



# What is the TBR Acquisition?

Investors Presentation

29 July 2016

**GEO ENERGY GROUP**

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**KH Tung – Chief Executive Officer**

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## Forward looking statements

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- What is the potential of TBR LOM Offtake?
- The Thermal Coal Market Outlook

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# Why invest?

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## WHY INVEST?

“For many companies, there’s not much to reap because not much was **SOWN**”. Rather than using profit to build their businesses, many companies have been buying their stocks by borrowing or under investing. Long-term investors depend on new profits , not just the bidding up of faltering growth.

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# How to grow Geo Energy?

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## HOW TO GROW GEO ENERGY?

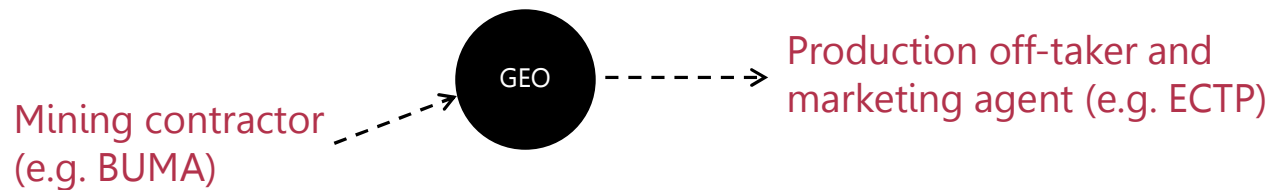
How to grow Geo Energy into a >US\$1billion market company? By doubling its capacity to generate >US\$500m revenue at the lowest costs with best productivity and efficiency.

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## HOW TO GROW GEO ENERGY?

### Expanding by duplicating its business model

as an asset owner with its mining outsourced to large mining contractor (BUMA) and selling through major international trading houses/off-takers (ECTP etc)



No Capex and fixed costs. Fast and highly scalable based on a variable costs structure.



# HOW TO GROW GEO ENERGY?

2016-2017

## STEP 1

**SDJ** – 42.4 millions tons coal reserves (4200 GAR) and projected 6 million tons coal sales

USD180m\*

ECTP

BUMA

## STEP 2

**SDJ and TBR** – 86.8 millions tons coal reserves (4200 GAR) and projected >10 million tons coal sales

USD350m\*

Off-taker

BUMA

## STEP 3

**SDJ, TBR, Others** and Divesification - >150m tons coal reserves with >15 million tons coal sales and revenue >US\$500m\*

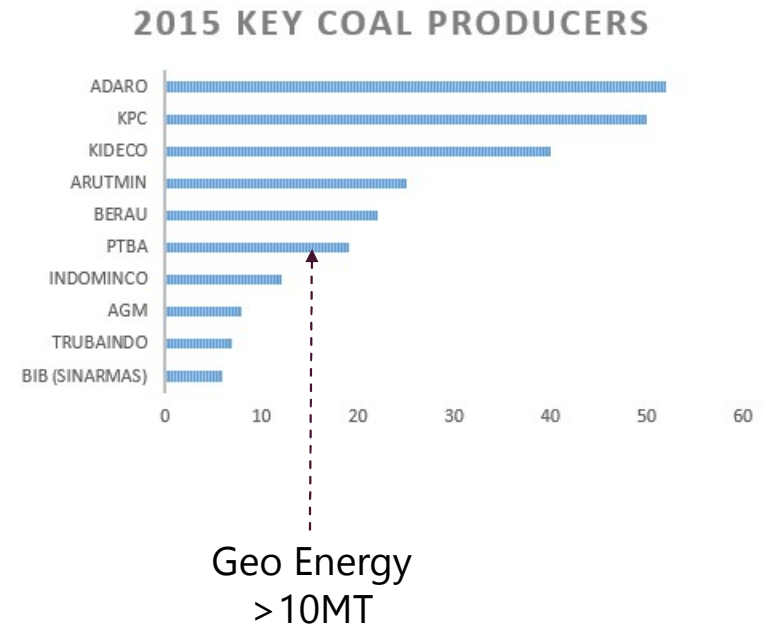
USD500m\*

Off-taker/PLN

\* Revenue estimated based on coal price at US\$30-35/mt on the projected 2016-2017 sales volume per year

## HOW TO GROW GEO ENERGY?

By making Geo Energy to be the top 10 coal producers in Indonesia and a major market player with a great branding on its coal and related businesses with >10 million tons per year production and sales in 2017



## HOW TO GROW GEO ENERGY?

Acquisition for the remaining 34% of SDJ (4200 GAR) - US\$25m

Exploring an opportunity in the independent power (IPP) generation business in Indonesia

Entered into a LOM contract with ECTP for the supply of coal from SDJ with estimated value of US\$1.2 billion

Dec 2015

Jan-Feb 2016

Mar 2016

June 2016

July 2016

Proposed acquisition of PJA coal mine (6800 GAR) – US\$18m and CLS coal mine (7000 GAR) – US\$13m

Divested mining services and coal haulage services businesses with estimated costs savings of US\$6m/year

Proposed acquisition of TBR coal mine (4,200 GAR) – US\$90m

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# What is the TBR Acquisition?

