GEO ENERGY GROUP
天然煤矿集团

GEO ENERGY RESOURCES LIMITED

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

SGX Announcement

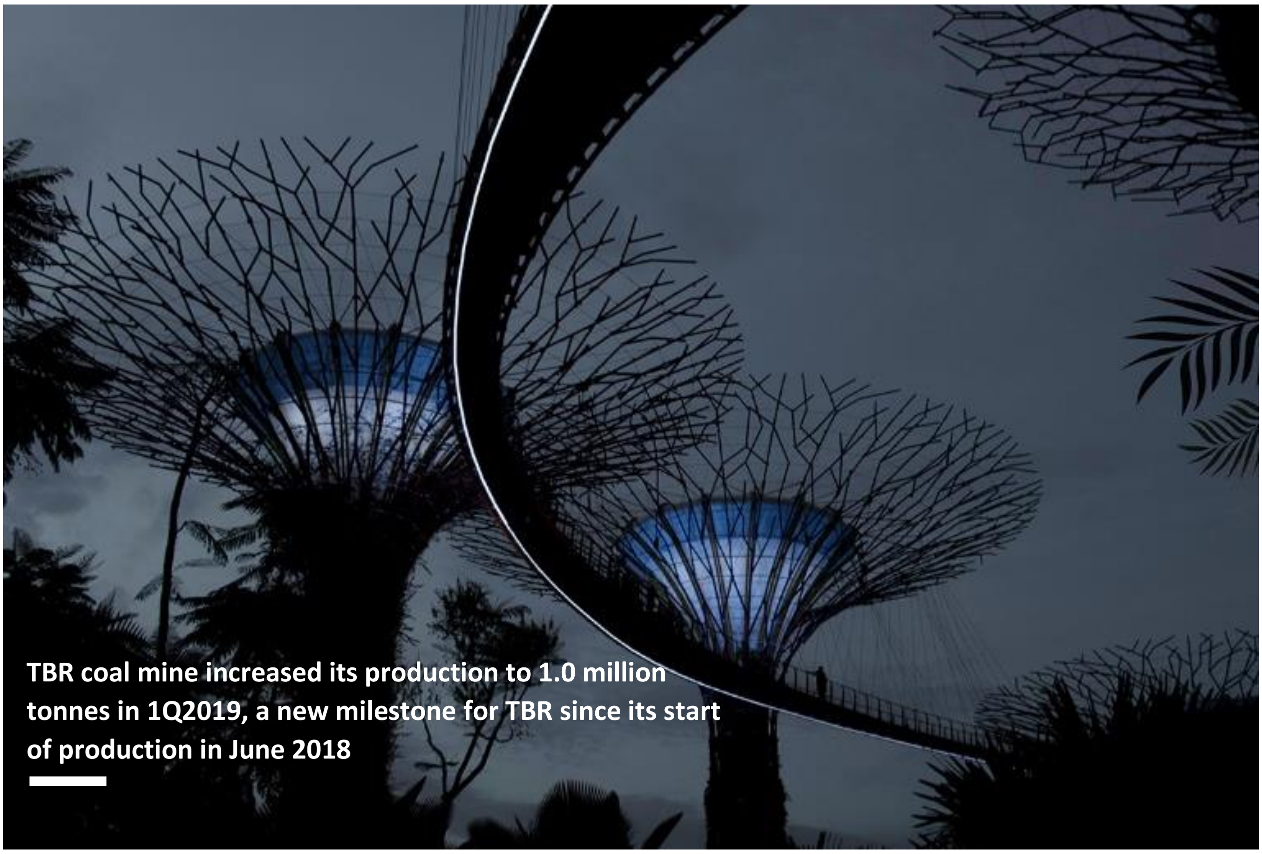
Geo Energy Resources Limited Results Announcement

First Quarter and Three Months Ended 31 March 2019

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 2018 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
First Quarter and Three Months Ended 31 March 2019



Geo Energy recorded a lower first quarter revenue of US$65.7 million and a net loss of US$8.7 million mainly due to weaker coal prices. Coal sales of 2.1 million tonnes from the Group's SDJ and TBR coal mines

The Group recorded coal sales of 2.1 million tonnes from its SDJ and TBR coal mines for the 3 months ended 31 March 2019 ("1Q2019"), an increase from 4Q2018 and 1Q2018 of 1.6 million tonnes and 1.9 million tonnes respectively. Included in the 2.1 million tonnes in 1Q2019 was 0.2 million tonnes of coal sold in the Indonesian domestic market as part of its Domestic Market Obligation ("DMO"). TBR coal mine increased its production to 1.0 million tonnes in the quarter, a new milestone for TBR since its start of production in June 2018.

