

MEDIA RELEASE

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GEO ENERGY DELIVERS STRONG HALF YEAR RESULTS AS COAL PRICES REACH HISTORICAL HIGHS, ANNOUNCES SECOND INTERIM DIVIDEND OF 26% ON 2Q2021 NET EARNINGS REVENUE INCREASE BY 37% TO REACH US\$220.3 MILLION WITH 418% RISE IN OPERATING PROFIT TO US\$66.0 MILLION**1H2021 Highlights**

- The Group achieved record half-yearly revenue of US\$220.3 million, an increase of 37% from 1H2020, due to the increase in sales volume and higher average selling price (“ASP”). The average Indonesian Coal Index price for 4,200 GAR coal (“ICI4”) was US\$47.78 per tonne in 1H2021, compared to US\$30.61 per tonne in 1H2020.
- The Group delivered coal sales of 5.4 million tonnes in 1H2021, comprising 1.9 million tonnes and 3.4 million tonnes of 4,200 GAR coal from the SDJ and TBR coal mines respectively, and another 0.1 million tonnes of 3,400 GAR coal from the BEK coal mine. This was higher than 5.0 million tonnes in 1H2020.
- Cash profit from coal mining for 1H2021 averaged at US\$14.92 per tonne (1H2020: US\$6.30 per tonne), driven by the higher ASP but offset by the higher production cash cost as the Group’s cost structure links certain costs to the coal index prices.
- EBITDA for 1H2021 was US\$77.5 million (1H2020: US\$27.6 million) at a margin of 35%, and the operating profit of US\$66.0 million was an increase of 418% from US\$12.7 million in 1H2020.
- Net profit was US\$48.5 million, driven by the record EBITDA and operating profit for 6 months. This is a complete turnaround from 1H2020’s net loss of US\$8.7 million when excluding the gains from repurchases of Senior Notes.
- The Company is declaring a second interim dividend of S\$0.005 per share in 2021 equivalent to a 26% pay-out ratio on its 2Q2021 net earnings. This is in addition to the final dividend for 2020 of S\$0.008 per share paid in May 2021 and the interim dividend for 1Q2021 paid in June 2021.

Geo Energy Resources Limited, one of Indonesia’s leading energy resource companies listed on the Mainboard of the Singapore Stock Exchange, has today announced a strong operational and financial performance for the half year ended 30 June 2021, with record sales from its SDJ and TBR mines in South Kalimantan, Indonesia to buyers in China and East Asia, including Indonesia.

The Group’s profit from operations was US\$66.0 million, up 418%. 1H2021 EBITDA was US\$77.5 million at a margin of 35%, with an increased full year production and sales target at close to 12 million tonnes.

Earnings for the Group have been boosted by higher coal prices and improved demand from China amidst COVID-19, with demand and coal prices expected to be high, at least for the remainder of 2021.

The Group delivers a strong operational performance, with net operating cash flow of US\$55.6 million and free cash flow of US\$54.9 million reflecting the higher coal prices, which have risen by US\$24.63 to US\$69.53 per tonne as at 10 August 2021 or 55% from US\$44.90 per tonne as at 1 January 2021.

The Company announces the payment of an interim dividend of S\$0.005 per share equivalent to a 26% pay-out ratio on its 2Q2021 net earnings.

Mr Charles Antony Melati, Executive Chairman of Geo Energy commented:



“The resurgence of the COVID-19 virus has impacted many countries and their economies. Even in Indonesia, there has been a rising number of infections and virus-related deaths. We have in place an agile business model, which allows us to adapt quickly to these changing times. 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. The average ICI4 coal prices increased to US\$47.78 per tonne in 1H2021, compared to US\$30.61 per tonne in 1H2020. ICI4 coal price was US\$69.53 per tonne as at 10 August 2021. In these challenging times, we have gone above and beyond to not only ensure business continuity but also to capitalise on the surge in coal prices.

Coal prices have remained high due to the strong demand from China amidst continued curbs on Australian coal coupled with the supply constraints due to COVID-19 related disruptions in other coal mines. Aside from China, Asia-Pacific markets have also increased coal demand to satisfy their electricity requirements.¹ A rising demand situation along with a tight supply environment will continue to buoy prices higher in the future.²

Meanwhile, we have been looking at diversification into new businesses and expand our revenue streams, to reduce our reliance and exposure on coal price volatility and to achieve our sustainability goals.