# The TBR Acquisition

Formidable Growth - Geo Energy  
acquiring PT Tanah Bumbu  
Resources (TBR) and Double its Coal  
Reserves to more than 100 million  
ton



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WHAT IS THE TBR ACQUISITION?

> 100MT

Double Geo Energy Coal  
Reserves to more than 100  
million ton.

TBR to add 44.4 million tonne and doubles  
the Group's total mineable coal reserves, with an average calorific  
value of no less than 4,200 kcal/kg (GAR)



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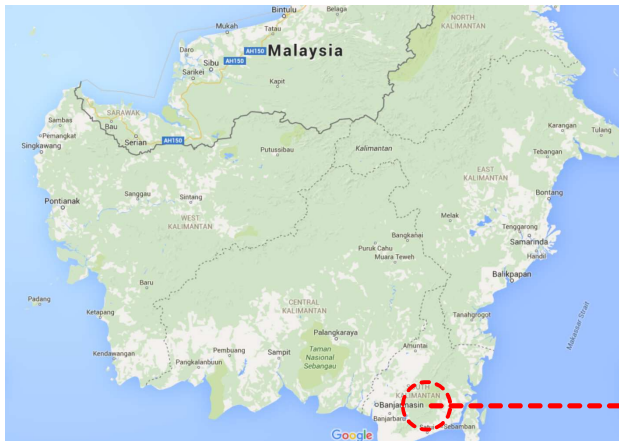
## WHAT IS THE TBR ACQUISITION?

Acquisition of the adjacent TBR will greatly improve the Group's mining efficiency and **have great synergistic effects on its costs** of production

TBR is **to start production in early 2017** and expand the Group's coal production to no less than 10 million tonne in 2017

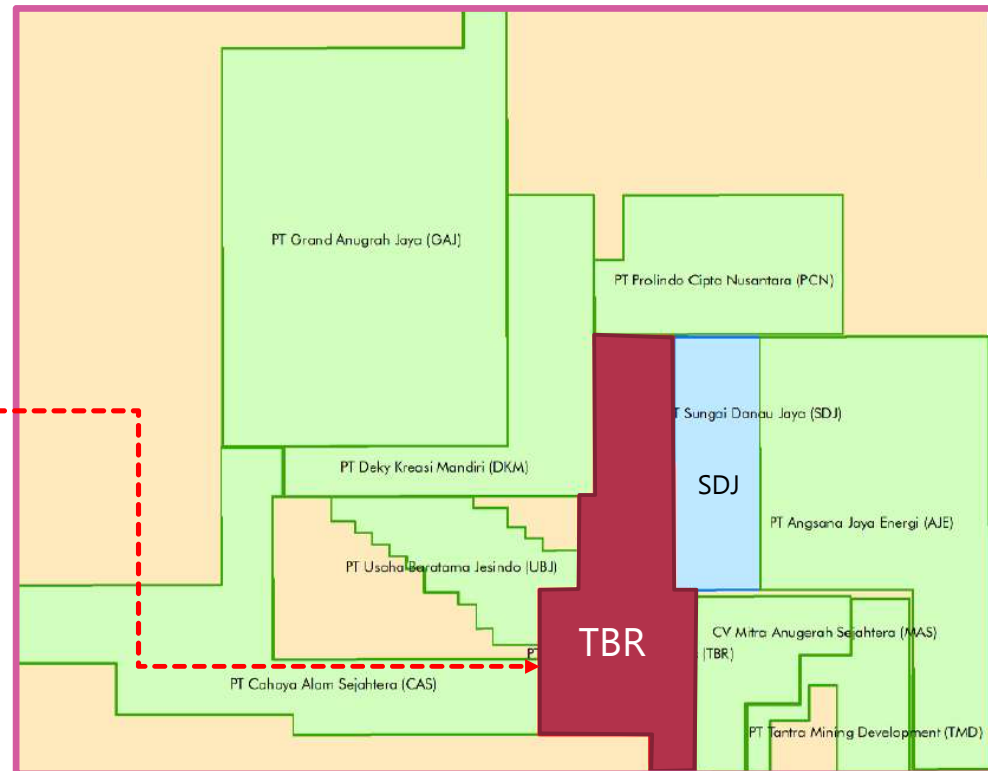
Acquisition is in line with the Group's core strategy to grow its coal reserves and focus on coal production

