



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 2023**

### **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 2022. 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 2023, as set out in the accompanying key items from the consolidated financial statements and other information.
- The Group has on 18 October 2023 completed a transformational acquisition of 58.65% controlling stake in a listed Indonesian coal mining group, PT Golden Eagle Energy Tbk ("GEE"), potentially rising up to 75% subject to the acceptance of the Mandatory Tender Offer ("MTO") made to the public shareholders. Together with this acquisition, the Group has also completed an acquisition of 33% stake in an integrated infrastructure (hauling road and jetty) company, PT Marga Bara Jaya ("MBJ"), with an option to increase the stake to 58.70%. The integrated infrastructure will unlock higher operational efficiency and allow the ramping up of production for the Group.
- The Company is declaring an interim dividend of 0.4 SG cent per share, as per our dividend policy to deliver at least 30% of our earnings to our shareholders, subject to debt covenants and capital requirements.
- With a cash position of US\$179.4 million as at 31 October 2023, the Group is well placed to ramp up its operations towards realising its vision of bringing Geo Energy into a billion-dollar business.

On behalf of the Board,

Charles Antony Melati  
Executive Chairman & CEO  
14 November 2023

## Consolidated Statement of Profit or Loss

	Group			Group		
	3 months ended 30.9.2023	3 months ended 30.9.2022	% Change	9 months ended 30.9.2023	9 months ended 30.9.2022	% Change
	US\$ (Unaudited)	US\$ (Unaudited)		US\$ (Unaudited)	US\$ (Unaudited)	
Revenue	111,012,935	164,735,359	(33)	350,777,213	533,067,688	(34)
Cost of sales	(95,163,459)	(109,336,053)	(13)	(286,933,201)	(326,206,618)	(12)
<b>Gross profit</b>	<b>15,849,476</b>	<b>55,399,306</b>	<b>(71)</b>	<b>63,844,012</b>	<b>206,861,070</b>	<b>(69)</b>
Other income	4,345,422	1,437,086	202	6,537,111	6,188,897	6
General and administrative expenses	(2,797,775)	(2,488,145)	12	(7,723,481)	(7,230,886)	7
Other expenses	(139,914)	(3,674,804)	(96)	(1,172,868)	(4,910,687)	(76)
Finance costs	(162,178)	(13,692)	nm	(229,789)	(39,415)	483
<b>Profit before income tax</b>	<b>17,095,031</b>	<b>50,659,751</b>	<b>(66)</b>	<b>61,254,985</b>	<b>200,868,979</b>	<b>(70)</b>
Income tax expense	(5,629,043)	(14,965,718)	(62)	(21,784,971)	(59,215,454)	(63)
<b>Profit for the period</b>	<b>11,465,988</b>	<b>35,694,033</b>	<b>(68)</b>	<b>39,470,014</b>	<b>141,653,525</b>	<b>(72)</b>

nm - not meaningful

## Selected items from the Consolidated Statement of Profit or Loss:

	Group			Group		
	3 months ended 30.9.2023	3 months ended 30.9.2022	% Change	9 months ended 30.9.2023	9 months ended 30.9.2022	% Change
	US\$ (Unaudited)	US\$ (Unaudited)		US\$ (Unaudited)	US\$ (Unaudited)	
Interest income	1,108,515	1,375,760	(19)	3,899,271	3,576,960	9
Foreign exchange gain (loss) - net	835,057	(34,544)	nm	(700,708)	(731,891)	(4)
Depreciation and amortisation	(6,217,104)	(5,794,421)	7	(15,653,231)	(17,990,100)	(13)
Reversal of legal claim against a subsidiary	-	-	nm	-	2,500,000	(100)
Amortisation of deferred gain	71,113	31,110	129	168,049	115,521	45
Other expenses arising from finalisation of tax assessments	(3,959)	(3,471,546)	(100)	(11,044)	(3,471,546)	(100)
(Allowance for) write-back of inventory written-down	-	129,222	(100)	(99,858)	464,438	nm