The Group results were impacted by the weaker coal prices in 1Q2019 following the coal import restriction to China at the end of last year, which was eased during the period. Lower average Indonesian Coal Index ("ICI") price in 1Q2019 compared to 1Q2018 resulted in a lower average selling price ("ASP") (1Q2019: US$32.04 vs 1Q2018: US$46.49). This resulted in a decrease in the Group's revenue to US$65.7 million, causing 1Q2019 net loss of US$8.7 million in the quarter following a net loss of US$5.0 million in 4Q2018.

ICI prices for 4,200 GAR coal have since recovered to a high of US$40.32 per tonne on 8 March 2019 and ICI coal price for 4,200 GAR coal on 10 May 2019 was US$39.15 per tonne. We expect our results in the coming quarters to improve if coal prices recovery continues, and there is a reduction on the production cash costs especially with the ramp-up of TBR production.

The Group generated a positive cashflow from operations with better working capital management.

The Group has an existing cash balance of US$206.1 million as at 31 March 2019 for investment in new coal assets and businesses and for working capital. We have indicated a potential acquisition of new coal assets in a non-binding offer that we submitted for a producing coal mine in East Kalimantan in December 2018. We believe in continuing our growth momentum and staying on strategy for sustainable growth in the years ahead. Our aim is to become one of the top ten coal producers in Indonesia.

1Q2019 HIGHLIGHTS

- The Group sold 1.2 million tonnes of 4,200 GAR coal from the SDJ coal mine and another 0.9 million tonnes from the TBR coal mine, totalling 2.1 million tonnes of coal sold during the quarter. This was an increase from 4Q2018 and 1Q2018 of 1.6 million tonnes and 1.9 million tonnes respectively.

- Revenue decreased by 27% from US$90.5 million in 1Q2018 to US$65.7 million mainly due to lower ASP following the decrease in the average ICI prices in 1Q2019 as compared to 1Q2018. The ICI prices has recovered partially after the coal import restriction to China was eased in 1Q2019. The Group recorded an ASP of US$32.04 per tonne for 1Q2019, lower than US$46.49 per tonne in 1Q2018. The lower ASP compared to the ICI price was due to our pricing based on the average index prices of 3rd and 4th week prior to laycan shipment date (for SDJ coal) and average index prices of the month in which laycan takes place (for TBR coal). As we sold most of the SDJ coal early in the quarter based on a lagging price following the import restriction, the ASP was impacted. ASP has since recovered as shown by the increase in ICI prices in April and May 2019.

- Cash profit for coal mining segment for 1Q2019 averaged at US$1.80 per tonne (4Q2018: US$5.57 per tonne; 1Q2018: US$12.95 per tonne) against the ASP of US$32.04 per tonne for 4,200 GAR coal. Cash profit margin at 6% was driven primarily by the lower coal prices in December 2018 and early 2019.

- Average production cash costs of US$30.24 per tonne in 1Q2019 was a decrease from US$33.54 per tonne in 1Q2018 but a slight increase from US$29.59 per tonne in 4Q2018. If not for the higher costs relating to the temporary increase in overburden hauling distance ("OB distance") in SDJ mine, the average production cash cost in 1Q2019 would have been lower by $1.42 per tonne. The increase in OB distance was due to the disposal of overburden at the further end of the dumping site based on the current mining plan. The Group is looking at optimising the mining plan to reduce the OB distance in the coming quarters.

We continue to remain focused on our strategic objectives in 2019.

The Group will be focusing on increasing the sales to domestic customers to fulfil the DMO, which requires the Group to allocate a certain proportion of its production to the domestic market. We will be reviewing and applying for the Rencana Kerja Anggaran Biaya ("RKAB"), production quota set out by the local authority, in June 2019 to increase our production quota for the second half of 2019.

Our market capitalisation as at 10 May 2019 was S$237.9 million. For our bondholders, the price for our Senior Note has recovered by 7% from the lowest of US$84 on 23 January 2019 to US$90 on 2 May 2019.

The Directors has recommended a final dividend of S$0.004 per share for 2018, which was approved by the shareholders at the annual general meeting held on 25 April 2019. The final dividend will be paid on 17 May 2019. This represents our commitment to deliver returns back to shareholders.

Tung Kum Hon
Chief Executive Officer/Director

13 May 2019

Unaudited Financial Statements Announcement for the First Quarter and Three Months Ended 31 March 2019

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF RESULTS FOR FIRST QUARTER AND THREE MONTHS ENDED 31 MARCH 2019

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

	Group		
	3 months ended 31.3.2019 US$ (Unaudited)	**3 months ended 31.3.2018 US$ (Unaudited)**	**% Change**
Revenue	65,725,954	90,547,341	(27)
Cost of sales	(67,191,578)	(68,642,232)	(2)
Gross (loss) profit	**(1,465,624)**	**21,905,109**	**nm**
Other income	1,745,968	1,888,560	(8)
General and administration expenses	(3,755,232)	(2,548,616)	47
Other expenses	(492,386)	(1,685,347)	(71)
Finance costs	(6,633,710)	(7,681,166)	(14)
(Loss) profit before income tax	**(10,600,984)**	**11,878,540**	**nm**
Income tax credit (expense)	1,883,595	(2,894,640)	nm
(Loss) profit for the period	**(8,717,389)**	**8,983,900**	**nm**
Other comprehensive income, net of tax:			
Item that may be subsequently reclassified to profit or loss:			
- Exchange differences on translation of foreign operations	(100,327)	(117,421)	(15)
Total comprehensive income	**(8,817,716)**	**8,866,479**	**nm**

