GEO ENERGY GROUP
1Q2016 RESULTS

6 JUNE 2016

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CORPORATE PROFILE

CORPORATE PROFILE

- Geo Energy Group is an integrated coal mining group
- Established since 2008, headquartered in Jakarta, Indonesia with its corporate office in Singapore and production operations in Kalimantan, Indonesia
- Listed in Singapore Stock Exchange's main board since 2012
- It owns two producing coal mining concessions in East and South Kalimantan, Indonesia with JORC reserves of 53 million tons of coal with averaged 3600-4200 GAR
- It is expanding its coal reserves and had announced the proposed acquisition of two other mining concessions and exploring an opportunity in the power generation business in Indonesia.

CORPORATE PROFILE

"Voted the Most Transparent Company at the Investors' Choice 2013, 2014 and 2015 Awards" by the Securities Investors Association of Singapore.

"Most Outstanding Company in Indonesia" The Indonesian Business Award 2015"

"Indonesia Entrepreneur Award and Education Award 2015"
Recognising Welfare Contributions to the Society and Creativity

BOARD AND MANAGEMENT

BOARD AND MANAGEMENT

"It takes strong leadership focused on constructive change."

There must be a change and actions to improve cash flows, cut costs, increase sales, increase assets investments for future growth.

BOARD AND MANAGEMENT

Mr Charles Antonny Melati

Executive Chairman

One of the key founder of the Group

Oversees the overall strategic direction and expansion plans for the growth and development of the Group; has more than 7 years of experience in coal mining

Mr Tung Kum Hon

Executive Director & Chief Executive Officer

Responsible for the overall business and management of the Group

Formerly the Chief Executive Officer of Bellzone Mining Plc and the Group COO of a major MNC and a director of SGX and Bursa Malaysia listed companies

Mr Dhamma Surya

Executive Director

One of the key founders of the Group

Responsible for the overall business and general management of the Group; has more than 8 years of experience in coal mining sector

Mr Huang She Thong

Executive Director

One of the key founders of the Group

Oversees the business developments and sales targets of the Group; has more than 7 years of experience in coal mining sector

KEY MANAGEMENT

BOARD AND MANAGEMENT

Mr Soh Chun Bin

Lead Independent Director

Currently the Managing Director of Victoria Medical Beauty Group
More than 15 years of experience in corporate finance and mergers and acquisitions and he is recognised as a leading lawyer by legal publication

Mr Ong Beng Chye

Independent Director

Currently a Director of Appleton Global Pte Ltd
More than 20 years of experience in areas such as accounting, auditing, public listings, due diligence, mergers and acquisitions, and business advisory.
He is a Fellow of The Institute of Chartered Accountants

Mr Karyono

Independent Director

More than 20 years of experience in the coal mining industry
He is a Fellow of The Institute of Chartered Accountants

Mr Lu King Seng

Independent Director

Currently the Managing Director of Orion Advisory Pte Ltd
More than 19 years of commercial and audit experience in London, Singapore and Malaysia. He is a Fellow of the Association of Certified Chartered Accountants

Mr James Beeland Rogers Jr

Independent Director

Prominent international investor with extensive knowledge and experience in the financial and commodity markets and currently the Chairman of Rogers Holdings and Beeland Interests, Inc. Started the Rogers Global Resources Equity Index in 2011, focusing on the top companies in agriculture, mining, metals and energy sectors

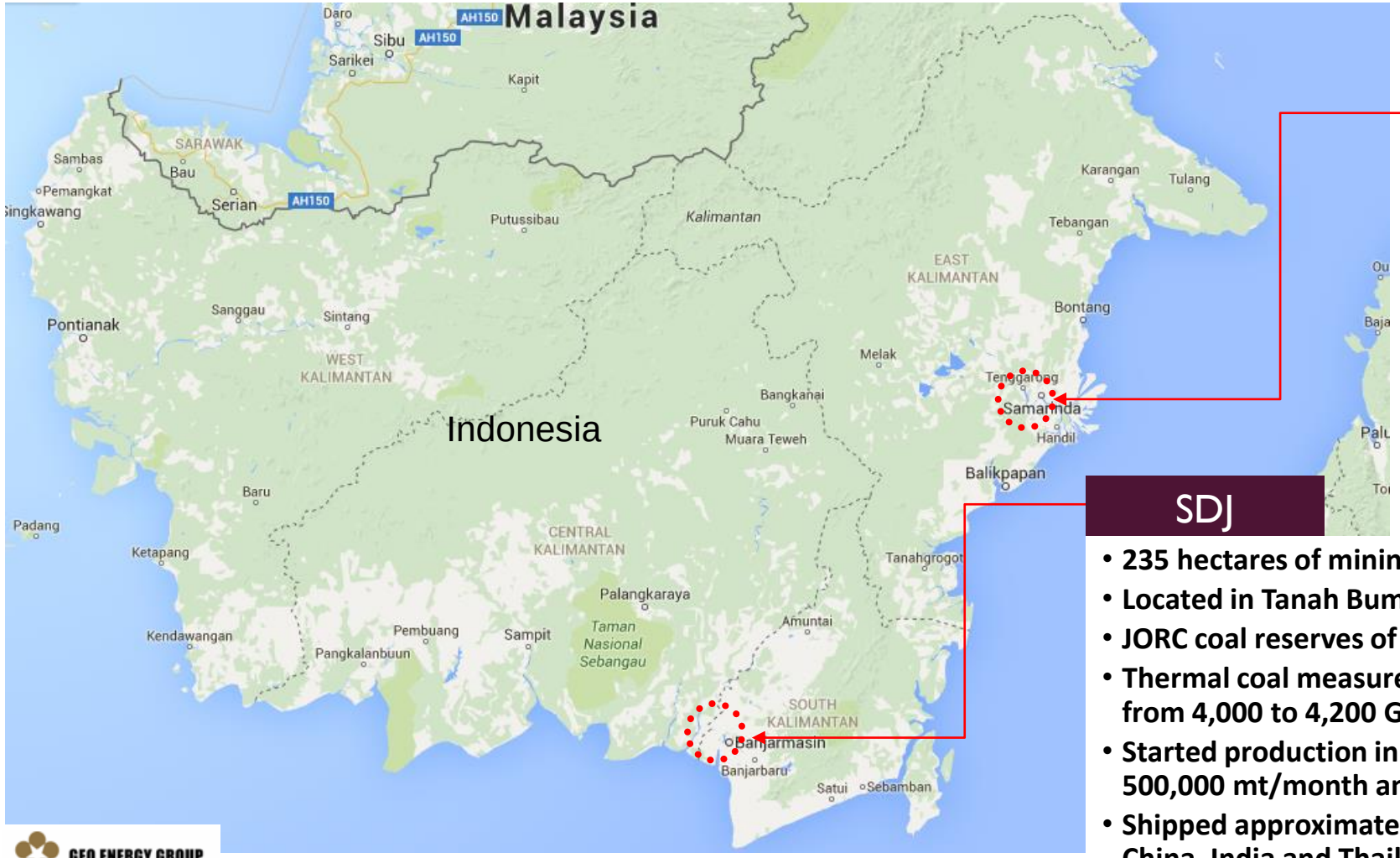
INDEPENDENT DIRECTORS

BOARD AND MANAGEMENT

"Together the Board has more than 25 years in coal mining and more than 50 years in corporate finance and management, legal, financing, M&A, commodities and investments experience" to steer Geo to greater growth and expansion, and diversification of its business, growth.