nm - not meaningful

## Selected items from the Statements of Financial Position

	Group		Company	
	30.9.2023	31.12.2022	30.9.2023	31.12.2022
	US\$ (Unaudited)	US\$ (Audited)	US\$ (Unaudited)	US\$ (Audited)
<b>Total assets</b>	<b>539,379,733</b>	<b>563,026,121</b>	<b>245,583,950</b>	<b>299,247,005</b>
Comprising:				
Cash and bank balances	125,440,154	234,082,769	4,884,724	64,601,526
Inventory	42,397,357	30,969,092	-	-
Trade and other receivables	80,521,890	67,615,989	56,441,598	50,481,050
Deposits and prepayments	59,115,013	31,730,726	347,659	65,931
Deferred stripping costs	38,974,848	42,823,783	-	-
Mining properties	97,610,259	105,891,227	-	-
<b>Total liabilities</b>	<b>147,099,970</b>	<b>154,740,662</b>	<b>23,702,464</b>	<b>106,121,793</b>
Comprising:				
Trade and other payables	87,472,990	122,246,434	20,618,699	102,735,195
Income tax payable	1,643,696	14,259,397	12,279	-
Lease liabilities	35,773,779	28,571	-	-
Bank borrowings	8,967,672	3,386,598	3,063,597	3,386,598
<b>Shareholders' equity</b>	<b>389,819,826</b>	<b>407,364,949</b>	<b>221,881,486</b>	<b>193,125,212</b>

## Selected items from the Consolidated Statement of Cashflows

	Group		Group	
	3 months ended 30.9.2023 US\$ (Unaudited)	3 months ended 30.9.2022 US\$ (Unaudited)	9 months ended 30.9.2023 US\$ (Unaudited)	9 months ended 30.9.2022 US\$ (Unaudited)
<b>Operating cashflow</b>	<b>4,325,371</b>	<b>59,471,190</b>	<b>(23,787,217)</b>	<b>120,933,709</b>
Comprising:				
Operating cash flows before movement in working capital	21,395,318	55,341,962	70,727,313	216,483,783
Working capital	(6,602,590)	20,445,550	(46,265,317)	(16,418,355)
Income tax paid	(10,456,297)	(16,270,145)	(48,216,211)	(79,077,304)
<b>Investing cashflow</b>	<b>(19,418,709)</b>	<b>208,764</b>	<b>(25,764,272)</b>	<b>(2,261,118)</b>
Comprising:				
Interest received	1,042,590	409,029	3,922,398	768,366
Deposit paid for acquisitions	(15,419,557)	-	(15,419,557)	-
Disbursement for convertible loan	(4,000,000)	-	(4,000,000)	-
Capital expenses	(1,041,742)	(168,693)	(10,267,113)	(3,029,484)
<b>Financing cashflow</b>	<b>(8,495,730)</b>	<b>(21,346,891)</b>	<b>(57,154,573)</b>	<b>(93,468,636)</b>
Comprising:				
Dividend paid	(5,172,002)	(20,467,160)	(52,277,315)	(91,679,158)
Withholding taxes paid	(2,629,886)	(7,997,319)	(9,341,789)	(10,299,020)
Repurchases of shares	-	(753,764)	(2,029,833)	(1,478,765)
Proceeds from bank borrowing	-	-	6,792,555	-
Repayments of lease liabilities obligations and interest	(8,208)	(7,019)	(32,519)	(9,774)
Repayments of bank borrowing obligations and interest	(664,716)	(101,453)	(1,056,557)	(308,243)