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

	Group		
	3 months ended 31.3.2019 US$ (Unaudited)	**3 months ended 31.3.2018 US$ (Unaudited)**	**% Change**
(Loss) profit attributable to:			
Owners of the Company	(8,713,610)	8,984,074	nm
Non-controlling interests	(3,779)	(174)	nm
	(8,717,389)	**8,983,900**	**nm**
Total comprehensive income attributable to:			
Owners of the Company	(8,822,184)	8,884,474	nm
Non-controlling interests	4,468	(17,995)	nm
	(8,817,716)	**8,866,479**	**nm**

nm - not meaningful

1(a)(iii) (Loss) profit before income tax is arrived at after charging/(crediting) the following:

	Group		
	3 months ended 31.3.2019 US$ (Unaudited)	**3 months ended 31.3.2018 US$ (Unaudited)**	**% Change**
Interest income	(1,590,970)	(1,335,764)	19
(Gain) loss on disposal of property, plant and equipment (net)	(161)	256	nm
Foreign exchange loss (net)	249,824	934,254	(73)
Interest expense on Senior Notes	6,000,000	6,000,000	-
Amortisation of transaction costs of Senior Notes	617,198	1,674,023	(63)
Amortisation of deferred gain	(109,260)	-	nm
(Reversal of) loss on financial asset carried at amortised cost	(41,802)	577,564	nm
Depreciation of property, plant and equipment	4,103,273	3,224,997	27
Amortisation of deferred stripping costs	1,276,306	310,361	311
Share-based payment expense	213,649	108,070	98

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	
	31.3.2019 US$ (Unaudited)	**31.12.2018 US$ (Audited)**	**31.3.2019 US$ (Unaudited)**	**31.12.2018 US$ (Audited)**
ASSETS				
Current assets				
Cash and bank balances	206,133,695	202,590,402	27,177,568	28,933,622
Trade and other receivables	30,462,661	25,043,611	58,685,782	57,493,923
Deposits and prepayments	26,219,430	23,631,249	1,019,529	962,907
Inventory	19,233,006	14,823,301	-	-
Total current assets	**282,048,792**	**266,088,563**	**86,882,879**	**87,390,452**
Non-current assets				
Trade and other receivables	20,209,390	20,216,791	3,136,900	3,144,300
Restricted cash deposits	3,485,246	3,435,846	-	-
Deposits and prepayments	23,263,394	25,238,521	105,397	105,420
Investment in subsidiaries	-	-	185,877,305	185,877,305
Deferred stripping costs	62,712,068	57,899,708	-	-
Property, plant and equipment	169,154,045	172,128,800	148,472	105,642
Deferred tax assets	3,751,932	3,420,792	11,733	11,954
Other non-current asset	153,698	153,698	153,698	153,698
Total non-current assets	**282,729,773**	**282,494,156**	**189,433,505**	**189,398,319**
Total assets	**564,778,565**	**548,582,719**	**276,316,384**	**276,788,771**

	Group		Company	
	31.3.2019 US$ (Unaudited)	**31.12.2018 US$ (Audited)**	**31.3.2019 US$ (Unaudited)**	**31.12.2018 US$ (Audited)**
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	100,416,883	74,390,700	150,495,755	151,264,683
Current portion of finance leases	209,038	152,325	74,039	18,598
Financial guarantee liability	-	-	1,580,855	1,576,536
Income tax payable	1,920,605	2,137,945	1,064,359	1,162,081
Total current liabilities	**102,546,526**	**76,680,970**	**153,215,008**	**154,021,898**
Non-current liabilities				
Trade and other payables	2,075,947	2,185,207	-	-
Finance leases	54,199	89,451	9,005	13,396
Notes payable	291,265,345	290,497,081	-	-
Provisions	1,858,870	1,753,433	106,658	105,540
Financial guarantee liability	-	-	3,960,777	4,353,831
Deferred tax liabilities	1,478,977	3,273,809	-	-
Total non-current liabilities	**296,733,338**	**297,798,981**	**4,076,440**	**4,472,767**
Capital, reserves and non-controlling interests				
Share capital	106,513,187	106,513,187	106,513,187	106,513,187
Capital and other reserve	2,232,895	2,019,246	4,478,951	4,265,302
Translation reserve	4,766,431	4,865,233	4,464,506	4,464,506
Retained earnings	51,801,506	60,524,888	3,568,292	3,051,111
Equity attributable to owners of the Company	**165,314,019**	**173,922,554**	**119,024,936**	**118,294,106**
Non-controlling interests	184,682	180,214	-	-
Total equity	**165,498,701**	**174,102,768**	**119,024,936**	**118,294,106**
Total liabilities and equity	**564,778,565**	**548,582,719**	**276,316,384**	**276,788,771**