# WHAT IS THE TBR ACQUISITION?



## Where is it located?

Next to SDJ coal mine in South Kalimantan, Indonesia





## WHAT IS THE TBR ACQUISITION?

### Where is it located?

Next to SDJ in South Kalimantan

Acquisition of the adjacent TBR will greatly improve the Group's mining efficiency and have great synergistic effects on its costs of production



# WHAT IS THE TBR ACQUISITION?

## 2.3 MINING TENURE AND FORESTRY STATUS

Tenure for the TBR Project is held under an operation production IUP. SMGC has been provided with a copy of the IUP documents for the concession and these are attached in Appendix D.

The details of this concession are shown in Table 2.1 and all Reserves reported in this statement are contained within this concession.

**Table 2.1 – Concession Details**

IUP	PT Tanah Bumbu Resources
Type	IUP Operasi Produksi
Number	NO. 188.45/311/distamben/2014
Company Name	PT Tanah Bumbu Resources (TBR)
Kabupaten	Tanah Bumbu
Province	South Kalimantan
Resource	Coal
Area	489.1 ha
Date Signed	13 <sup>th</sup> August 2014
Expiry	11 <sup>th</sup> January 2022

Only 230.5 ha has been mapped and or drilled for the JORC reserves

Extracts from TBR JORC Reserve Report – May 2016

# WHAT IS THE TBR ACQUISITION?

Coal Reserve estimates are based on a pre-feasibility level LOM plan.

**Table 1 – Summary of Coal Reserves as of 31<sup>st</sup> May 2016**

Reserve Classes	Total Waste (Mbcm)	Total Coal (Mt)	Incremental Stripping Ratio (bcm/t)	Proved Coal (Mt)	Probable Coal (Mt)	Proved + Probable Coal (Mt)
In-situ Coal Reserve	164.8	49.4	3.3	40.8	3.7	44.5
Mineable Coal Reserve	165.2	48.9	3.4	40.7	3.7	44.4
Run-of Mine Coal Reserve	165.9	45.6	3.6	38.2	3.4	41.6
Marketable Coal Reserve	165.9	45.6	3.6	38.2	3.4	41.6

*\*This table must be presented with the entire JORC Reserve statement from which it was obtained.*

Extracts from TBR JORC Reserve Report – May 2016

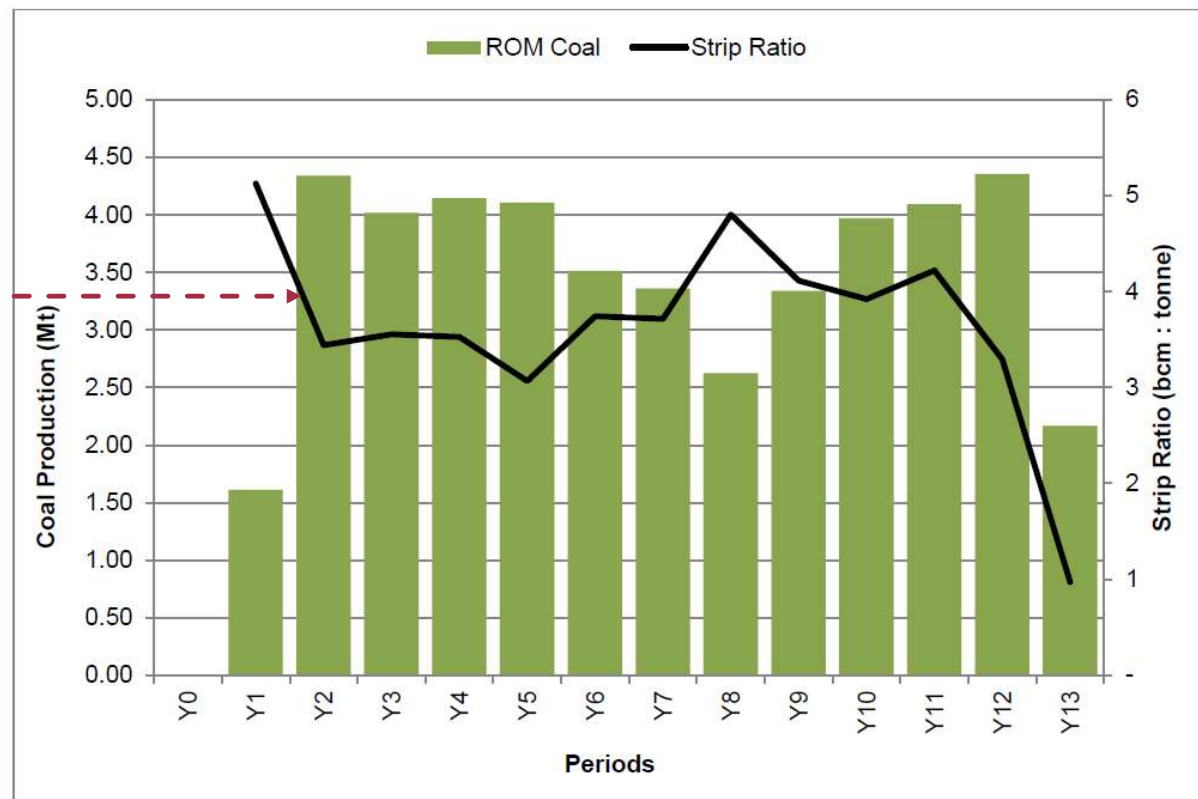
**Table 2 – Estimated Quality of Product Coal**

