



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 Business Update

Third Quarter and Nine Months Ended 30 September 2024

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 2023. 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.

Business Update:

To: Shareholders

The Board of Directors (the "Board") of Geo Energy Resources Limited (the "Company", and together with its subsidiaries the "Group") reports the following:

- Business update for the third quarter and nine months ended 30 September 2024, as set out in the accompanying key items from the consolidated financial statements and other information.
- The Company is declaring an interim dividend of 0.2 SG cent per share and remains committed to its dividend policy and will assess the full-year results performance at year end before declaring the final dividend.
- As announced on 1 August 2024, the Group has exercised its option to acquire additional 257 PT Marga Bara Jaya ("MBJ") shares, representing 25.70% of the issued MBJ shares, at a purchase price of USD150 per share, bringing its shareholdings from 33.00% to 58.70%. Management is in midst of a Purchase Price Allocation ("PPA") exercise in relation to the step-up acquisition of MBJ, with the targeted completion of the PPA exercise in 4Q2024. The results of the PPA exercise on the step-up acquisition will be recorded in 4Q2024 and is not included in this business update.
- As announced on 6 August 2024, the Group had signed an Engineering, Procurement and Construction ("EPC") contract with a consortium comprising CCCC First Harbor Consultants Co., Ltd ("CCCC-FHC") and NORINCO International Cooperation Ltd ("Norinco") for an Integrated Infrastructure project. Land clearing and cut and fill works in relation to the cut and fill contract as announced previously on 1 August 2024 have since commenced and is progressing as scheduled.

On behalf of the Board,

Charles Antony Melati
Executive Chairman & CEO
12 November 2024

Consolidated Statement of Profit or Loss

	Group			Group		
	3 months ended 30.9.2024 US\$ (Unaudited)	3 months ended 30.9.2023 US\$ (Unaudited)	% Change	9 months ended 30.9.2024 US\$ (Unaudited)	9 months ended 30.9.2023 US\$ (Unaudited)	% Change
Revenue	84,321,690	111,012,935	(24)	253,739,258	350,777,213	(28)
Cost of sales	(70,264,301)	(95,163,459)	(26)	(212,451,455)	(286,933,201)	(26)
Gross profit	14,057,389	15,849,476	(11)	41,287,803	63,844,012	(35)
Other income	2,047,199	4,345,422	(53)	23,289,676	6,537,111	256
General and administrative expenses	(3,190,060)	(2,797,775)	14	(9,437,803)	(7,723,481)	22
Share of results of associates	447,608	-	nm	1,785,405	-	nm
Other expenses	(271,067)	(139,914)	94	(271,067)	(1,172,868)	(77)
Finance costs	(5,039,174)	(162,178)	nm	(14,933,124)	(229,789)	nm
Profit before income tax	8,051,895	17,095,031	(53)	41,720,890	61,254,985	(32)
Income tax expense	(1,003,803)	(5,629,043)	(82)	(7,879,289)	(21,784,971)	(64)
Profit for the period	7,048,092	11,465,988	(39)	33,841,601	39,470,014	(14)

nm - not meaningful

Selected items from the Consolidated Statement of Profit or Loss:

	Group			Group		
	3 months ended 30.9.2024 US\$ (Unaudited)	3 months ended 30.9.2023 US\$ (Unaudited)	% Change	9 months ended 30.9.2024 US\$ (Unaudited)	9 months ended 30.9.2023 US\$ (Unaudited)	% Change
Interest income	944,658	1,108,515	(15)	2,960,821	3,899,271	(24)
Gain on sale of rights to certain receivables	-	-	nm	18,000,000	-	nm
Foreign exchange gain (loss) - net	639,214	835,057	(23)	1,163,368	(700,708)	nm
Depreciation and amortisation	(6,700,119)	(6,217,104)	8	(18,370,842)	(15,653,231)	17
Amortisation of deferred gain	35,848	71,113	(50)	89,182	168,049	(47)
Other expenses arising from finalisation of tax assessments	(227,537)	(3,959)	nm	(227,537)	(11,044)	nm
Allowance for inventory written-down	-	-	nm	-	(99,858)	(100)

nm - not meaningful

Selected items from the Statements of Financial Position

	Group		Company	
	30.9.2024 US\$ (Unaudited)	31.12.2023 US\$ (Audited)	30.9.2024 US\$ (Unaudited)	31.12.2023 US\$ (Audited)
Total assets	949,082,856	937,367,723	251,957,510	259,908,413
Comprising:				
Cash and bank balances	85,665,515	135,804,104	21,093,721	18,707,259
Inventories	61,598,399	46,362,342	-	-
Trade and other receivables	93,861,718	81,075,285	33,744,364	56,968,755
Investment in associates	25,988,315	25,693,330	-	-
Deposits and prepayments	84,179,624	63,655,504	343,310	360,373
Deferred stripping costs	50,162,662	43,227,738	-	-
Mining properties	423,309,328	427,418,358	-	-
Total liabilities	421,358,037	437,763,300	51,101,809	50,459,518
Comprising:				
Trade and other payables	98,113,865	96,247,104	21,090,012	27,684,209
Lease liabilities	5,363,220	23,758,673	-	-
Income tax payable	1,021,177	1,268,490	127,820	29,168
Bank borrowings	227,618,830	226,246,723	29,855,577	22,708,082