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

	Group		Group	
	31.3.2019 US$ Secured (Unaudited)	**31.3.2019 US$ Unsecured (Unaudited)**	**31.12.2018 US$ Secured (Audited)**	**31.12.2018 US$ Unsecured (Audited)**
Amount repayable in one year or less, or on demand	209,038	-	152,325	-
Amount repayable after one year	54,199	291,265,345	89,451	290,497,081
	263,237	**291,265,345**	**241,776**	**290,497,081**

Details of any collateral and security:

As at 31 March 2019, the Group's finance lease liabilities are secured by the leased assets, motor vehicles.

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 proceeds of which was used to redeem the Medium-Term Notes of S$100 million due in January 2018, and the remainder will be used to make 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 31 March 2019, 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$388,735 was credited to the Company's profit or loss during the financial period ended 31 March 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	
	3 months ended 31.3.2019 US$ (Unaudited)	**3 months ended 31.3.2018 US$ (Unaudited)**
Operating activities		
(Loss) profit before income tax	**(10,600,984)**	**11,878,540**
Adjustments for:		
Depreciation of property, plant and equipment	4,103,273	3,224,997
Amortisation of deferred stripping costs	1,276,306	310,361
(Gain) loss on disposal of property, plant and equipment	(161)	256
Share-based payment expense	213,649	108,070
(Reversal of) loss on financial asset carried at amortised cost	(41,802)	577,564
Amortisation of transaction costs of Senior Notes	617,198	1,674,623
Amortisation of deferred gain	(109,260)	-
Interest expense	6,016,512	6,006,543
Interest income	(1,590,970)	(1,335,764)
Retirement benefit obligations	84,512	115,451
Net foreign exchange losses	633,442	426,140
Operating cash flows before movements in working capital	**601,715**	**22,986,781**
Trade and other receivables	(5,695,019)	5,643,842
Deposits and prepayments	(878,746)	(31,315,945)
Inventory	(4,781,441)	(1,825,847)
Trade and other payables	14,663,424	(12,082,602)
Cash generated from (used in) operations	**3,909,933**	**(16,593,771)**
Income tax paid	(508,271)	(1,633,406)
Net cash from (used in) operating activities	**3,401,662**	**(18,227,177)**
Investing activities		
Interest received	1,827,040	923,647
Addition to deferred stripping costs	(642,219)	(313,528)
Advance payments for purchase of property, plant and equipment	(776,682)	(80,811)
Purchase of property, plant and equipment	(160,178)	(59,303)
Proceeds from disposal of property, plant and equipment	3,935	19,474
Net cash from investing activities	**251,896**	**489,479**
Financing activities		
Decrease (increase) in deposits pledged	400,000	(1,691,983)
Decrease (increase) in restricted cash deposits	9,555	(97,114)
Interest paid	(5,095)	(5,439)
Repayment of obligations under finance leases	(134,770)	(49,335)
Net cash from (used in) financing activities	**269,690**	**(1,843,871)**
Net increase (decrease) in cash and cash equivalents	**3,923,248**	**(19,581,569)**
Cash and cash equivalents at beginning of the period	197,190,402	262,462,723
Effect of exchange rate changes on the balance held in foreign currencies	20,045	(1,622)
Cash and cash equivalents at end of the period (Note A)	**201,133,695**	**242,879,532**

Note A		
Cash on hand and at banks	147,866,112	97,796,832
Deposits	58,267,583	150,082,700
Cash and bank balances	206,133,695	247,879,532
Restricted cash deposits (non-current)	3,485,246	4,243,186
	209,618,941	**252,122,718**
Less: Deposits pledged	(5,000,000)	(5,000,000)
Less: Restricted cash deposits (non-current)	(3,485,246)	(4,243,186)
Cash and cash equivalents	**201,133,695**	**242,879,532**

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 1.1.2019 (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)
Transactions 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**
Balance at 1.1.2018 (audited)	95,069,461	871,762	(12,858,989)	70,051,598	153,133,832	1,312,376	154,446,208
Adjustment from adoption of SFRS(I)	-	-	18,232,460	(18,232,460)	-	-	-
Balance at 1.1.2018 As restated (unaudited)	95,069,461	871,762	5,373,471	51,819,138	153,133,832	1,312,376	154,446,208
Profit for the period	-	-	-	8,984,074	8,984,074	(174)	8,983,900
Other comprehensive income for the period	-	-	(99,600)	-	(99,600)	(17,821)	(117,421)
Transaction with owners, recognised directly in equity:							
Deemed capital contribution*	-	108,070	-	-	108,070	-	108,070
Balance at 31.3.2018 (unaudited)	**95,069,461**	**979,832**	**5,273,871**	**60,803,212**	**162,126,376**	**1,294,381**	**163,420,757**

