2Q2016 and 1H2016

Results Presentation

12 August 2016

Has the Company turned around?

GEO ENERGY GROUP

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KH Tung – Chief Executive Officer

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CONTENTS

Financial Highlights

GEO ENERGY GROUP

FINANCIAL HIGHLIGHTS

Geo Energy Returns to Profitability and delivers a Net Profit of US$2.6 million as Coal Production Gains Further Traction in 2Q2016

A SDJ Video presentation

FINANCIAL HIGHLIGHTS

A SDJ Video presentation

FINANCIAL HIGHLIGHTS

A SDJ Video presentation

Please click on the picture

FINANCIAL HIGHLIGHTS

- Group's positive financial performance was supported by effective cost control measures and a rebound in Indonesian coal prices
- Revenue increased by 191% to US$21.4 million, contributed by volume growth and improving coal price
- Coal price for 4200 GAR, now at US$30.71/mt, up US$3.99 from US$26.72/mt in March 2016

FINANCIAL HIGHLIGHTS

- **Coal sales hits 850,000 tonne in 2Q2016,** a 75% increase as mining operations gains further traction towards target of 6 million tonnes for FY2016
- **Cash profit on coal sales increases to US$4.50 per tonne** or US$3.8 million in 3 months ended 30 June 2016
- **Net gain of US$3.7 million for the divestment** of its mining and haulage services business in June 2016

FINANCIAL HIGHLIGHTS

- Net profit of US$2.6 million for the 2Q2016 against a loss of US$5.9 million for same period last year
- Net cash flow from operating activities increased to US$8.4 million for 1H2016 compared to US$3.1 million in 1H2015
- Net Asset Value per share of 8.2 US cents or 11.1 S cents per share

FINANCIAL HIGHLIGHTS

- **Proposed acquisition of TBR is expected to double the Group's total coal reserves** to be one of the major and top 10 coal producers in Indonesia
- **Coal Offtake financing on TBR allows for raising cash** for the acquisition and funding for the Company in the next 6 months (similar to the SDJ's US$1.2 billion LOM offtake agreement)

Financial Results

GEO ENERGY GROUP

INCOME STATEMENT
Group (Continuing operations)

(All figures in US$'000 except as indicated)	1H2016	1H2015	2Q2016	2Q2015
Revenue	**33,283**	**10,050**	**21,394**	**7,361**
Sales Quantity	1,334,680mt	nil	849,844mt	nil
Cash Profit	5,290	2,420	3,826	1,409
% of Revenue	15.9%	24.1%	17.9%	19.1%
US$/mt	US$3.96	n/a	US$4.50	n/a
Gross Profit	1,483	2,407	1,236	1,404
% of Revenue	4.5%	24.0%	5.78%	19.1%
Operating Expenses	(3,116)	(3,456)	(1,729)	(1,617)
Finance costs	(3,082)	(3,350)	(1,559)	(1,695)
Other Income (expense)	6,090	1,860	6,438	1,835
Net Income	**1,383**	**(3,012)**	**4,239**	**(3,865)**

Overall improvement due to increase in Cash Profit In 2Q2016

2Q2016 other income mainly from gain on divestment of businesses of US$5.0m

GEO ENERGY GROUP

INCOME STATEMENT
Group -1H2016 (Continuing operations)

(All figures in US$'000 except as indicated)	Coal Mining	Others	Total
Revenue	**33,283**	**-**	**33,283**
Sales Quantity	1,334,680mt	n/a	
Cash Profit	5,290	-	5,290
% of Revenue	15.9%	-	
US$/mt	US$3.96	n/a	
Gross Profit	1,483	-	1,483
% of Revenue	4.5%	-	4.5%
Operating Expenses			(3,116)
Finance costs			(3,082)
Other Income			**6,346**
Net Income			**1,383**

Overall improvement in Cash Profit on coal mining to **US$4.50**/mt in 2Q2016 against **US$3.08**/mt in 1Q2016