Product Type	Ash (%) (adb)	VM (%) (adb)	TM (%) (arb)	RD (t/m3) (arb)	TS (%) (adb)	GAR (Kcal/Kg) (arb)
Total	5.1	39.4	34.4	1.28	0.24	4,219

Clean Coal  
 Low Ash ←-----→ Low Sulphur

# WHAT IS THE TBR ACQUISITION?

Figure 3.2 – Coal Mining and Stripping Ratio

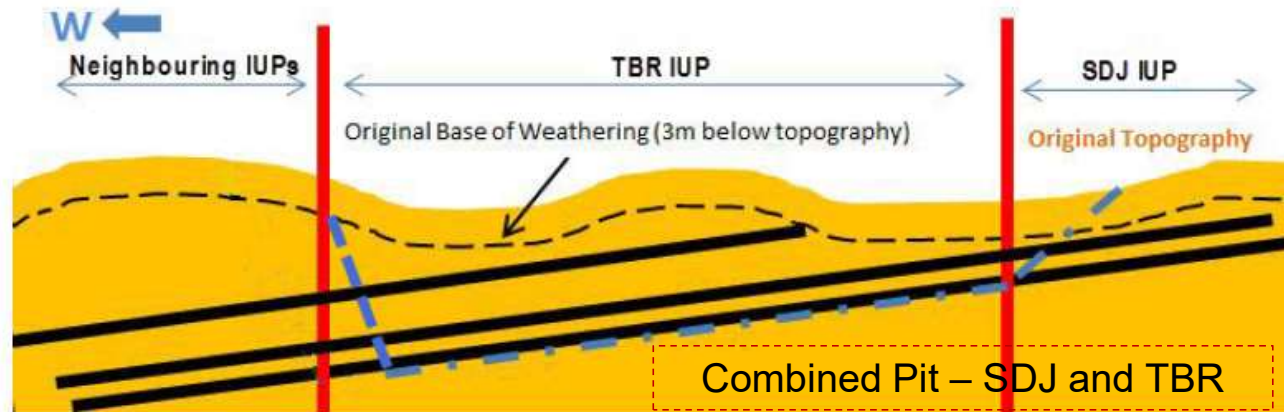


Low Stripping  
Ratio =  
Low mining  
costs

Extracts from TBR JORC  
Reserve Report – May 2016

# WHAT IS THE TBR ACQUISITION?

Figure 6.1 – Topography and Base of Weathering Surface



Reserve figures in this report deal exclusively with coal contained within the TBR concession boundary and have been limited by an upper weathering surface and a lower depth limit. The lower limit is defined by a depth of 125 metres from the original topographic surface.

The underlying geotechnical assumptions used for this Reserve estimate are derived from similar operations around the project area. A full phased geotechnical report was underway at the time of preparation of this Reserve report. The final geotechnical recommendations may vary from that used in this Reserve estimate and that can alter the findings of the same.

Extracts from TBR JORC  
Reserve Report – May 2016

# WHAT IS THE TBR ACQUISITION?

TBR JORC Reserve Report is only for about 50% of the IUP concession area. There remains a great portion not explored yet which could potentially increase the JORC reserve of TBR significantly.