Company	**Share capital US$**	**Capital and other reserves US$**	**Translation reserve US$**	**Retained earnings US$**	**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**
At 1.1.2018 (as restated)	**95,069,461**	**495,570**	**4,464,506**	**(2,528,685)**	**97,500,852**
Profit for the period	-	-	-	9,922,924	9,922,924
Transactions with owners, recognised directly in equity:					
Deemed capital contribution*	-	108,070	-	-	108,070
At 31.3.2018 as restated	**95,069,461**	**603,640**	**4,464,506**	**7,394,239**	**107,531,846**

* 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 grant 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 31 March 2019, the Company's share capital comprised 1,399,273,113 shares (31 December 2018: 1,399,273,113 shares). There were no outstanding convertibles or treasury shares as at 31 March 2019 and 31 March 2018.

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 31 March 2019, no warrant was exercised.

On 11 January 2019, the Group has 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. The vesting period of the options commences after the first anniversary from the date of the grant.

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.

	31.3.2019	**31.12.2018**
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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year compared with those of the audited financial statements for the year ended 31 December 2018.

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

The adoption of new and revised standards did not have substantial effect on the financial performance and position of the Group except for the adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 *Leases* which took effect on 1 January 2019. In compliance with SFRS(I) 16 *Leases*, the Group has applied the following practical expedients permitted by the Standard:

- No reassessment on whether a contract is or contains a lease if the contract was entered into before 1 January 2019. Accordingly, the definition of a lease in accordance with SFRS(I) 1-17 and SFRS(I) INT 4 will continue to be applied to those leases entered or modified before 1 January 2019.
- The Group accounted for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases.

The Group has applied SFRS(I) 16 retrospectively with the cumulative effect of initially applying the Standard recognised as an adjustment to the opening balance of retained earnings at the date of initial application, as permitted under the specific transition provision in the Standard.

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	
	3 months ended 31.3.2019 (Unaudited)	**3 months ended 31.3.2018 (Unaudited)**
Earnings per share ("EPS")		
(Loss) Earnings for computing EPS (US$)	(8,713,610)	8,984,074
Weighted average number of ordinary shares [(1)]	1,399,273,113	1,329,273,113
Basic and diluted EPS based on weighted average number of ordinary shares (US cents) [(2)]	(0.62)	0.68
Basic and diluted EPS based on weighted average number of ordinary shares (SG cents) [(3)]	(0.84)	0.89

(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 31 March 2019 and 31 March 2018 of US$:S$ exchange rates of 1.3556 and 1.3117 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	
	31.3.2019 (Unaudited)	**31.12.2018 (Audited)**	**31.3.2019 (Unaudited)**	**31.12.2018 (Audited)**
Net asset value (US$)	165,314,019	173,922,554	119,024,936	118,294,106
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)	11.81	12.43	8.51	8.45
Net asset value per ordinary share (SG cent) [(1)]	16.02	16.97	11.53	11.55

(1) Numbers were translated using the 31 March 2019 and 31 December 2018 of US$:S$ exchange rates of 1.3556 and 1.3657 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 3 months ended 31.3.2019 (Unaudited)	Group 3 months ended 31.3.2018 (Unaudited)
Revenue		
Sales Volume (million tonnes)	2.1	1.9
- SDJ	1.2	1.9
- TBR	0.9	-
Average Indonesian Coal Index Price (US$/tonne)	35.49	48.01
Average Selling Price (US$/tonne)	32.04	46.49
Production		
Production Volume (million tonnes)	1.9	2.1
- SDJ	1.0	2.1
- TBR	0.9	-
Strip Ratio (times)		
- SDJ	2.8	4.4
- TBR	3.6	-
Production Cash Cost (US$/tonne)	30.24	33.54
Cash Profit (US$/tonne)	**1.80**	**12.95**

Financial performance (1Q2019 vs. 1Q2018)

Revenue decreased by US$24.8 million to US$65.7 million due to lower Average Selling Price ("ASP") resulting from the decrease in the average Indonesian Coal Index ("ICI") price in 1Q2019 compared to 1Q2018.

The Group sold 1.2 million tonnes of 4,200 GAR coal from the SDJ coal mine and 0.9 million tonnes from the TBR coal mine, totalling 2.1 million tonnes of coal sold during the quarter. This was an increase from 4Q2018 and 1Q2018 of 1.6 million tonnes and 1.9 million tonnes respectively.