Total equity	527,724,819	499,604,423	200,855,701	209,448,895
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Selected items from the Consolidated Statement of Cashflows

	Group		Group	
	3 months ended	3 months ended	9 months ended	9 months ended
	30.9.2024	30.9.2023	30.9.2024	30.9.2023
	US\$	US\$	US\$	US\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Operating cashflow	38,337,790	4,325,371	7,229,122	(23,787,217)
Comprising:				
Operating cash flows before movement in working capital	17,648,395	21,395,318	69,860,503	70,727,313
Working capital	25,284,674	(6,602,590)	(49,793,343)	(46,265,317)
Income tax paid	(4,586,642)	(10,456,297)	(12,821,717)	(48,216,211)
Investing cashflow	(25,705,199)	(19,418,709)	(24,374,668)	(25,764,272)
Comprising:				
Interest received	805,129	1,042,590	3,116,291	3,922,398
Deposit paid for acquisitions	-	(15,419,557)	-	(15,419,557)
Disbursement for convertible loan	-	(4,000,000)	-	(4,000,000)
Capital expenses	(26,543,319)	(1,041,742)	(29,105,082)	(10,267,113)
Financing cashflow	(5,328,447)	(8,495,730)	(34,885,236)	(57,154,573)
Comprising:				
Dividend paid	(2,114,046)	(5,172,002)	(10,382,843)	(52,277,315)
Withholding taxes paid	-	(2,629,886)	-	(9,341,789)
Sale of treasury shares	-	-	5,000,000	-
Repurchases of shares	-	-	(757,764)	(2,029,833)
Proceeds (repayments) of bank borrowings and lease liabilities - net	(1,506,493)	(672,924)	(27,267,080)	5,703,479

Key Operating Matrix

	Group		Group	
	3 months ended	3 months ended	9 months ended	9 months ended
	30.9.2024	30.9.2023	30.9.2024	30.9.2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue – Coal mining				
Sales Volume (million tonnes)	1.7	2.2	4.9	5.9
- SDJ	0.3	0.4	1.2	1.5
- TBR	1.1	1.8	3.1	4.3
- BEK	0.03	0.05	0.2	0.1
- TRA ⁽¹⁾	0.2	-	0.5	-
Average Indonesian Coal Index Price for 4,200 GAR ("ICI4") (US\$/tonne)	51.64	52.07	54.63	64.33
Average Selling Price ("ASP") (US\$/tonne)	49.33	49.68	51.38	59.65
Production				
Production Volume – Finished goods (million tonnes)	2.1	2.2	4.9	6.2
- SDJ	0.5	0.4	1.0	1.5
- TBR	1.3	1.7	3.1	4.6
- BEK	0.02	0.05	0.2	0.1
- TRA ⁽¹⁾	0.3	-	0.6	-
Strip Ratio – Sales (times)				
- SDJ	3.5	4.0	3.5	2.8
- TBR	3.3	4.6	3.4	5.5
- TRA ⁽¹⁾	1.4	-	2.1	-
Production Cash Cost (US\$/tonne)	37.29	39.88	39.40	46.19
Cash Profit (US\$/tonne)	12.04	9.80	11.98	13.46
Cash Profit Margin (%)	24.4	20.0	23.3	23.0
Net Profit Margin (%)	8.4	10.3	13.3	11.3
Net Asset Value - Group (SG cents) ⁽²⁾	48.34	38.40	48.34	38.40
Earnings per Share - Basic (SG cents) ^{(2) (3)}	0.68	1.13	3.14	3.79

- (1) On 18 October 2023, the Group completed the acquisition of PT Golden Eagle Energy Tbk ("GEE"), which includes the TRA mine. Accordingly, there are no comparative figures for the period ended 30 September 2023.
- (2) Numbers were translated using the 30 September 2024 and 2023 of US\$:S\$ exchange rates of 1.2841 and 1.3698 respectively.
- (3) The calculation for the basic EPS is based on the weighted average number of ordinary shares in issue during the respective financial period.