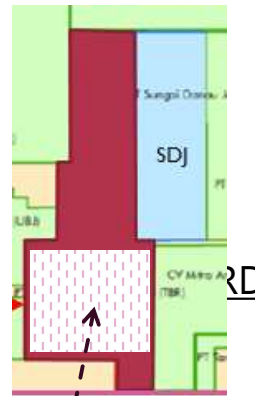
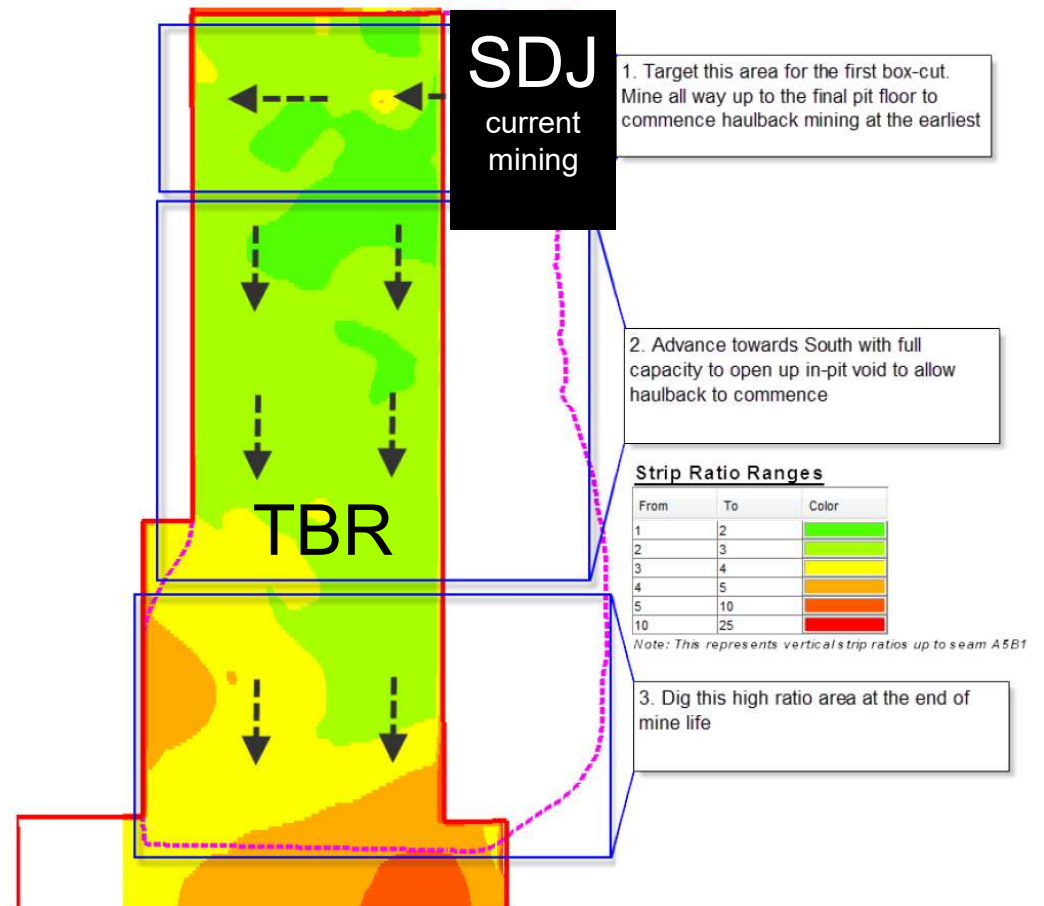