## Key Operating Matrix

	Group		Group	
	3 months ended 30.9.2023 (Unaudited)	3 months ended 30.9.2022 (Unaudited)	9 months ended 30.9.2023 (Unaudited)	9 months ended 30.9.2022 (Unaudited)
<b>Revenue – Coal mining</b>				
Sales Volume (million tonnes)	2.2	2.4	5.9	7.6
- SDJ	0.4	1.0	1.5	3.3
- TBR	1.8	1.4	4.3	4.2
- BEK	0.05	0.03	0.1	0.1
Average Indonesian Coal Index Price for 4,200 GAR ("ICI4") (US\$/tonne)	52.07	82.20	64.33	84.56
Average Selling Price ("ASP") (US\$/tonne)	49.68	69.29	59.65	70.54
<b>Production</b>				
Production Volume – Finished goods (million tonnes)	2.2	1.9	6.2	7.4
- SDJ	0.4	0.9	1.5	3.2
- TBR	1.7	1.0	4.6	4.1
- BEK	0.05	0.03	0.1	0.1
Strip Ratio – Sales (times)				
- SDJ	4.0	1.2	2.8	1.8
- TBR	4.6	3.2	5.5	2.1
Production Cash Cost (US\$/tonne)	39.88	43.66	46.19	40.90
<b>Cash Profit (US\$/tonne)</b>	<b>9.80</b>	<b>25.63</b>	<b>13.46</b>	<b>29.64</b>
<b>Cash Profit Margin (%)</b>	<b>20.0</b>	<b>37.0</b>	<b>23.0</b>	<b>42.0</b>
<b>Net Profit Margin (%)</b>	<b>10.3</b>	<b>21.7</b>	<b>11.3</b>	<b>26.6</b>
<b>Net Asset Value - Group (SG cents)<sup>(1)</sup></b>	<b>38.40</b>	<b>40.76</b>	<b>38.40</b>	<b>40.76</b>
<b>Earnings per Share - Basic (SG cents)<sup>(1) (2)</sup></b>	<b>1.13</b>	<b>3.59</b>	<b>3.79</b>	<b>14.34</b>

(1) Numbers were translated using the 30 September 2023 and 2022 of US\$:S\$ exchange rates of 1.3698 and 1.4434 respectively.

(2) The calculation for the basic EPS is based on the weighted average number of ordinary shares in issue during the respective financial period.

## Key Financial Ratios

	Group	
	9 months ended 30.9.2023 (Unaudited)	9 months ended 30.9.2022 (Unaudited)
<b>12-month trailing EBITDA (US\$ millions)</b>	139.5	346.5
<b>Cash (US\$ millions)</b>	125.4	214.7
<b>Debt / Equity (times)</b>	0.11	0.01
<b>Dividend Yield (%)<sup>(1)</sup></b>	19	27
<b>Enterprise Value (US\$ millions)<sup>(2)</sup></b>	177.9	144.1
<b>Enterprise Value / 12-month trailing EBITDA (times)<sup>(2)</sup></b>	1.3	0.4

(1) Based on share price as of 30 September for 2023 and 2022. Yield periods pertain to 1 January to 30 September 2023 and 2022. Yield for 2023 includes interim dividends of 0.4 SG cent per share declared for 3Q2023, 0.5 SG cent per share declared and paid for each of 1Q2023 and 2Q2023, and the 2022 final dividend of 4 SG cents per share declared and paid. Yield for 2022 includes interim dividends of 1 SG cent per share declared and paid for 3Q2022, 2 SG cents per share declared and paid for each of 1Q2022 and 2Q2022, and the 2021 final dividend of 5 SG cents per share declared and paid.

(2) Based on market capitalisation, share price and bank borrowings as of 30 September for 2023 and 2022.

## 3Q2023 Summary

- The Group achieved quarterly revenue of US\$111.0 million, a decrease of 33% from 3Q2022, mainly due to lower sales volume and ASP. The average ICI4 was US\$52.07 per tonne in 3Q2023, compared to US\$82.20 per tonne in 3Q2022.
- The Group delivered coal sales of 2.2 million tonnes in 3Q2023, mainly comprising 1.8 million tonnes and 0.4 million tonnes of 4,200 GAR coal from the TBR and SDJ coal mines respectively. This was lower than the 2.4 million tonnes in 3Q2022.
- Cash profit per tonne from coal mining for 3Q2023 averaged at US\$9.80 per tonne (3Q2022: US\$25.63 per tonne) after taking into account domestic sales at lower price set by the Indonesian Government and due to the decrease in ICI4 and ASP.
- Other income was US\$4.3 million, an increase of 202% compared to US\$1.4 million in 3Q2022, mainly relating to foreign exchange gains in 3Q2023. Other expenses was US\$0.1 million, compared to US\$3.7 million in 3Q2022 from other expenses arising from finalisation of tax assessments of US\$3.5 million.
- General and administrative expenses of US\$2.8 million in 3Q2023 was largely comparable to 3Q2022.
- EBITDA for 3Q2023 was US\$22.6 million (3Q2022: US\$59.8 million) with a margin of 20%.
- Net profit for 3Q2023 was US\$11.5 million, a decrease of 68% compared to US\$35.7 million in 3Q2022 due to lower sales volume and ASP.
- Income tax expense was US\$5.6 million with effective tax rate of 33% in 3Q2023. This was mainly due to withholding taxes on dividends declared by our Indonesian subsidiaries.