COAL MINE ASSETS

COAL MINE ASSETS



BEK

- 4,570 hectares of mining concession area
- Located in Kutai Barat, East Kalimantan
- JORC coal reserves of 11.1 million mt of thermal coal
- Thermal coal measures an average calorific value in excess of 3,400 GAR
- Coal production and sales to-date 2.5 million mt

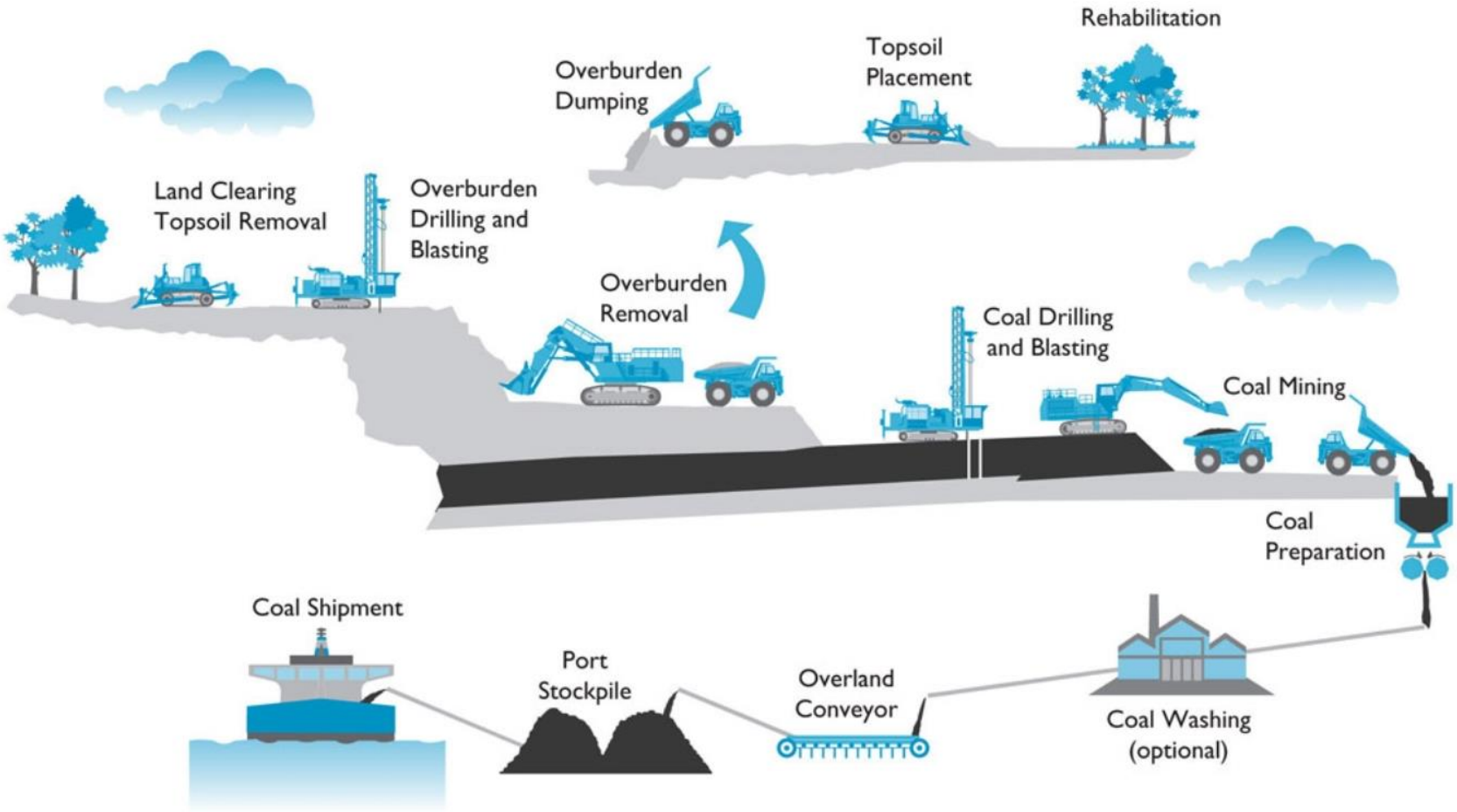
SDJ

- 235 hectares of mining concession area
- Located in Tanah Bumbu, South Kalimantan
- JORC coal reserves of 42.4 million mt of thermal coal
- Thermal coal measures an average calorific value ranging from 4,000 to 4,200 GAR
- Started production in December 2015 and targeting 500,000 mt/month and 6 millions mt/year
- Shipped approximately 485,000 mt of coal to Indonesia, China, India and Thailand as at March 2016

