which governs and more fully sets out the terms and conditions of the Consent Solicitation and the Tender Offer, as well as additional information about how to submit the consent or tender instructions for the Notes. The Statement contains important information that should be read carefully before any decision is made with respect to the Consent Solicitation and the Tender Offer. Deutsche Bank AG, Singapore Branch has been appointed by GCI as Dealer Manager and Solicitation Agent in respect of the Consent Solicitation and Tender Offer.



This News Release does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The securities referred to herein will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), and may not be offered or sold in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act. Any public offering of securities to be made in the United States will be made by means of a prospectus. Such prospectus will contain detailed information about the company making the offer and its management and financial statements. None of the Geo Energy and GCI intends to make any public offering of securities in the United States.

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

Geo Energy is an Indonesian coal producer with an established track record in operating coal mines, coal production and selling coal throughout the region. Geo Energy started in 2008 as a coal mining services provider and was listed on the Mainboard of the Singapore Stock Exchange (“SGX”) in 2012 and is part of the Singapore FTSE-ST index.

Since then, Geo Energy has transformed 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 its 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.



For more information please contact:

Romil SINGH, Colin LUM

geoenergy@financialpr.com.sg

Tel: (65) 6438 2990 Fax: (65) 6438 0064