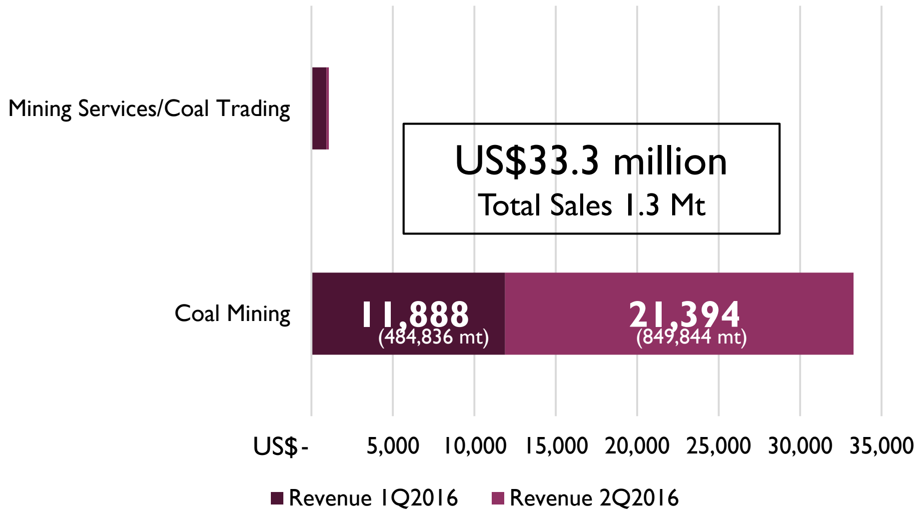
Mainly from gain on divestment of businesses of US$5.0m