The average ICI price for 4,200 GAR coal was US$35.49 per tonne in 1Q2019, up from US$33.48 per tonne in 4Q2018 but down from US$48.01 in 1Q2018. The ICI prices were recovering as coal import restrictions to China were eased during the period. The Group recorded an ASP of US$32.04 per tonne for 1Q2019, lower than US$46.49 per tonne in 1Q2018. The lower ASP compared to the ICI price was due to our pricing based on the average index prices of the precedent 3rd and 4th week and the month in which laycan takes place.

The Group recorded a **gross loss** of US$1.5 million, compared to the gross profit of US$21.9 million recorded in 1Q2018. In addition to the lower ASP in 1Q2019, the cost of sales was higher for TBR in its initial production due to the higher strip ratio ("SR") and pre-stripping costs. This is expected to be reduced progressively. In terms of production cash costs, there was a decrease in 1Q2019 compared to 1Q2018.

Key factors affecting 1Q2019 performance in comparison to 4Q2018 include:

- overburden hauling distance ("OB distance") for SDJ mine increased from 2.5 km in 4Q2018 to 3.9 km in 1Q2019, resulting in additional US$1.42 per tonne;
- fuel prices increased by 12% during the quarter;
- SR for SDJ increased from 1.4 in 4Q2018 to 2.8 in 1Q2019 (down from 4.4 in 1Q2018);
- SR for TBR increased from 1.1 in 4Q2018 to 3.6 in 1Q2019

The saving from the SDJ's lower SR was offset by the increase in costs relating to OB distance in SDJ and increase in fuel prices. The temporary increase in OB distance was due to the disposal of overburden at the further end of the dumping site based on the current mining plan. The Group is looking at optimising the mining plan to reduce the OB distance in the coming quarters.

Cash profit for coal mining averaged US$1.80 per tonne in 1Q2019 compared to an average of US$5.57 per tonne in 4Q2018 and US$12.95 per tonne in 1Q2018. The lower cash profit was mainly due the lower ASP caused by lower ICI price in the quarter.

Group (All figures in US$'000 except as indicated)	**Coal mining**	**Coal trading**	**Coal mining management services**	**Total**
3 months ended 31.3.2019 (unaudited)				
Volume (tonnes)	2,051,187	-	-	2,051,187
Revenue	65,726	-	-	65,726
Cost of sales	(67,192)	-	-	(67,192)
Gross loss	(1,466)	-	-	(1,466)
Non-cash items:				
Depreciation & amortisation	5,168	-	-	5,168
Cash profit	**3,702**	**-**	**-**	**3,702**
3 months ended 31.12.2018 (unaudited)				
Volume (tonnes)	1,599,494	-	-	1,599,494
Revenue	56,246	-	-	56,246
Cost of sales	(49,879)	-	-	(49,879)
Gross profit	6,367	-	-	6,367
Non-cash items:				
Depreciation & amortisation	2,342	-	-	2,342
Allowance for inventory written-down value	193	-	-	193
Cash profit	**8,902**	**-**	**-**	**8,902**
3 months ended 31.3.2018 (unaudited)				
Volume (tonnes)	1,936,817	-	-	1,936,817
Revenue	90,037	-	510	90,547
Cost of sales	(68,366)	-	(276)	(68,642)
Gross profit	21,671	-	234	21,905
Non-cash items:				
Depreciation & amortisation	3,419	-	-	3,419
Cash profit	**25,090**	**-**	**234**	**25,324**

The Group's coal mining management service and coal trading with PT Angsana Jaya Energi ("AJE"), a holder of coal mining concession for an area that is adjacent to SDJ and TBR coal mines, were completed in 1Q2018 and the Group has yet to sign any new coal mining management services or coal trading with other parties.

Loss before income tax of US$10.6 million includes:

- Other income of US$1.7 million. The decrease of US$0.1 million was mainly due to cessation of services performed for AJE in 1Q2018 resulting in no marketing fee being recorded in 2019, offset by higher interest income earned from the amount placed in short-term investments and deposits;

- General and administrative expenses of US$3.8 million. The increase of US$1.2 million was mainly due to higher staff costs and professional fees incurred, as well as share-based payment expense arising from the grant of share options pursuant to the Geo Energy share option scheme on 11 January 2019;

- Other expenses of US$0.5 million. The decrease of US$1.2 million was mainly due to lower forex loss in the quarter and loss on financial assets carried at amortised cost recorded in 1Q2018, the latter of which did not reoccur in 1Q2019;

- Finance costs of US$6.6 million. The decrease of US$1.0 million was mainly due to the adjustment on the amortisation of transaction costs of Senior Notes which took effect from 4Q2018; and

- Depreciation and amortisation of US$5.4 million. The increase of US$1.8 million was mainly due to higher volume of coal sales in the quarter.