Figure 2.2 – Mining Strategy

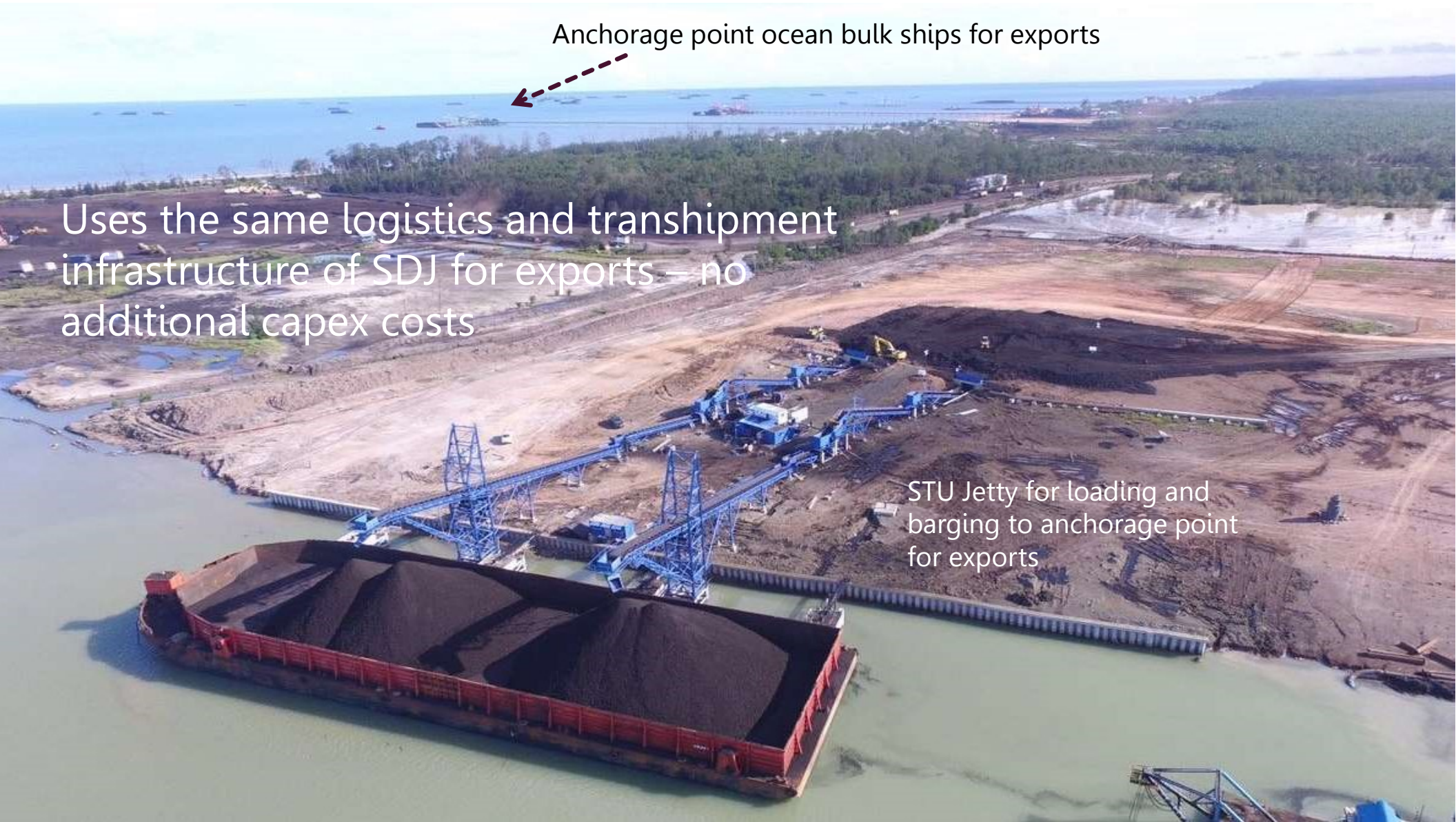


Anchorage point ocean bulk ships for exports



Uses the same logistics and transshipment infrastructure of SDJ for exports – no additional capex costs

STU Jetty for loading and barging to anchorage point for exports



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# How is the Acquisition Financed?



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## HOW IS THE ACQUISITION FINANCED?

### Purchase Consideration

$$\begin{array}{ccccccc} \text{US\$37M} & + & \text{US\$13M} & + & \text{US\$40M} & = & \underline{\text{US\$90M}} \\ \text{CASH} & & \text{GEO SHARES (9\% dilution)} & & \text{CASH/OTHERS} & & \end{array}$$

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HOW IS THE ACQUISITION FINANCED?

Can Geo Pay US\$90 million?

Yes! It is funded substantially by TBR  
cash flow itself

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## HOW IS THE ACQUISITION FINANCED?

US\$37M **CASH**

PROJECT SELF FINANCING

July 2016 – SDJ offtake prepayment US\$8.5m  
January 2017 - TBR offtake prepayment US\$28.5m

TBR offtake prepayment based on SDJ LOM offtake of estimated value of US\$1.2b and US\$4/mt prepayment on production.

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## HOW IS THE ACQUISITION FINANCED?

US\$13M **SHARES**

issued at S\$0.15/share –  
premium to market price,  
9% of total issued shares

**NO DILUTION ON EPS**

Jan 2017 - Shares to be issued for NEW cash and earnings  
generating asset

TBR scheduled production in early 2017

TBR to increase Geo's Revenue to US\$350m in 2017

3 years Moratorium on Vendor not to dispose off the shares

## HOW IS THE ACQUISITION FINANCED?

US\$40M **BALANCE**

EARNED OUT FROM TBR

July 2016 - Disposal proceeds from the mining services and coal haulage assets and businesses US\$10m  
2017-2019 - TBR cash flows and others US\$30m ←

Geo 1Q2016 reported cash profit was about US\$3/mt at ICI 4200 GAR coal price of **US\$26.64/mt in March 2016.** ICI 4200 GAR coal price **as at 25 July 2016 was US\$29.58/mt. An increase of US\$2.94/mt**

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What is the potential of TBR LOM  
Offtake?