To expand our business, we have applied for an increase in the production quotas in 2021 for both our mines, SDJ and TBR, to increase our production target for the year to close to 12 million tonnes. This will allow us to maximise our profits in this super cycle in coal prices in 2H2021. Separately, we are looking to expand our revenue streams by way of potential joint ventures, trading and value accretive acquisitions, including mining concessions to increase production quantity and diversify into renewables supply chain and downstream logistics and transshipment. As part of climate change initiatives, we are strategically reviewing and optimising our assets portfolio, which may include acquisitions to complement our business and divestments to build a sustainable business for the future. We will make an announcement in accordance with the listing rules of SGX-ST, if and when such development materialises.”

Commenting on the financial performance and operations for the Group, Mr Tung Kum Hon, Chief Executive Officer and Executive Director of Geo Energy said:



“Adaptability is a key success factor when uncertainty becomes a major risk in the business environment. The COVID-19 pandemic in 2020 impacted businesses in many countries and our customers. 2021 brought a fresh outlook to the global economy but was soon dampened with another wave which seemed more impactful. 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. Soaring hot weather in North Asia added to already strong demand due to the industrial recovery from the pandemic. We could have strong coal prices 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. Indonesian coal futures on the Singapore Exchange also rose to an all-time high in June 2021.

We are pleased to announce a record set of results for 1H2021. In half a year, we achieved a record revenue of US\$220.3 million, record EBITDA and operating profit of US\$77.5 million and US\$66.0 million respectively.

Our net profit of US\$48.5 million for 1H2021 was a complete turnaround from the Group’s net loss position of US\$8.7 million when excluding the gains from repurchases of Senior Notes in 1H2020. All were driven by improved coal prices and higher sales volume. Cash profit from coal mining averaged at US\$14.92 per tonne in 1H2021, compared to an average of US\$6.30 per tonne in 1H2020. This was driven by the increase in coal

¹ McCloskey Coal Report, Issue 511, 28 May 2021

² McCloskey Coal Report, Issue 514, 9 July 2021

prices, offset slightly by the higher production cash cost as our cost structure links certain costs to the index prices, to achieve a resilient cost model that protects us from coal price downside.

We have planned our mining sequence to have higher production volumes in the second half of this year, given the current prices of coal futures traded and the continuing strong demand from China upon reopening its economy. This will place us for a better result performance in 2H2021. In July 2021 alone, the Group sold 1.0 million tonnes of coal at an ASP of US\$58.34 per tonne. Our cash position as at 10 August 2021 has exceeded US\$110 million.

The Group had early repaid its prepayment facility with Macquarie Bank for the offtake of its TBR coal. With the early repayment, we will secure a higher average selling price in the coming months.

The Group is declaring a second interim dividend of S\$0.005 per share for 2021, in addition to the S\$0.008 per share final dividend for 2020 paid in May 2021 as well as the first interim dividend of S\$0.005 per share paid in June 2021. The Company's share price of S\$0.26 per share as of 10 August 2021 has risen by 141% from one year ago. For our bondholders, the price of our Senior Notes has increased by 96% from US\$46 on 7 August 2020 to US\$90 on 10 August 2021.

The Group's results performance cannot be achieved without the help of all our staff in executing our business plans and achieving targets. The Group achieved a revenue per employee of US\$1.1 million for 1H2021, or an annualised revenue per employee of US\$2.2 million for 2021.



The COVID-19 pandemic situation has escalated dramatically in Indonesia. We have donated IDR 3 billion to The Indonesian Young Entrepreneurs Association for purchase of food essentials and vaccine to be distributed to Central Jakarta and Eastern Java, Indonesia where they are urgently needed given the rising number of COVID-19 cases. In addition, we supported the local communities as they are an integral part of our wider sustainability efforts. We continued to support the Singapore Institute of Technology ("SIT") Bursary that provides direct support to financially disadvantaged students at the SIT till 2025, and sponsored D2M run event conducted by Diabetes Singapore. ESG is a core value at Geo Energy, and we keep that in mind in everything we do."

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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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