GEO ENERGY GROUP

COAL MINE ASSETS

OPEN PIT MINING

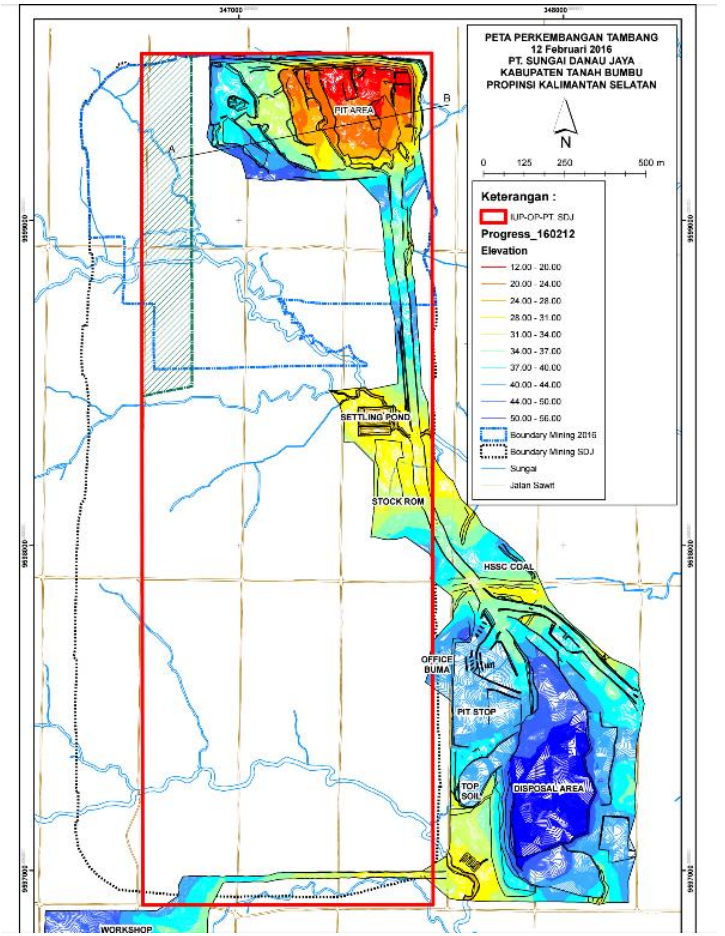


GEO ENERGY GROUP

COAL MINE ASSETS

SDJ MINE DEVELOPMENT

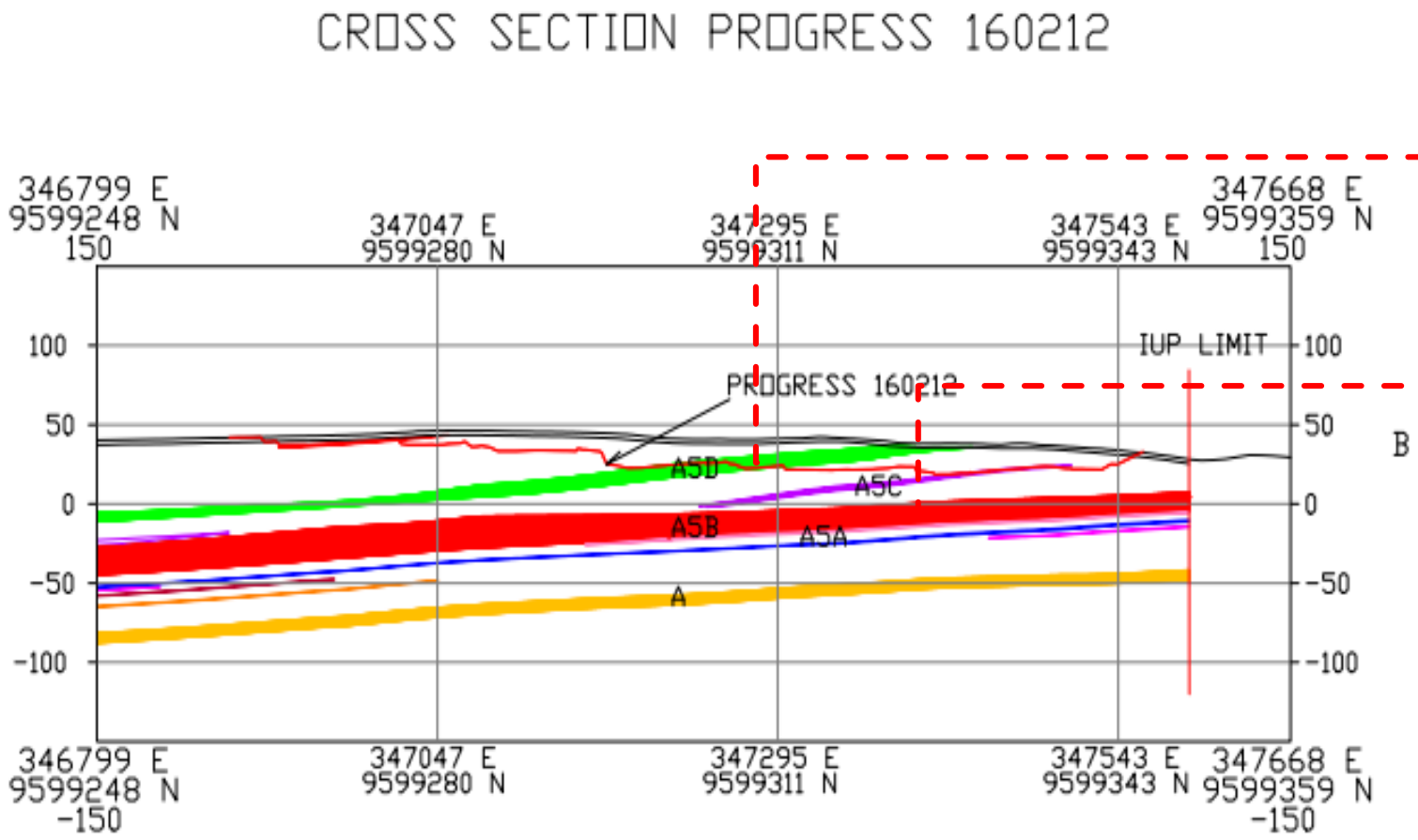
- Fastest development within 2 months
- Commenced production on December 2015
- Low strip ratio – 1 : 2.8
- Lowest infrastructure costs – 17 km to Jetty and 15 km to Anchorage for exports
- Production in 1Q2016 – 485,000 mt
- 1st Shipment of 55,000mt of 4200CV coal in January 2015



Relatively lower costs structure and high caloric value clean coal (low sulphur and ash)

COAL MINE ASSETS

SDJ MINE DEVELOPMENT



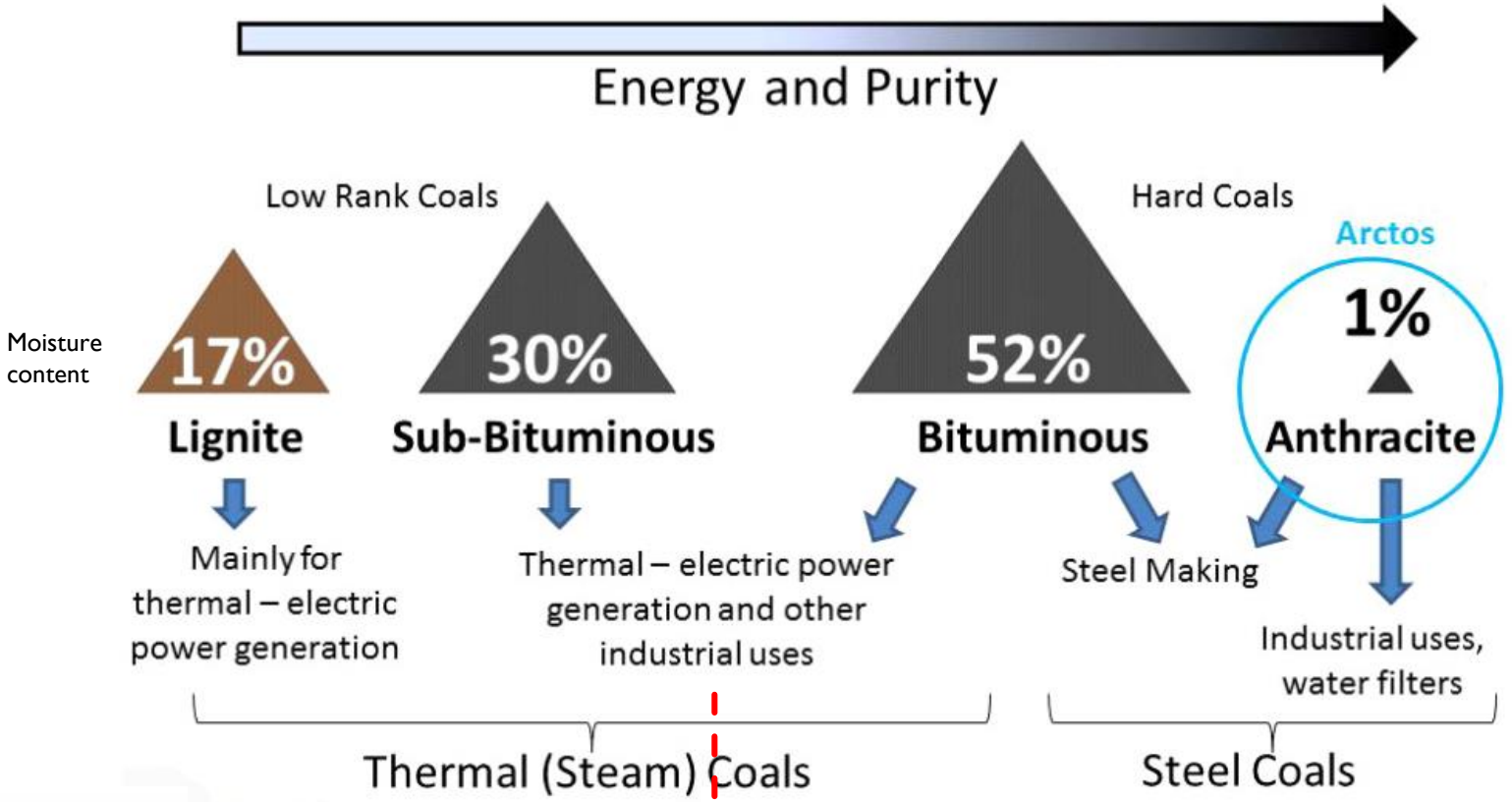
5 meters deep

8 meters deep

Deep coal seams and low strip ratio of 1:2.8 makes it more effective to mine

COAL MINE ASSETS

TYPES OF COAL



53 mt reserves

Geo's coal reserves

GEO ENERGY GROUP

COAL MINE ASSETS

SDJ COAL

- Extremely low sulfur content of general thermal coal
- No flue gas desulfurization greatly reduce costs for its users
- Satisfy and meet the sulfur oxides (SOX) emission regulations
- Its low ash content contributes costs effective for power plant ash treatment

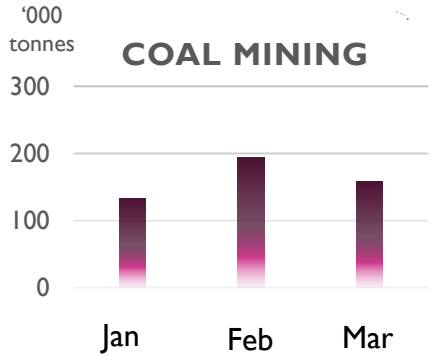
Specification	SDJ
Total moisture (ARB)	35%
Volatile matter	41%
Ash	4.6%
Total sulfur	0.1%
Calorific value (GAR)	4200kcal/kg
Total coal reserves (millions)	43