Income tax credit amounted to US$1.9 million, in line with losses incurred before tax. Effective tax rate of 18% was mainly due to non-deductible expenses, mainly depreciation of mining properties and amortisation of transaction costs of Senior Notes.

Overall, the Group incurred a loss of US$8.7 million for the period, mainly due to lower ASP and higher general and administrative costs. This was partially offset by lower production costs, other expenses and finance costs.

8.2 Financial Position

<u>Group</u>

Current Assets
Current assets increased by US$16.0 million to US$282.0 million as at 31 March 2019.

Cash and bank balances increased by US$3.5 million to US$206.1 million as at 31 March 2019, mainly due to improved working capital management, receipts from coal sales and partially offset by income tax payment.

Trade and other receivables of US$30.5 million as at 31 March 2019 comprise mainly trade receivables of US$18.9 million and non-trade receivables of US$11.6 million. The increase of US$5.4 million from US$25.0 million as of 31 December 2018 was mainly due to increases in prepaid income tax for our Indonesian subsidiaries by US$1.8 million and trade receivables by US$3.6 million.

Deposits and prepayments increased by US$2.6 million to US$26.2 million as at 31 March 2019 mainly due to the reclass of certain prepayments from non-current to current.

Inventory increased by US$4.4 million to US$19.2 million as at 31 March 2019 due to coal stockpiled at the TBR coal mine and higher production cash cost per tonne in 1Q2019 as compared to 4Q2018 (1Q2019: US$30.24 vs 4Q2018: US$29.59).

Non-current Assets
Non-current assets increased by US$0.2 million to US$282.7 million as at 31 March 2019, mainly due to increases in deferred stripping costs by US$4.8 million (pre-stripping cost upon commencement of production at the TBR coal mine) and deferred tax assets ("DTA") by US$0.3 million. These were partially offset by decreases in property, plant and equipment ("PPE") by US$3.0 million (mainly from depreciation, offset by additions during the quarter) and deposits and prepayments by US$2.0 million (due to abovementioned reclass of certain prepayments to current asset).

Current Liabilities
Current liabilities increased by US$25.9 million to US$102.5 million as at 31 March 2019, mainly due to increases in trade and other payables by US$26.0 million and finance leases by US$0.1 million, offset by decrease in income tax payable by US$0.2 million. Increase in trade and other payables was mainly due to increases in accruals, trade payables, accrued interest on Senior Notes, and advances from customers.

Non-current Liabilities
Non-current liabilities decreased by US$1.1 million to US$296.7 million as at 31 March 2019, mainly due to decreases in deferred tax liability by US$1.8 million and non-current portion of deferred gain (from the issuance of new ordinary shares and warrants in connection with the Offtake of TBR coal mine with Macquarie) by US$0.1 million, due to its amortisation being credited to the Group's profit or loss. These were partially offset by the interests accrued on the Senior Notes of US$0.8 million and increase in provisions by US$0.1 million.

Contingent Liability
In 2016, some subsidiaries were audited by Indonesian Tax Office ("ITO"). ITO assessed an underpayment of tax expenses of approximately US$3.9 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 legal firm in Jakarta, Indonesia. Closing Statements with our point of view had been submitted to the Court of Appeal in July 2018. Final decision is expected to be received by the third quarter of 2019. No provision has been recognised in the financial statements as the Group does not consider that there is any probable loss.

Financial Guarantee
As at 31 March 2019, the Company and some subsidiaries have issued corporate guarantees to bondholders for Senior Notes issued by a subsidiary of US$300,000,000 (2017: US$300,000,000).

<u>Company</u>

Current Assets
Current assets decreased by US$0.5 million to US$86.9 million as at 31 March 2019, mainly due to decrease in cash and bank balances by US$1.8 million, partially offset by increases in intercompany receivables by US$1.2 million and deposits and prepayments by US$0.1 million.

Current assets of US$86.9 million as at 31 March 2019 mainly comprised cash and bank balances of US$27.2 million, intercompany receivables of US$58.5 million and deposits and prepayments of US$1.0 million.

Non-current Assets
Non-current assets mainly comprised investment in subsidiaries of US$185.9 million and other receivable of US$3.1 million, same as 2018.

Current Liabilities
Current liabilities decreased by US$0.8 million to US$153.2 million as at 31 March 2019. This was mainly due to decreases in intercompany payables, accruals, other payables, and income tax payable.

Net current Liabilities
The Company's working capital was negative US$66.3 million, mainly due to the decrease in cash and bank balances, partially offset by the increase in intercompany receivables and decreases in payables. Based on the Group's current financial performance and financial position as at 31 March 2019 with a total cash of US$206.1 million and positive working capital of US$179.5 million, the Company will be able to pay its debt as and when they fall due.

