



SGX Announcement

Geo Energy Resources Limited Business Update

First Quarter and Three Months Ended 31 March 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 first quarter and three months ended 31 March 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 as part of our commitment to deliver returns to our shareholders. This is despite capital commitments to invest in our future by developing the integrated infrastructure required to ramp up our annual production to 20 - 25 million tonnes per annum.

On behalf of the Board,

Charles Antonny Melati
Executive Chairman & CEO
9 May 2024

Consolidated Statement of Profit or Loss

	Group		% Change
	3 months ended 31.3.2024 US\$ (Unaudited)	3 months ended 31.3.2023 US\$ (Unaudited)	
Revenue	98,962,964	131,878,926	(25)
Cost of sales	(82,246,612)	(103,949,735)	(21)
Gross profit	16,716,352	27,929,191	(40)
Other income	2,084,243	1,684,355	24
General and administrative expenses	(3,459,972)	(2,679,790)	29
Share of results of associates	714,430	-	nm
Other expenses	(2,867)	(1,230,361)	nm
Finance costs	(5,050,418)	(13,973)	nm
Profit before income tax	11,001,768	25,689,422	(57)
Income tax expense	(2,344,222)	(9,676,919)	(76)
Profit for the period	8,657,546	16,012,503	(46)

nm - not meaningful

Selected items from the Statement of Financial Position

	Group		Company	
	31.3.2024 US\$ (Unaudited)	31.12.2023 US\$ (Audited)	31.3.2024 US\$ (Unaudited)	31.12.2023 US\$ (Audited)
Total assets	905,442,504	937,367,723	257,740,782	259,908,413
Comprising:				
Cash and bank balances	114,053,578	135,804,104	15,459,747	18,707,259
Inventories	40,849,741	46,362,342	-	-
Trade and other receivables	85,052,028	81,075,285	57,897,651	56,968,755
Investment in associates	26,148,753	25,693,330	-	-
Deposits and prepayments	70,565,056	63,655,504	352,527	360,373
Deferred stripping costs	42,129,568	43,227,738	-	-
Mining properties	416,799,268	427,418,358	-	-
Total liabilities	400,878,409	437,763,300	44,071,585	50,459,518
Comprising:				
Trade and other payables	72,185,134	96,247,104	21,376,851	27,684,209
Lease liabilities	13,610,269	23,758,673	-	-
Income tax payable	1,763,423	1,268,490	63,347	29,168
Bank borrowings	225,745,999	226,246,723	22,596,441	22,708,082
Total equity	504,564,095	499,604,423	213,669,197	209,448,895

Selected items from the Consolidated Statement of Cashflows

	Group	
	3 months ended 31.3.2024 US\$ (Unaudited)	3 months ended 31.3.2023 US\$ (Unaudited)
Operating cashflow		
Operating cash flows before movement in working capital	21,193,950	27,639,325
Working capital	(32,867,825)	(32,654,733)
Income tax paid	(4,509,263)	(14,053,271)
Others	(1,329)	(35,226)
Net	(16,184,467)	(19,103,905)
Investing cashflow		
Interest received	1,340,066	1,591,443
Capital expenses	(1,436,671)	(2,521,888)
Net	(96,605)	(930,445)
Financing cashflow		
Withholding taxes paid	-	(4,075,335)
Repurchases of shares	-	(949,043)
Issuance of treasury shares	5,000,000	-
Repayments of bank borrowings	(592,474)	(106,941)
Payment of lease liabilities to secure overburden disposal areas	(9,643,202)	-
Others	196,399	1,218,507
Net	(5,039,277)	(3,912,812)

Key Operating Matrix

	Group	
	3 months ended 31.3.2024 (Unaudited)	3 months ended 31.3.2023 (Unaudited)
Revenue – Coal mining		
Sales Volume (million tonnes)	1.8	1.9
- SDJ	0.6	0.6
- TBR	1.1	1.3
- TRA ⁽¹⁾	0.1	-
- BEK	0.1	nm
Average Indonesian Coal Index Price (US\$/tonne)	57.23	76.60
Average Selling Price ("ASP") (US\$/tonne)	54.68	69.94
Production		
Production Volume – Finished goods (million tonnes)	1.5	1.8
- SDJ	0.3	0.5
- TBR	0.9	1.3
- TRA ⁽¹⁾	0.1	-
- BEK	0.1	nm
Strip Ratio – Sales (times)		
- SDJ	3.6	1.7
- TBR	3.6	4.0
- TRA ⁽¹⁾	3.4	-
Production Cash Cost (US\$/tonne)	41.50	52.58
Cash Profit (US\$/tonne)	13.18	17.36
Cash Profit Margin (%)	24.1	24.8
Net Profit Margin (%)	8.7	12.1
Net Asset Value – Group (SG cents) ⁽²⁾	48.38	40.09
Earnings per Share – Basic (SG cents) ^{(2) (3)}	0.84	1.44

nm – not meaningful

- (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 31 March 2023.
- (2) Numbers were translated using the 31 March 2024 and 2023 of US\$:S\$ exchange rates of 1.3474 and 1.3279 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.