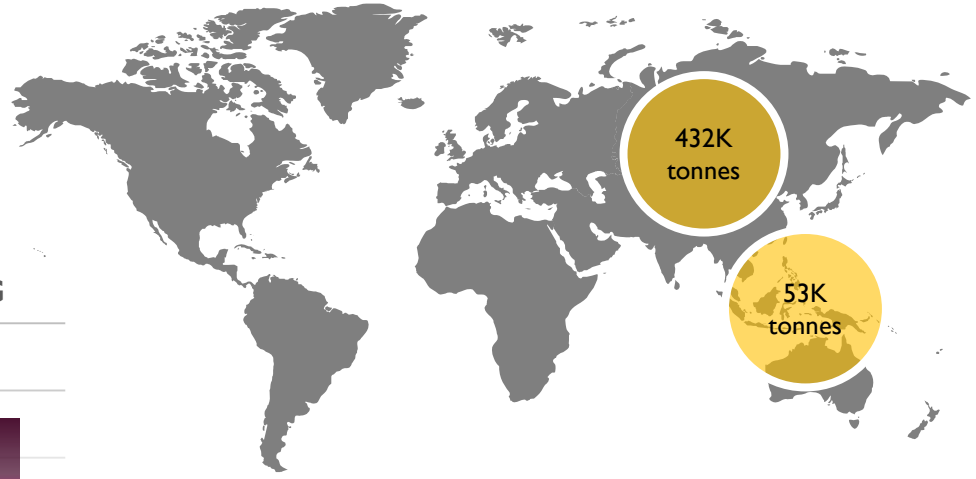
1Q2016 RESULTS

1Q2016 RESULTS

FINANCIAL HIGHLIGHTS

- Revenue jumped to US$12.8 million following the commencement of coal production at SDJ mine





SDJ Exports and local sales for 1Q2016 – 485K tonnes

1Q2016 RESULTS

FINANCIAL HIGHLIGHTS

- Operating cash profit of US$1.9 million or US$3/mt on sales as coal production kick started in 1Q2016
- Gross loss (mainly non-cash costs on depreciation mining property and heavy equipment)
- G&A reduced 26% due to continuous cost cutting
- Finance costs on MTN bond US$1.5m
- Overall net loss but operating environment improved as we ramp up coal production
- Positive operating cash flows and Net Asset Value of US$92.5m, with cash US$7.8m

1Q2016 RESULTS

FINANCIAL HIGHLIGHTS

(US$ '000)	1Q2016 (Unaudited)	1Q2015 (Unaudited)	% change (Unaudited)
Revenue	12,808	2,893	343
Gross profit/(loss)	(153)	(909)	(83)
G&A expenses	(1,464)	(1,990)	(26)
Net profit/loss attributable to owners of the Company	(2,586)	(2,681)	(4)
Earnings per share* - Fully diluted (US cents)	(0.22)	(0.23)	(4)

* Based on weighted average number of 1,188,042,344 ordinary shares for 1Q2016 (1Q2015:1,157,050,891)
G&A – General & Administrative Expenses

1Q2016 RESULTS

UNDERLYING RESULTS

PROFIT AND LOSS

(All figures in US%'000 except as indicated)	1Q2016				1Q2015			
	Coal Mining	Coal Trading	Mining Services	Total	Coal Mining	Coal Trading	Mining Services	Total
Volume (mt)	484,836	-	-	484,836	-	118,358	-	118,358
Revenue	11,888	-	920	12,808	-	173	2,720	2,893
COS	(11,612)	-	(1,349)	(12,961)	-	-	(3,802)	(3,802)
	276	-	(429)	(153)	-	173	(1,082)	(909)
Non-cash items (depreciation & amortisation)	1,217	-	794	2,011	-	-	1,039	1,039
Cash profit	1,493	-	365	1,858	-	173	(43)	130
Depreciation & amortisation				(2,010)				(1,021)
Net interests expense				(1,810)				(1,836)
G&A expenses				(1,464)				(1,990)
Others				840				2,036
Net Loss				(2,586)				(2,681)

1Q2016 RESULTS

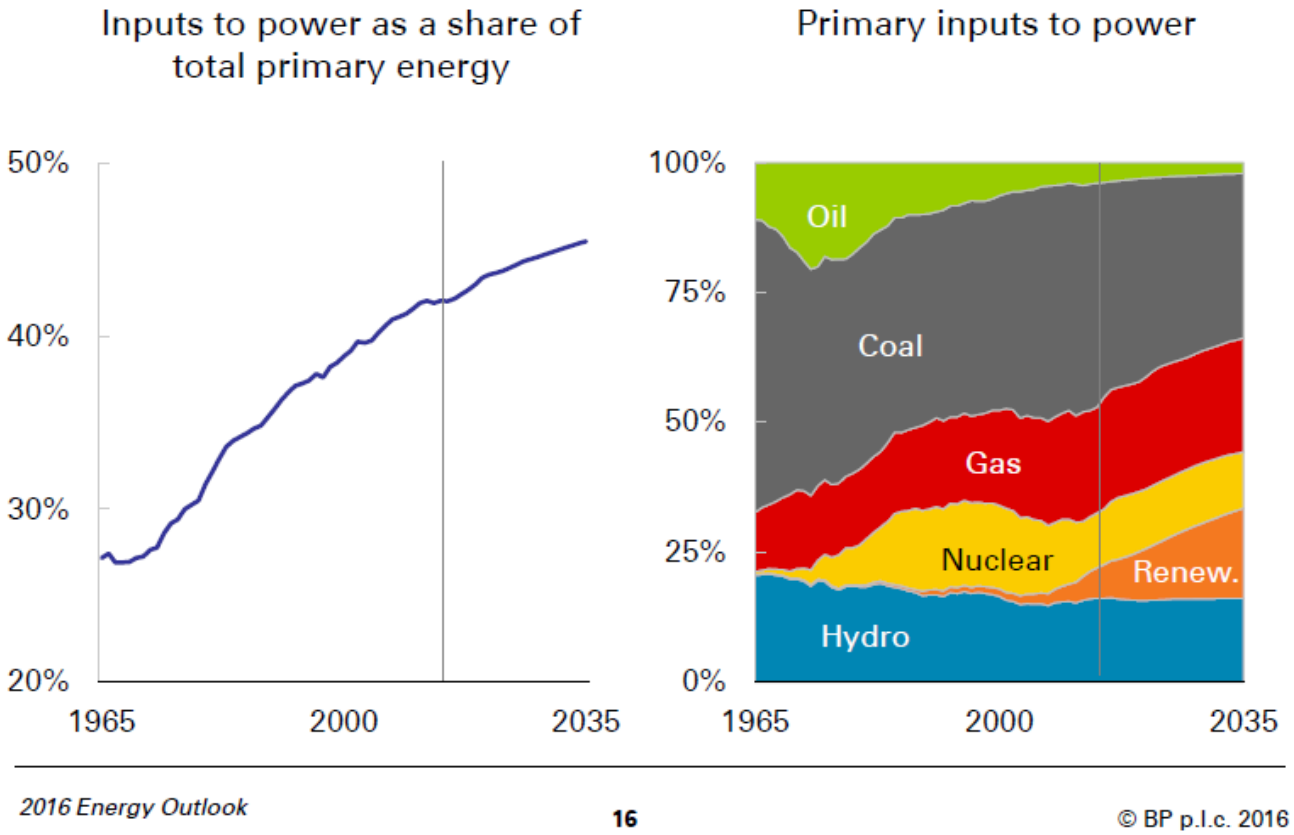
FINANCIAL HIGHLIGHTS

- Geo Energy expects financial results to turnaround in FY2016 with SDJ targeting to produce coal production of 6 million tonnes per year whilst the Group acquires new coal mine assets to boost coal reserves
- Geo Energy to benefit from an expected increase in coal prices as China, the world's biggest importer of coal, faces supply shortages of Indonesian coal and Indonesia PLN targets 38 power plants with combined capacity of 2.4GW to start operations in 2016.
- Indonesia ICI 4200 GAR coal index increased almost a US$1/mt in the past 3 months and is now at US$27.21/mt