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## WHAT IS THE POTENTIAL OF TBR LOM OFFTAKE?

### What does the US\$1.2 billion offtake agreement on SDJ mean to Geo Energy?

Prepayment of US\$4/mt on offtake based on coming year's production and sales volume

**US\$20m** received - July 2016 for 2H2016 offtake volume of 4Mt

**US\$40m** receivable - Dec 2016 for 2017 offtake volume of 10Mt per year

**US\$40m** receivable yearly – Dec 2017 onwards yearly for Life of Mine (LOM)

Note: Based on BUMA production for Geo Energy for SDJ

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## WHAT IS THE POTENTIAL OF TBR LOM OFFTAKE?

TBR offtake estimated value and prepayment based on SDJ LOM offtake **will**  
**not be less than US\$1.2b and**  
**US\$4/mt prepayment on**  
**production.**



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# The Thermal Coal Market Outlook

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## COAL MARKET OUTLOOK

**Source: The Coal Book 2016, Citibank, 25 July 2016**

- Seaborne thermal coal demand to stay robust in the next few years because of sharp production cuts and consumption to be resilient
- Although sharp cost deflation driven by aggressive producer cost-cutting in the region, a more robust cost curve now could give coal prices support from the bottom
- Coal prices to remain range bound supported by Chinese import demand due to domestic coal production cuts in China
- Coal producers and exporting countries to benefit from higher prices particularly the ones producing high-quality coal

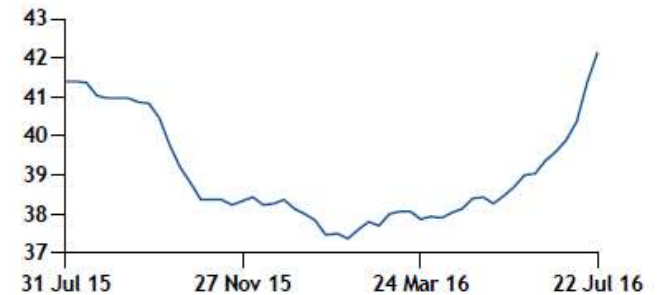
# COAL MARKET OUTLOOK

Indonesia coal prices have trend upwards and for ICI 4200 GAR it is now close to US\$30/mt from US\$26.69/mt in January 2016

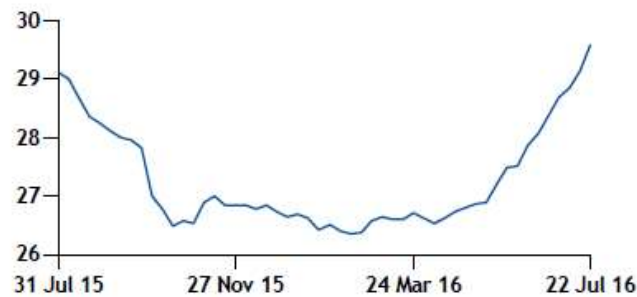
Argus/Coalindo ICI 2



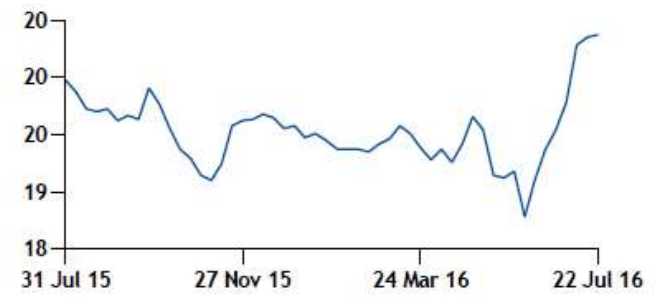
S/t Argus/Coalindo ICI 3



Argus/Coalindo ICI 4



S/t Argus/Coalindo ICI 5



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# Appendix – About Geo Energy Group

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## ABOUT GEO ENERGY GROUP

1

Geo Energy Group is an **integrated coal mining group.**

4

It owns two producing coal mining concessions in East and South Kalimantan, Indonesia with JORC reserves of 53Mt of coal with averaged 3600-4200 GAR

2

Established since 2008, headquartered in Jakarta, Indonesia with its corporate office in Singapore and production operations in Kalimantan, Indonesia

5

It is expanding its coal reserves and had announced the proposed acquisition of an adjacent mine and two other mining concessions while exploring an **opportunity in the power generation business in Indonesia.**

3

Listed in Singapore Stock Exchange's main board since 2012

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## ABOUT GEO ENERGY GROUP

**“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

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## ABOUT GEO ENERGY GROUP

“It takes strong leadership focused on constructive change”.