## Market updates

The rising geopolitical issues in the Middle East in October 2023 added to the risk of further disruptions in the energy transition, especially by straining European gas supplies. Europe's commitment to climate change and emission-reduction policies has prompted a shift toward gas for power generation, and the region is seeking gas supplies from the Middle East as an alternative to Russian sources. However, the heightened Middle East conflicts might discourage global investors from investing in the Eastern Mediterranean pipeline that will transport natural gas to Europe<sup>1</sup>, resulting in further delays in energy transition and continued reliance on coal. The German government, for instance, approved the reactivation of 1.9-gigawatt coal-fired power plants in October 2023 to replace scarce natural gas this coming winter<sup>2</sup>.

<sup>1</sup> Rystad Energy: Trouble in the Eastern Mediterranean could disrupt the regional gas market, impact supply, 19 October 2023

<sup>2</sup> Reuters: Germany approves bringing coal-fired power plants back online this winter, 4 October 2023

These indicate strong support for coal demand over the coming years. In addition to the potential drivers mentioned above, the looming winter season and strong rise in electricity demand in China and India to sustain economic growth further fuels coal demand. Despite over 40 countries pledging to phase out coal at the 26<sup>th</sup> U.N. Climate Change Conference, coal-fired power generation will remain in China and is expected to expand substantially to meet soaring demand in India<sup>3</sup>.

The ICI4 prices have averaged at US\$64.33 in 9M2023 and the recent average ICI4 prices continues to outperform pre-COVID levels as coal has maintained its predominant position as the primary source of global power generation globally.

On the back of positive demand-supply dynamics, the near-term outlook for coal prices is expected to strengthen.

#### Electric Vehicle ("EV") Market Update

The Indonesian Government has advocated for the switch to EVs to accelerate the transition to cleaner energy after severe air pollution hit the Capital<sup>4</sup>. According to the International Energy Agency ("IEA"), EV car sales have increased significantly in the past three years. In 2020, 1 in 25 cars sold was electric, while in 2023, this is now 1 in 5. Moreover, McKinsey projected that total new energy investments will increase from US\$1.5 trillion in 2021 to between US\$2 and 3.2 trillion in 2040.

Our recent investment into the Indonesian EV business with an initial US\$4 million convertible loan into Charged Asia Pte Ltd will allow us to enter this lucrative market, given the robust EV market prospects.

#### **Acquisition**

The Group has on 18 October 2023 completed a transformational acquisition of 58.65% controlling stake in a listed Indonesian coal mining group, GEE, potentially rising up to 75% subject to the acceptance of the MTO made to the public shareholders.

Together with this acquisition, the Group has also completed an acquisition of 33% stake of an integrated infrastructure (hauling road and jetty) company, MBJ, with an option to increase the stake to 58.70%. The integrated infrastructure will unlock higher operational efficiency and allow the ramping up of production to 25 million tonnes per annum for the Group. The infrastructure will have additional capacity to serve the surrounding mines up to 25 million tonnes annually, which will further increase the Group's business valuation.

This transformational acquisition propels Geo Energy to greater heights and strengthens its position in the Indonesian coal market and surrounding regions as one of the top coal players in Indonesia. The Group believes that with the successful execution of its plans, Geo Energy's value will continue to rise towards realising its vision of bringing Geo Energy into a billion-dollar business.

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<sup>3</sup> S&P Global: Energy Transition: Thermal Coal Will Remain Important in Asia-Pacific, 20 July 2022

<sup>4</sup> English.news.cn: Indonesia calls for transition to EV following air pollution, 15 August 2023

## **Dividends**

### **Amount per share:**

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

### **Previous corresponding period:**

Name of dividend: Interim  
Dividend type: Cash  
Dividend rate: 1 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:**

The interim dividend will be paid on 29 November 2023.

### **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:**

The book record date is 22 November 2023 at 5.00 pm, and the ex-dividend date will be 21 November 2023 at 5.00 pm.