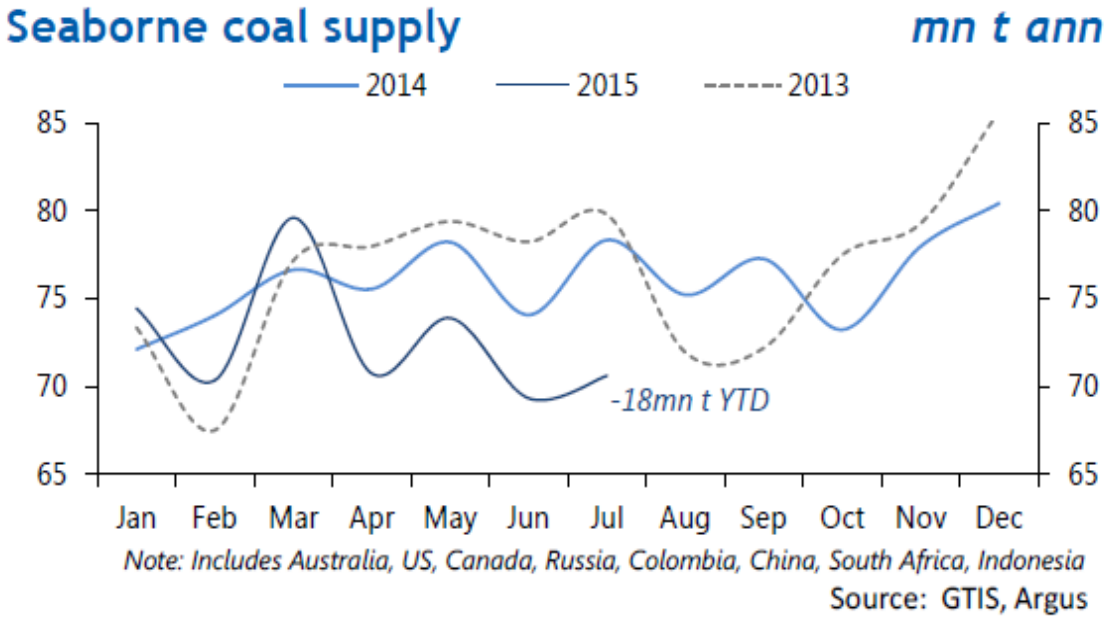
MARKET AND NEXT GROWTH

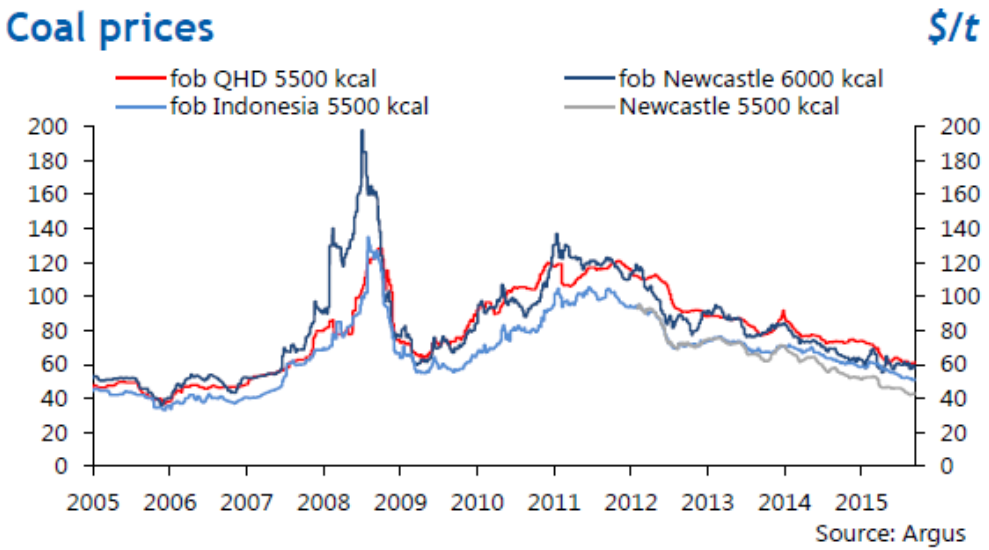
MARKET AND NEXT GROWTH

Fossil fuels remain the dominant source of energy powering the global economy, providing around 60% of the growth in energy and accounting for almost 80% of total energy supply in 2035 (down from 86% in 2014).



MARKET AND NEXT GROWTH





While there is a widening range of views on the future of Chinese and Indian imports demand, there seems to be a consensus on the ramp-up in thermal coal demand and imports from developing countries in ASEAN and other countries

We think that demand is likely to grow, and the cost of marginal supply should determine prices. With coal supply shrinking in China, Indonesia and the US at current prices…….

MARKET AND NEXT GROWTH

Indonesian producers perhaps have more flexibility than producers elsewhere given transportation to ports is lower cost and less capital intensive. The competitive contractor landscape also means that Indonesian producers can react more quickly to cash losses than peers elsewhere. Given Indonesian producers rationalized output, how quickly could it come back? We think large producers will ramp up production quickly given they are running below capacity and were planning output at much higher levels.

Source: Argus

MARKET AND NEXT GROWTH

- Weak coal price remains …..will power be the next catalyst?

19 February 2016
APAC Equities

Asia
Indonesia
Resources
Metals & Mining

Industry
Indonesian coal

Date
18 February 2016

Industry Update

Weak coal price remains...will power be the next catalyst?

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Gloomy outlook for coal price

We have incorporated the new DB Newcastle price assumptions of USD59/t in 2015, USD51/t in 2016, and USD49/t in 2017. The weakening price environment in the medium term reflects our view that despite Indonesian coal producers having started to scale back production, import demand from China remains on a declining trend (perpetuated by the upcoming completion of China's UHV transmission project). Also, the potential for better production growth from the Indian domestic coal industry poses further downside risk to the current Newcastle coal price.

Declining ASP offset by lower strip

After integrating the new DB coal price assumption, we reduce our revenue for the sector by c. 10% in 2015. Going forward, we expect the declining trend to continue with -10% and -15% adjustment to our FY16-17E revenue. However, the decline is more than offset by companies cutting back the strip ratio (some operate below long-term strip) and pushing for contracting fee cuts to maintain short-term profitability. On top of that, the weakening oil price also benefits Indonesian coal producers, given it accounts for at least 1/3 of cost.

Key Changes

Company	Target Price	Rating
ADRO.JK	680.00 to 610.00(IDR)	-
ITMG.JK	10,000.00 to 5,600.00(IDR)	-
PTBA.JK	8,300.00 to 5,200.00(IDR)	-
HRUM.JK	1,130.00 to 690.00(IDR)	-

MARKET AND NEXT GROWTH

- More production discipline is needed
- Power holds the key

More production discipline is needed

We continue to see some supply discipline from several major Indonesian producers, in an effort to see pricing improvement. Nevertheless, we believe that the current cut in production is still insufficient to restore the demand and supply balance, given a weaker demand outlook going forward. Big players such as ADRO, Kideco, ITMG, and HRUM (combined account for 1/3 of Indo production) indicate relatively flat volumes for 2016, while BUMI and PTBA are aiming for production growth.

Better prospects for India's coal output adds downside

Our global commodity team highlights that India's recent efforts to cut the bureaucratic process for land acquisition and environmental clearances have contributed to a 9% YoY production increase by Coal India in 2015 vs. a 4% growth rate in the last seven years. With the planned improvement in rail lines, we expect India's overall coal production to continue to grow at a 7% CAGR to 2020, which will result in relatively flat Indian coal import demand over the next two years.

