

MEDIA RELEASE

20 September 2021

**INCREASE IN COAL PRODUCTION QUOTA AND
MARKET UPDATE**

- The Group received approval for the increase of Rencana Kerja Anggaran Biaya (“RKAB”) (Work Plan and Budget) production quota for the Group’s PT Sungai Danau Jaya (“SDJ”) and PT Tanah Bumbu Resources (“TBR”) coal mines for 2021 from 10 million tonnes to 11.5 million tonnes.
- The Group expects a stronger a positive performance for 2H2021 with Indonesian Coal Index (“ICI”) 4 prices reaching a high of US\$81.40 per tonne as at 20 September 2021. The Group previously announced net earnings of US\$48.5 million and EBITDA of US\$77.5 million for the 6 months ended 30 June 2021. In just one month of July 2021, the Group achieved an EBITDA of US\$26.5 million and net earnings of US\$18.6 million.

The Group’s applications to increase the RKAB production quota for its SDJ and TBR coal mines for 2021 has been approved by the Department of Energy and Mineral Resources, an increase from a total of 10 million tonnes to 11.5 million tonnes.

As previously announced, the Group applied for an increase in the RKAB production quota in view of the strong coal prices in 2021 and the Group’s plan to increase production. The increase in RKAB production quota to 11.5 million tonnes for 2021 is in line with the mining plan schedule of 12 million tonnes of coal, as previously disclosed in the Group’s Independent Qualified Person’s Report as at 31 December 2020.

Mr Tung Kum Hon, Chief Executive Officer and Executive Director of Geo Energy said:



“2021 has been an exceptional year for us as coal prices have risen to historical highs. Our planning and business model allowed us to scale up our production volumes to benefit from the high coal prices.

Emerging winter restocking demand has lifted coal prices, with renewed pressure from authorities to build winter inventories.¹ There continues to be strong demand from China amidst continued curbs on Australian coal and Asia-Pacific markets have also increased coal demand to satisfy their electricity requirements.²

A rising demand situation along with a tight supply environment will continue to buoy prices higher in the future.³ Prices continued to firm as ongoing tight supply eroded hopes of third quarter buying opportunities before the winter stock build.⁴ The approved RKAB production quota came in the right time which will allow us to maximise our profits in this coal super cycle phase.

In redeeming our bonds, we have optimised our capital structure and reduced financing expenses. With the increase of the RKAB production quota, we are well placed to achieve a strong set of 2H2021 results.

We have planned our mining sequence to have higher production volumes in the second half of this year, based on the current prices of coal futures traded and the continuing strong demand from China upon

1 Argus Daily Coal International, 17 September 2021

2 McCloskey Coal Report, Issue 511, 28 May 2021

3 McCloskey Coal Report, Issue 514, 9 July 2021

4 McCloskey Coal Report, Issue 1061, 10 September 2021

reopening its economy, to place us in a good position for a better result in 2H2021, and the approval of the increased RKAB production quota has come at the right time.

Notwithstanding the pandemic-related disruptions, we have been able to capitalise on the strong momentum of the coal industry to build a strong financial position.

The Group recorded net earnings of US\$48.5 million and EBITDA of US\$77.5 million for the 6 months ended 30 June 2021. In just one month of July 2021, the Group achieved an EBITDA of US\$26.5 million and net earnings of US\$18.6 million.

The Group expects a stronger a positive performance for 2H2021 with the ICI coal price continuing to break records and having reached a high of US\$ 81.40 per tonne as at 20 September 2021. The increase of 1.5 million tonnes RKAB production quota at current coal price of US\$81.40 per tonne potentially adds US\$122 million to the Group's revenue for 2021, which is expected to exceed US\$0.5 billion for the year.

Coal prices have remained strong as the demand for power continues or even increases during challenging economic times, sparking a surge in prices in China and East Asia. With winter coming and pressure of restocking inventories increasing, strong prices are expected to continue into the fourth quarter of 2021. China's benchmark thermal coal futures hit a record last month and are more than 50% higher than they were a year ago.

The approval of the RKAB production quota and ramp up of mining plan in 2H2021 is in line with our goal of strengthening our core earnings, emerging stronger from this COVID-19 pandemic and making strides towards a resilient and sustainable business."

End

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

Geo Energy Resources Limited ("Geo Energy") is a major Indonesian coal producer with an established track record in operating coal mines, coal production and selling coal throughout the region. Geo Energy commenced its business in 2008 as a coal mining services provider and became a listed company on the Mainboard of the SGX in 2012, under the stock code: RE4.

Since then, Geo Energy has transitioned from being primarily a coal mining services provider to a coal producer that subcontracts its coal mining operations. This transition has allowed the Group to change the business model from operating as a relatively small-scale mining services provider in an environment of high capital expenditure and relatively low operational efficiency, with high dependence on owners of coal mining concessions, to being a low-cost coal producer with high-quality coal mining assets, working in collaboration with world-class business partners.

The Group's investment strategy is mainly focused on acquisition of new mining concessions to increase production quantity and at the same time diversify its sources of coal. The Group owns four mining concessions through its wholly owned subsidiaries PT Bumi Enggang Khatulistiwa, PT Sungai Danau Jaya, PT Tanah Bumbu Resources and PT Surya Tambang Tolindo in Kalimantan, Indonesia.



For more information, please visit www.geocoal.com.

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