3Q2024 Summary

- The Group achieved quarterly revenue of US\$84.3 million, a decrease of 24% from 3Q2023, mainly due to lower sales volume and ASP. The average ICI4 was US\$51.64 per tonne in 3Q2024, compared to US\$52.07 per tonne in 3Q2023.
- The Group delivered coal sales of 1.7 million tonnes in 3Q2024 (3Q2023: 2.2 million tonnes), mainly comprising 1.1 million tonnes, 0.3 million tonnes, and 0.2 million tonnes of coal from the TBR, SDJ, and TRA coal mines respectively. The Group's production for the same period was 2.1 million tonnes of coal, with excess of approximately 0.4 million tonnes to be sold in 4Q2024. This was due to adverse weather conditions impeding coal transportation activities.
- Cash profit per tonne from coal mining for 3Q2024 averaged at US\$12.04 per tonne (3Q2023: US\$9.80 per tonne) despite a decrease in ICI4 and ASP, mainly due to better strip ratios following optimisation of mining plans and opening of mining pits in the first half of the year.
- Other income was US\$2.0 million, a decrease of 53% compared to US\$4.3 million in 3Q2023, mainly due to lower interest income as a result of lower interest rates as well as lower foreign exchange gains in 3Q2024.
- General and administrative expenses of US\$3.2 million was higher than US\$2.8 million in 3Q2023, mainly due to the expanded operations following the acquisition of GEE on 18 October 2023.
- Net profit for 3Q2024 was US\$7.0 million, a decrease of 39% compared to US\$11.5 million in 3Q2023 due to lower sales volume and ASP, as well as finance costs arising from the term loan facilities of US\$220 million that was drawn down in October 2023.
- Income tax expense was US\$1.0 million with an effective tax rate of 12% in 3Q2024, a decrease from 33% in 3Q2023. This was mainly due to deferred taxes recognised in 3Q2024 following the commencement of the MBJ project, and no dividends declared by our Indonesian subsidiaries in this quarter, resulting in withholding tax savings.

Market updates

Coal remains the biggest energy source for electricity generation, supplying more than one-third of global electricity, according to International Energy Agency ("IEA"). Global electricity generation from coal has been consistently rising for the last two decades, with the highest increases coming from China and India in 2023¹. Further, Indonesian GAR 4,200 kcal/kg coal is a grade popular with buyers in India and China with its low ash and low sulfur characteristics.

China is the largest consumer of coal globally, with the fuel playing a critical role in its energy mix. China's coal import hits a record high in 2024, with cumulative coal imports for the first nine months of 2024 amounting to 3.89 billion tonnes with 47.59 million tonnes of coal import in the month of September 2024. Despite a push for renewable energy, coal demand remains strong due to economic growth and heavy industrial use.

Indonesia remains one of the world's largest coal exporters, with significant shipments primarily to Asia. The Indonesian government has set ambitious production targets to meet both domestic and international demands. Domestically, Indonesia is increasing its coal use for power generation, with several new coal-fired power plants coming online.

Indonesia has increased its exports to China in recent years, taking advantage of its geographical proximity and lower logistical costs compared to other suppliers².

Coal prices have remained stable, with the Indonesian Coal Index Price for 4,200 GAR ("ICI4") at US\$52.32 per tonne as of 8 November 2024 (3Q2023: average ICI4 at US\$52.07 per tonne). Based on M42 Futures Index, coal prices for the last quarter of 2024 is forecasted to remain stable at US\$52.83 per tonne. Further, M42 Futures Index is forecasting coal prices to increase further in 2025, to an average of US\$56.44 per tonne.

¹ <https://www.cnbc.com/2024/05/14/china-india-still-rely-heavily-on-coal-climate-targets-remain-difficult.html>

² <https://energynews.pro/en/china-hits-record-coal-imports-in-2024/>

Moody's Investors Service recently reported that data centers could significantly boost coal demand globally. As the world increasingly relies on data centers to power its digital infrastructure, the growing energy consumption associated with these facilities is expected to drive a sustained increase in coal consumption. As the demand for data centers continues to grow, so will the demand for coal-fired power plants, which is expected to positively impact the coal mining industry.³

Dividends

Amount per share:

Name of dividend:	Interim
Dividend type:	Cash
Dividend rate:	0.2 SG cent per ordinary share

Previous corresponding period:

Name of dividend:	Interim
Dividend type:	Cash
Dividend rate:	0.4 SG cent per ordinary share

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:

Dividend declared is tax exempt (one-tier).

The date the dividend is payable:

To be announced at a later date.

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:

To be announced at a later date.

³ <https://ceoutlookmagazine.com/news/data-centers-to-boost-coal-demand-benefiting-miners-moodys/>