Tough time ahead, power project holds the key

We reiterate our view that the coal price will remain under pressure in the short-to-medium term, due to lackluster global demand, given China's UHV project completion and India's boost in domestic output. However, this has been reflected by the sector's underperformance, with companies like ADRO currently trading at an IPO level of EV/reserves and HRUM trading below cash. We maintain our Buy rating for PTBA and our Hold rating for ADRO, as we believe they are key beneficiaries from the government's long-term power project (which could add 80-120mt domestic coal demand and also help offset declining import demand from China, and hence support coal prices), due to their abundant low-cal reserves, relatively low cost, and easier access to funding. We maintain our Hold for ITMG on the back of its ability to maintain short-term profitability (2015E) and an attractive yield of c.13% on 2H15 profit.

Source: Deutsche Bank

Companies Featured

Adaro Energy (ADRO.JK), IDR605.00			Hold
	2014A	2015E	2016E
P/E (x)	16.8	8.3	13.0
EV/EBITDA (x)	5.1	3.5	4.4
Price/book (x)	1.0	0.6	0.6
Indo Tambangraya (ITMG.JK), IDR5,250.00			**Hold**
	2014A	2015E	2016E
P/E (x)	11.8	3.4	9.6
EV/EBITDA (x)	7.0	0.8	1.8
Price/book (x)	1.6	0.5	0.5
PT Bukit Asam (PTBA.JK), IDR4,585.00			**Buy**
	2014A	2015E	2016E
P/E (x)	12.9	5.1	7.4
EV/EBITDA (x)	9.1	2.8	4.1
Price/book (x)	3.37	1.09	1.07
Harum Energy (HRUM.JK), IDR635.00			**Hold**
	2014A	2015E	2016E
P/E (x)	–	–	–
EV/EBITDA (x)	11.1	125.4	83.8
Price/book (x)	1.31	0.52	0.52

Source: Deutsche Bank

MARKET AND NEXT GROWTH

- Indonesia is building a 35 GW national electrification plan for the next 5 years (2015-2019)

The 35 GW project is expected to cost Rp1,127tn (US$87bn) in total, with IPPs contributing 25 GW, or 71% of total

35 GW project: Harboring hope

An ambitious initiative again—for the third time

The new administration under President Joko Widodo has laid out an aggressive national electrification plan for the next five years (2014-2019) by committing to add 35 GW power into the current installed capacity of 51 GW. The government has called this project a priority due to the nation's robust demand for additional power—estimated to be 7 GW per annum till 2019 assuming 6-7% economic growth every year. The 35 GW project is expected to cost Rp1,127tn (US$87bn) in total, with *Independent Power Producers* (IPPs) contributing 25 GW, or 71% of total, while the remainder is to be taken up by the state-owned electricity operator, PT Perusahaan Listrik Negara (PT PLN). These projects are aimed to have at least a 15% IRR with long time horizons (15-25 years), according to our conversation with the Indonesian Coal Mining Association (APBI-ICMA).

The energy mix from the 35 GW power project is expected to come from coal (56%), natural gas (36%), hydro (6%), geothermal (1%), and others (0.2%). Coal's proportion from this project is expected to be higher than the nation's current coal-based power of 52%. The government has firmly declared that they aim to utilize more effectively the nation's abundant coal reserves (the majority of which are sub-bituminous; or <5,500 kcal/kg) through this ambitious project. This project is also expected to ramp up the proportion of *Domestic Market Obligation* (DMO) by local coal producers from <18% in previous years to more than 25% in the next few years.

MARKET AND NEXT GROWTH

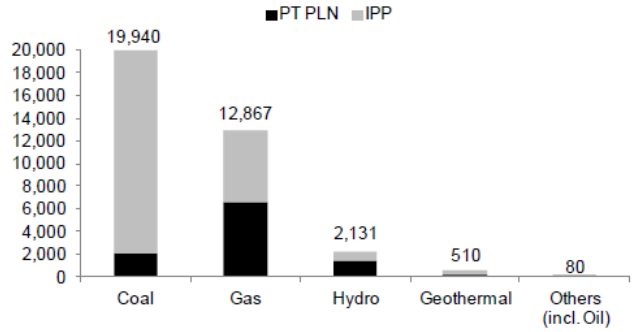
- 56% of the 35 GW power project will come from coal-fired power plants (CFPP) or 20 GW

56% of the 35 GW power project will come from coal-fired power stations, or roughly 20 GW

The government has guided that 56% of the 35 GW power project will come from coal-fired power stations, or roughly 20 GW. Gas-fired stations will take 36% share of the total. IPPs will take up an overwhelming 89% of the total coal-fired power plants (CFPP) that will be installed in the next five years. The last time IPPs had substantial responsibility in executing power projects was during FTP-2, where the focus was on building geothermal power plants (though execution was extremely poor as mentioned in the previous paragraph). Around 50% of FTP-2's 10 GW project was comprised of geothermal power. Now the question of whether these coal-fired stations could be successfully built largely rests upon the government's shoulders. It should be noted that building CFPPs is quicker, taking only 3-5 years versus geothermal plants that could take 5-7 years.

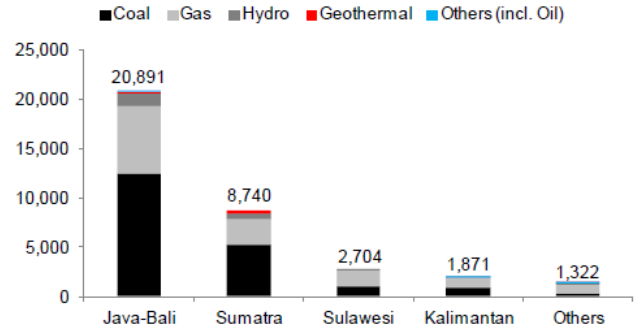
The Java-Bali region will be the main highlight of the 35 GW project—accounting for almost 60% market share of total additional capacity till 2019. This will be followed by Sumatra (25%), Sulawesi (8%), Kalimantan (5%), and Others (2%). Both Java-Bali and Sumatra will mostly concentrate on constructing additional coal-fired and gas-powered stations.

Fig 18 Allocation of 35 GW project per fuel type (MW)



Source: PT PLN, Macquarie Research, July 2015

Fig 19 35 GW project: Fuel type per province (MW)

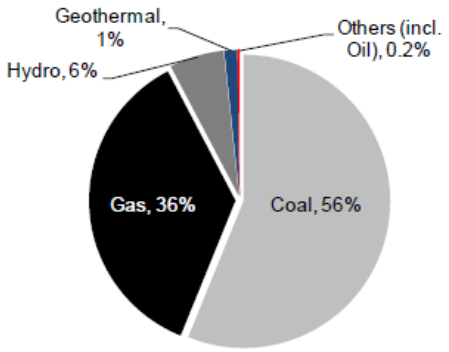


Source: PT PLN, Macquarie Research, July 2015

MARKET AND NEXT GROWTH

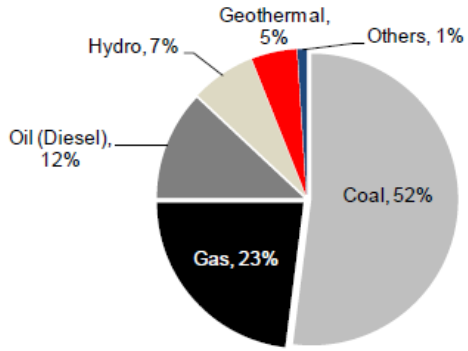
- Indonesia energy mix of 35 GW power project (2014-2019)

Fig 13 Energy mix of 35 GW power project (2014-19)



Source: PT PLN, Macquarie Research, July 2015

Fig 14 Indonesia's current energy mix (2014)



Source: PT PLN, Macquarie Research, July 2015

Currently, the distribution of electricity varies widely across the nation, with DKI Jakarta (the capital city) receiving the highest electrification ratio of almost 100%. Less-populated areas such as Central Kalimantan, Nusa Tenggara, and Papua receive less than 70%. Nonetheless, even in provinces that seemed to have adequate electricity supply (e.g. North Sumatra and Central Java) they still experience frequent blackouts. To highlight, according to Jakarta Post, rolling blackouts in Medan (North Sumatra) could occur three times a day due to power shortages and each of its duration could take at least two to four hours in between. The same source also cites a similar problem happening in Jepara Regency (Central Java), where residents could only receive six hours of electricity supply each day due to the high cost of non-subsidized diesel fuel (back when fuel was still subsidized for retail use). The two provinces, North Sumatra and Central Java, are reported to have a >85% electrification ratio based on PT PLN's 2014 statistics.