Non-current Liabilities
Non-current liabilities as at 31 March 2019 comprise financial guarantee liability, provisions and finance leases. The decrease of US$0.4 million to US$4.1 million was due to the amortisation of financial guarantee liability of US$0.4 million to the profit and loss as deemed guarantee income.

8.3 Cash Flow

<u>Group</u>

Cash Flow (1Q2019 vs. 1Q2018)

Net cash from operating activities was US$3.4 million. Operating cash flows before movements in working capital was an inflow of US$0.6 million, due to the adjustments of the Group's non-cash expenses on its loss before tax.

Working Capital
Working capital movement was positive US$3.3 million in 1Q2019, in contrast to the negative working capital of US$39.6 million in 1Q2018. This was due to the Group making advance payments for provision of integrated coal mining support and infrastructure services from the SDJ and TBR coal mine in 1Q2018 (no such payment in the quarter), and less settlement of trade and other payables in 1Q2019.

Net cash from investing activities of US$0.3 million was mainly due to interest received of US$1.8 million, offset by addition to deferred stripping costs of US$0.6 million for the TBR coal mine operation, purchase of PPE of US$0.2 million and advance payment for purchase of PPE of US$0.8 million.

Net cash from financing activities of US$0.3 million was due to the decrease of US$0.4 million in deposits pledged, partially offset by the repayment of finance lease obligations of US$0.1 million.

Overall, total cash and cash equivalent as of 31 March 2019 was US$201.1 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 the first quarter ended 31 March 2019, the Group has achieved coal sales of 2.1 million tonnes from SDJ and TBR coal mines. This is in line with the Group's previously announced targeted production and sales of at least 8 million tonnes of coal for both SDJ and TBR in 2019.

The target was based on the production quota received and set out in the Rencana Kerja Anggaran Biaya ("RKAB") – Work Plan and Budget, which specifies the given export volumes and what is to be set aside for the Domestic Market Obligation ("DMO"). The Group will be reviewing the RKAB in June this year and if needed, the Group will increase the production quota with the Indonesian mining authorities.

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$8.86 per tonne from US$30.29 per tonne on 28 December 2018 to US$39.15 per tonne on 10 May 2019, with coal prices hitting a high of US$40.32 per tonne on 8 March 2019. For 1Q2019, the average ICI for 4,200 GAR coal was at US$35.49 per tonne, an increase of US$2.01 per tonne as compared to US$33.48 per tonne in 4Q2018 but down by US$12.52 per tonne from 1Q2018.

According to McCloskey report, Asian thermal markets remained firm, with support for Australian and Indonesian prices. Indonesian low-rank coal was trading at US$37.75-US$38.50 per tonne FOB, basis 4,200 GAR, for May loading geared vessels. Indian buying, however, remained limited, with buyers shifting low-rank Indonesian interest down from 4,200 GAR to 3,400-3,800 GAR.[1]

Major Indonesian miners face capacity crunch due to shortage of heavy equipment. The Indonesian Ministry of Energy and Mineral Resources has set a production target of 489 million tonnes for 2019, significantly lower than the 557 million tonnes of output realised in 2018. But authorities have vowed to revise output upwards in the second half of the year. The characteristics of Indonesian coal being mainly low sulphur and low ash have made it popular to many end users for blending purposes. Although Indonesian low-calorific value ("CV") coal will continue to have a place in in both China and India.[1]

In line with the above, the Group will be reviewing the RKAB in June this year and if needed, the Group will increase the production quota with the Indonesian mining authorities.

With the Group's existing cash balance of over US$200 million as at 31 March 2019, the Group is currently working on opportunities to optimise its coal assets portfolio, by acquiring additional coal mining concessions to complement the Group's portfolio of coal mining assets. The Group submitted a non-binding offer for a producing coal mine in East Kalimantan and continues to be working closely on this potential acquisition. Barring unforeseen circumstances, the Group aims to expand its coal reserves by 100 million tonnes with a target return on investment in excess of 20%.

[1] McCloskey Coal Report Issue 458, 18 April 2019

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

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

The Directors recommended the payment of a final dividend in respect of the financial year ended 31 December 2018, which was approved by the shareholders at the annual general meeting of the Company held on 25 April 2019. The final dividend will be paid on 17 May 2019.

No dividend has been declared for the first quarter ended 31 March 2019.

(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

No dividend has been declared or recommended. The Company will maintain its existing dividend policy and act in accordance to it.

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 first quarter ended 31 March 2019 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

13 May 2019

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

Geo Energy Resources Limited ("Geo Energy") is one of the major coal producers in Indonesia and is listed on the Singapore Stock Exchange and is part of the Singapore FTSE-ST index.

The Group is ranked 17th in the inaugural award for Singapore's Fastest Growing Companies 2019 presented by The Straits Times and Statista based on the strongest revenue growth in recent years.

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 owns major mining concessions and coal mines in East and South Kalimantan, Indonesia.

For more information, please visit www.geocoal.com

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