There must be a change and actions to improve cash flows, cut costs, increase sales, increase business investments and faster growth.

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## ABOUT GEO ENERGY GROUP

“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.



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## ABOUT GEO ENERGY GROUP

### 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

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## ABOUT GEO ENERGY GROUP

### 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

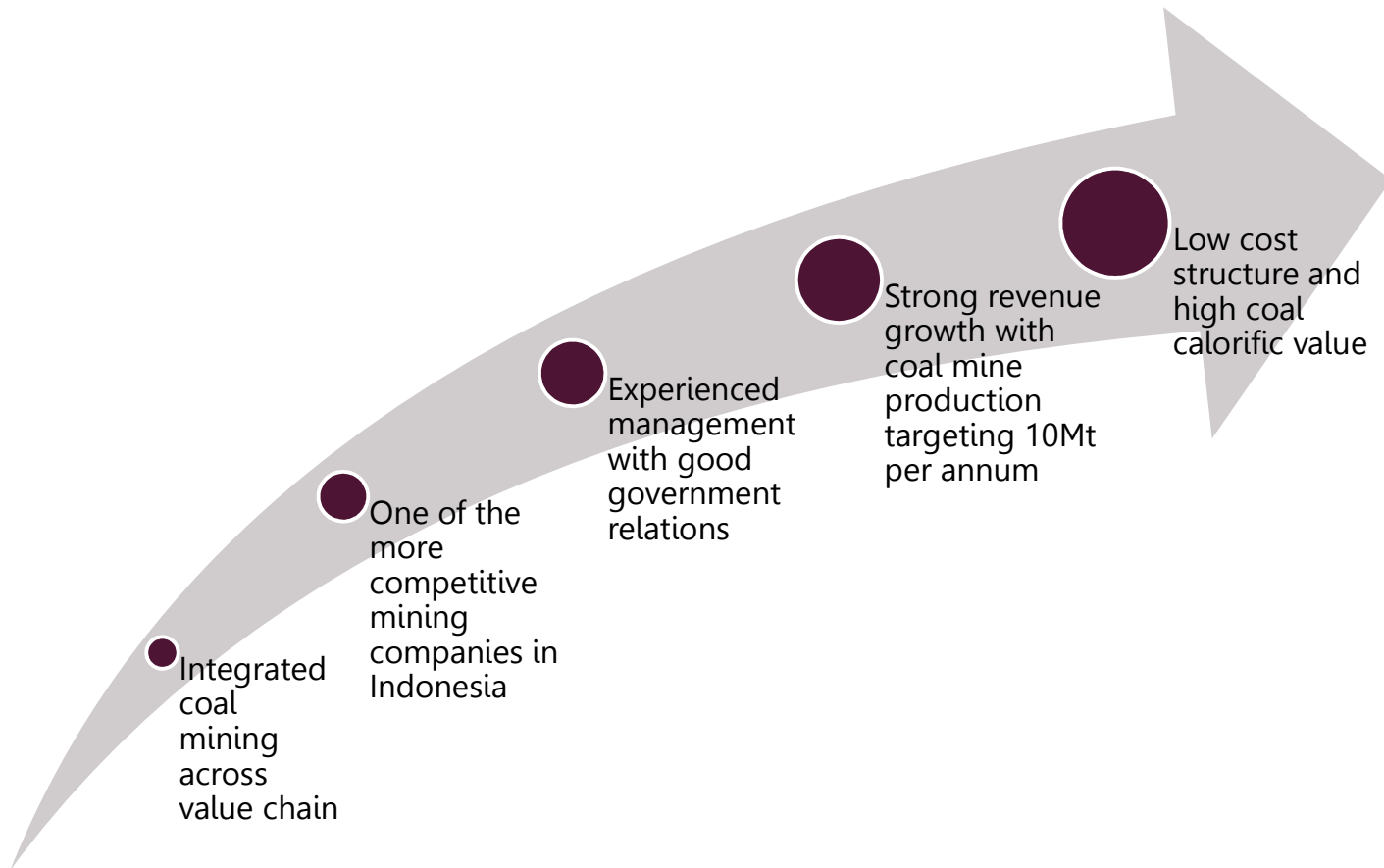
Independent Director

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

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## ABOUT GEO ENERGY GROUP



## Our Competitive Strengths

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# GEO ENERGY GROUP



THANK YOU