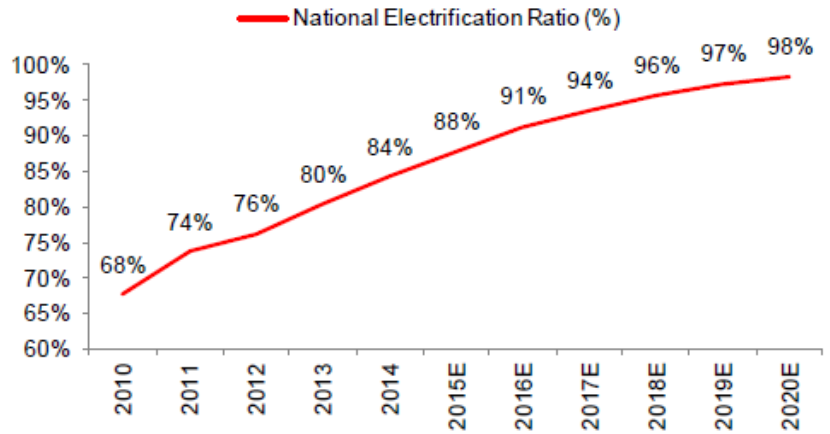
MARKET AND NEXT GROWTH

- IPPs is expected to build 71% of the new CFPP

Electrification ratio both by PT PLN and private investors (IPPs) is expected to reach 97% by FY19E

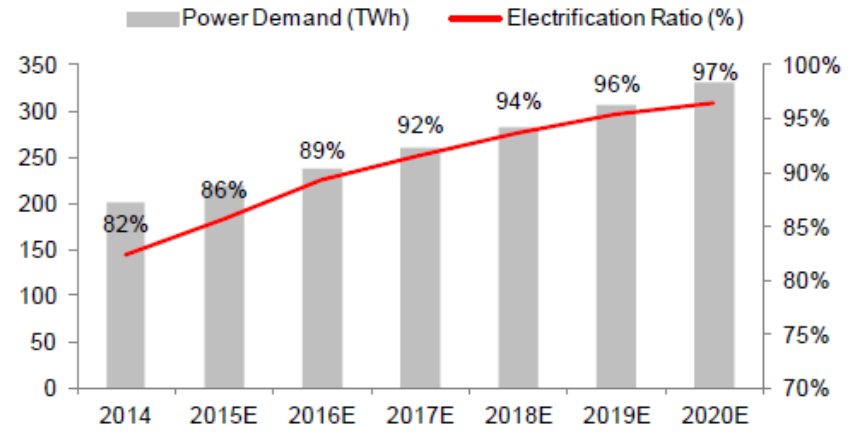
PT PLN projects that power demand will grow by 8.7% per annum from 202 TWh (terrawatt-hour) to 307 TWh in 2014-19E. The electrification ratio both by PT PLN and private investors (IPPs) is expected to reach 97% by FY19E. It is ironic that even PT PLN seems to be skeptical toward IPP's future electricity contributions by looking at the two charts below (at least for now)—which shows little deviation between the two despite the plan that IPP will power 71% of the 35 GW power project:

Fig 16 Electrification ratio by both PT PLN & IPPs



Source: PT PLN, Macquarie Research, July 2015

Fig 17 Indo's electrification ratio by PT PLN alone



Source: PT PLN, Macquarie Research, July 2015

MARKET AND NEXT GROWTH

Global seaborne thermal coal market has started to show signs of rebalancing and Indonesian ICI 4200 GAR coal price have trend up US$1/mt in the past 3 months. The domestic Chinese market will also rebalance as a result of government actions to cut excess capacity

Current coal price levels will lead to an increasing shortage of coal supply in the next five years, and potentially beyond as much capacity have been cut in the past years.

MARKET AND NEXT GROWTH

argus

Coalindo

argusmedia.com

Argus/Coalindo Indonesian Coal Index Report

Weekly average ICI prices

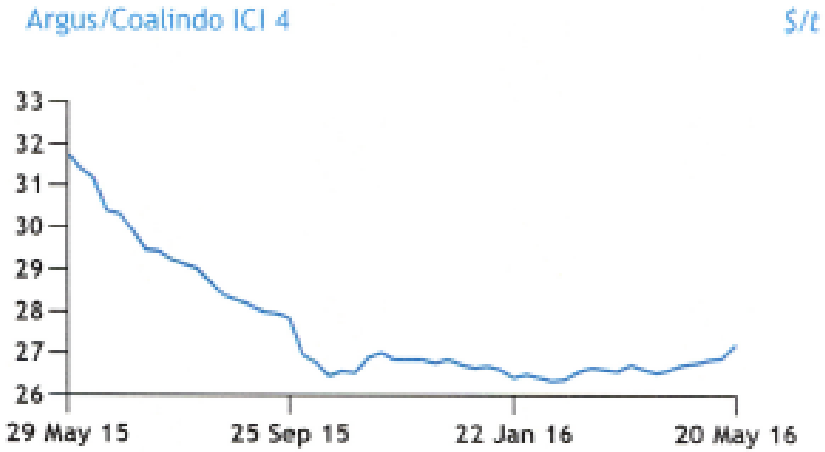
Issue 16-20 Friday 20 May 2016

Indonesian Coal Indices incorporating assessments by Argus Media and PT Coalindo Energy**

Grade (kcal)	Price $/t
ICI 1 (Indonesian 6,500 GAR / 6,200 NAR)	56.82
ICI 2 (Indonesian 5,800 GAR / 5,500 NAR)	47.19
ICI 3 (Indonesian 5,000 GAR / 4,600 NAR)	38.45
ICI 4 (Indonesian 4,200 GAR / 3,800 NAR)	27.21
ICI 5 (Indonesian 3,400 GAR / 3,000 NAR)	19.13

Monthly ICI averages $/t

	Feb	Mar	Apr
ICI 1	57.32	57.21	56.79
ICI 2	46.68	46.77	46.53
ICI 3	37.61	38.00	38.07
ICI 4	26.43	26.64	26.66
ICI 5	19.38	19.49	19.40



WHAT IS GEO DOING?