1Q2024 Summary

- The Group achieved quarterly revenue of US\$99.0 million, a decrease of 25% from 1Q2023, mainly due to a decrease in ICI4 prices averaging at US\$57.23 per tonne in 1Q2024, compared to US\$76.60 per tonne in 1Q2023.
- The Group's production volume was lower during the first quarter of the year due to seasonality and weather conditions. Comparable to 1Q2023, the Group delivered coal sales of 1.8 million tonnes in 1Q2024, mainly comprising 1.1 million tonnes, 0.6 million tonnes and 0.1 million tonnes of coal from the TBR, SDJ and TRA coal mines respectively. Notably, the Group remains on track for coal sales target of 10 – 11 million tonnes in 2024, with higher volumes expected in 2H2024.
- Cash profit per tonne from coal mining for 1Q2024 remained strong at an average of US\$13.18 per tonne (1Q2023: US\$17.36 per tonne), despite lower ICI4 prices as mentioned above. This is in part due to its resilient cost model where its cash cost decreases along with lower ICI4 prices. Furthermore, through the optimisation of its mining plan, the Group have successfully reduced the strip ratio of its mines and its cash costs. Accordingly, our cash profit margin remains relatively stable at 24.1% in 1Q2024 (1Q2023: 24.8%).
- Other income was US\$2.1 million, mainly comprised foreign exchange gains and interest income. This was an increase of 24% compared to US\$1.7 million in 1Q2023.
- General and administrative expenses of US\$3.5 million in 1Q2024 was higher than US\$2.7 million in 1Q2023, mainly due to the enlarged operations following the acquisition of GEE on 18 October 2023 with our headcount growing from 205 to 342.
- Finance costs of US\$5.1 million in 1Q2024 was higher than the US\$0.01 million in 1Q2023 mainly from the draw down of term loan facilities of US\$220 million in October 2023 as part of the Group's expansion plans starting with the GEE acquisition and the follow up development of the integrated infrastructure so as to ramp up its annual production to 20 – 25 million tonnes with the vision for Geo Energy to become a billion-dollar energy group in the next 5 – 6 years.
- Net profit of US\$8.7 million for 1Q2024, despite lower ICI4 prices and increase in finance costs, mainly due to the Group's resilient cost model as well as optimisation of mining plan to reduce strip ratio and cash costs.
- Income tax expense was US\$2.3 million with effective tax rates of 21% in 1Q2024. This was a decrease from 38% in 1Q2023 as the Group did not incur any withholding taxes arising from dividends declared by our Indonesian subsidiaries during the period.
- The Group has made steady progress in the development of the integrated infrastructure to support its growth plans and vision. The Group has completed land clearing to open up access roads and performed geotechnical drilling work over the length of the planned 92km hauling road. Currently, the Group is in the process of completing the Detailed Engineering Design and appointment of a main Engineering, Procurement and Construction ("EPC") Contractor on a lumpsum turnkey basis in the next few months, with a targeted completion date of December 2025.

Market Updates

Coal prices are expected to be backed by steady demand, driven by increasing energy needs and rising industrial activities. Coal prices remained stable in 1Q2024 with the average Indonesia Coal Index Price for 4,200 GAR ("ICI4") at US\$54.95 per tonne as of 8 May 2024. Furthermore, demand for coal has picked up amidst heightened geopolitical tensions in the Middle East which reignited concerns about the energy supply chain.

According to the International Energy Agency ("IEA"), global electricity demand is projected to rise at a faster rate of 3.4% annually through 2026, with China as one of the largest contributors. In response to rising electricity needs, China initiated

the construction of 70 gigawatts of new coal power plants in 2023, a four-fold increase from 2019¹. Coal demand for non-power uses is also expected to grow rapidly, particularly in Indonesia. With the Indonesian government's US\$11.6 billion investments into the construction of 16 smelters from 2023 to 2024, coal demand from the smelting sector is forecasted to surge to between 90 and 100 million tonnes in 2024, a substantial increase from 60 million tonnes in 2023².

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: 0.5 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 31 May 2024.

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 24 May 2024 at 5.00 pm, and the ex-dividend date will be 23 May 2024 at 5.00 pm.

¹ Carbon Brief: China responsible for 95% of new coal power construction in 2023, report says, 11 April 2024
² S&P Global: Indonesia approves 2024 coal production quota of 922 mil mt: ministry, 21 March 2024