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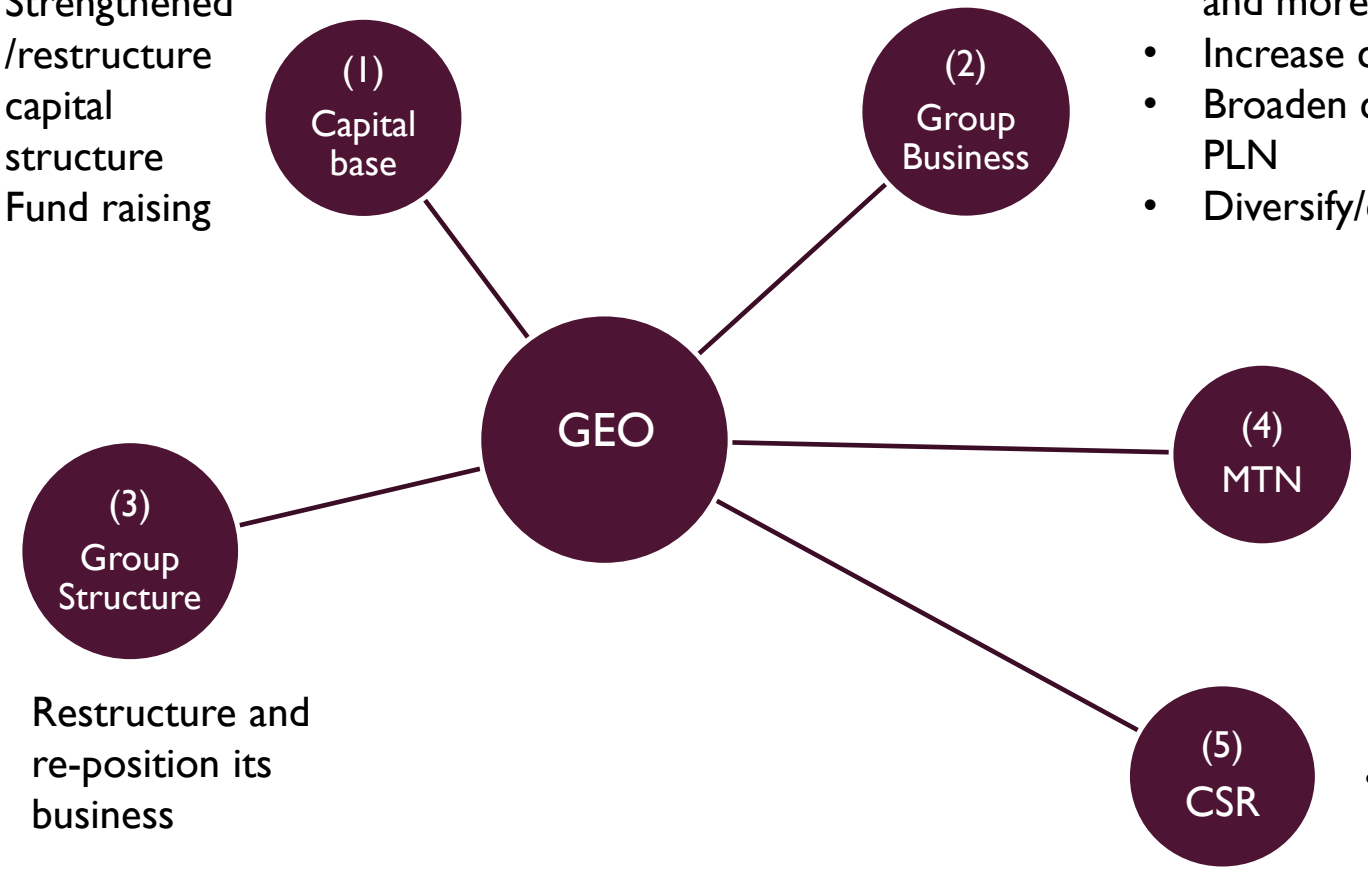
- Strengthened /restructure capital structure
- Fund raising



- Expand coal reserves
- Increased production – 6Mt per annum and more
- Increase cash flows and reduce costs
- Broaden customers base and supply to PLN
- Diversify/expand to other business

- Reduce borrowing costs and refinance MTN

- Restructure and re-position its business

- Sustainable practice and environmental awareness

RECENT CORPORATE DEVELOPMENTS

- Proposed acquisition of PJA coal mine (6800 CV) – US$18m (announced in January 2016)
- Proposed acquisition of CLS coal mine (7000 CV) – US$13m (announced February 2016)
- Exploring an opportunity in the power generation business in Indonesia (announced March 2016)
- Completed New shares issue - US$3.5m (34% SDJ acquisition) (28 March 2016)
- Production ramped up in June 2016 to 0.5 million tonnes (announced in May 2016)
- Offtake with BTG for 1.5 million tonnes will complete in June 2016

OUR COMPETITIVE STRENGTHS TO DELIVER

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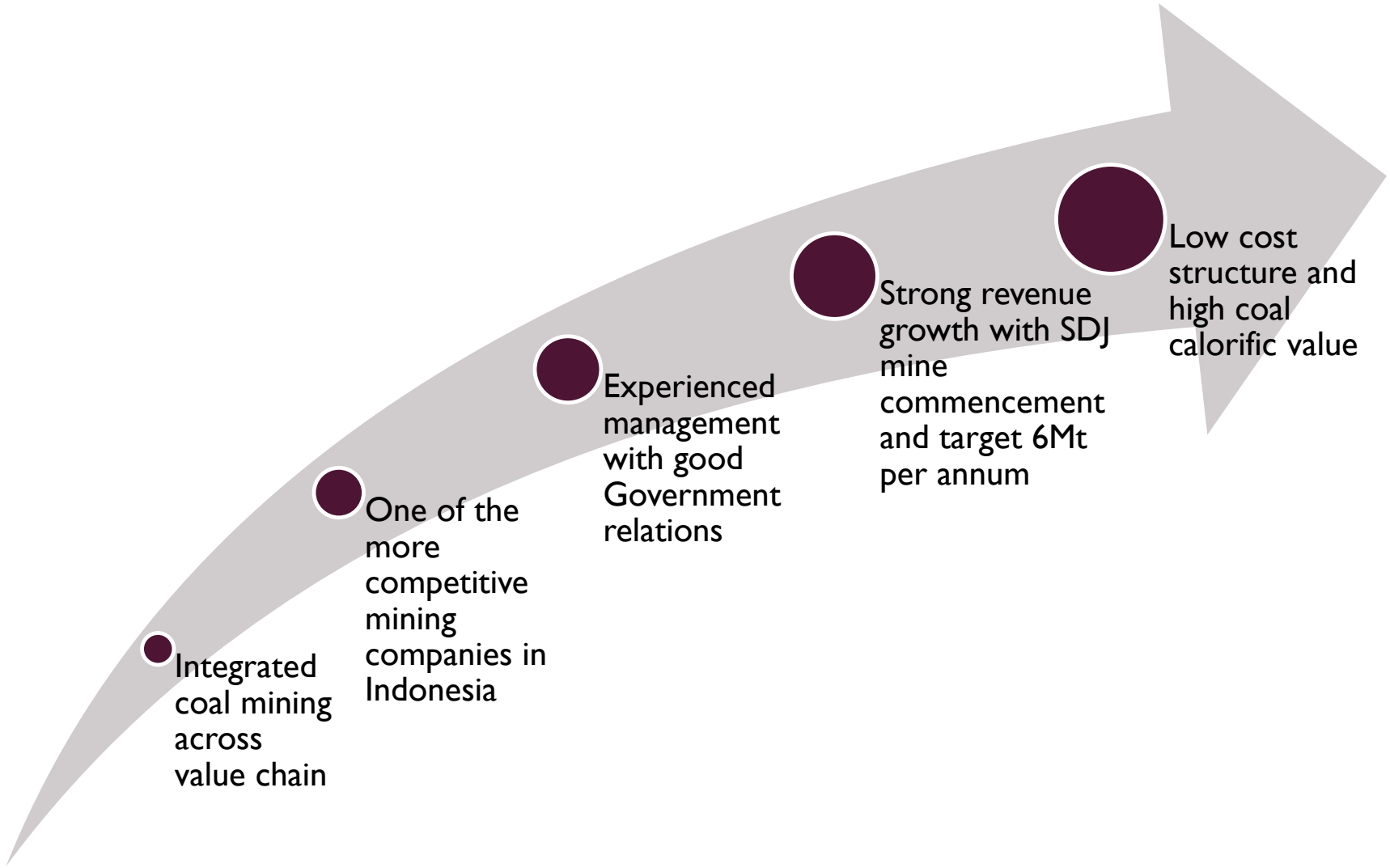

Competitive strengths

GEO ENERGY GROUP

THANK YOU

APPENDIX
1Q2016 RESULTS ANNOUCEMENT & PRESS RELEASE