GEO ENERGY GROUP

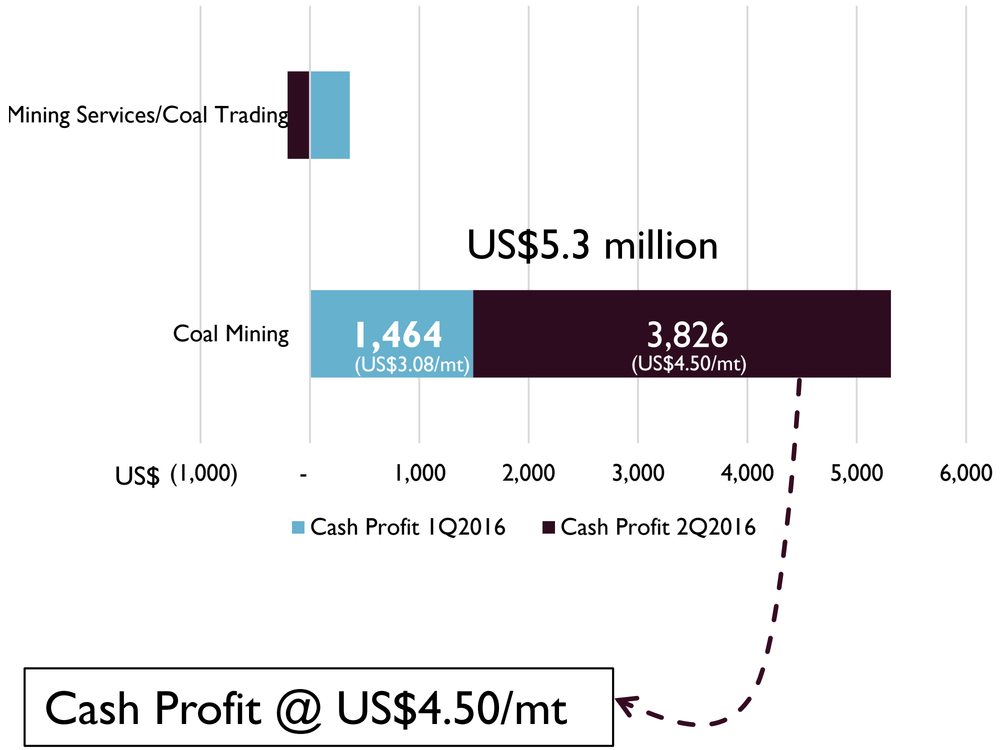
FINANCIAL RESULTS

Income Statement - Group 1H2016

Revenue

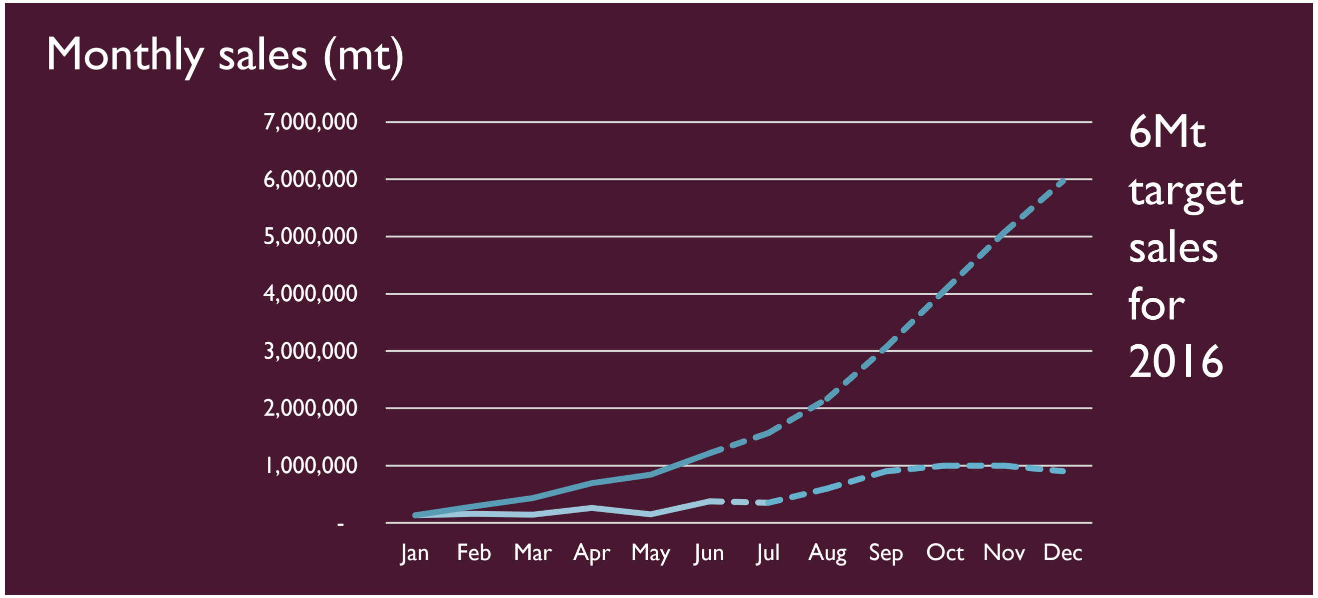


Cash Profit



FINANCIAL RESULTS

Total sales for 6 months (Jan – June 2016) was 1.33 Mt
July and Aug's sales and confirmed shipping of 0.9 Mt
Production ramp up to meet the 6 Mt projected sales for 2016



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FINANCIAL RESULTS

So What Drives Geo Business and Profitability?

FINANCIAL RESULTS

So What Drives Geo Business and Profitability?

1H2016 Performance

	(All figures in US$'000 except as indicated)	1Q2016	2Q2016	1H2016
1	**Sales volume (mt)**	484,836	849,844	1,334,680
2	ICI 4200GAR price (US$/mt)*	26.55	27.20	26.88
3	Average selling price (US$/mt)	24.52	25.17	24.94
4	Production cash cost (US$/mt)	21.44	20.68	20.96
5	**Cash Profit**	**3.08**	**4.50**	**3.98**

Now at US$30.71/mt (5 Aug 2016), an **increase of US$3.83/mt**

1.3Mt for 6 months in 1H2016 with target sales for FY2016 at 6Mt i.e. <u>4.7Mt target for 2H2016</u>

* Averaged for the period

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FINANCIAL RESULTS

So What Drives Geo Business and Profitability?

- **Operating costs** – to maintain at US$3.2m for 1H2016 (1H2015: US$3.5m) or lower. Divestment of mining services and haulage business on 29 June 2016 <u>will save US$1.7m costs a quarter going forward</u>.
- **Finance costs** – US$3.1m on the MTN in 1H2016 is to be pared down

The Thermal Coal Market Outlook

FINANCIAL RESULTS

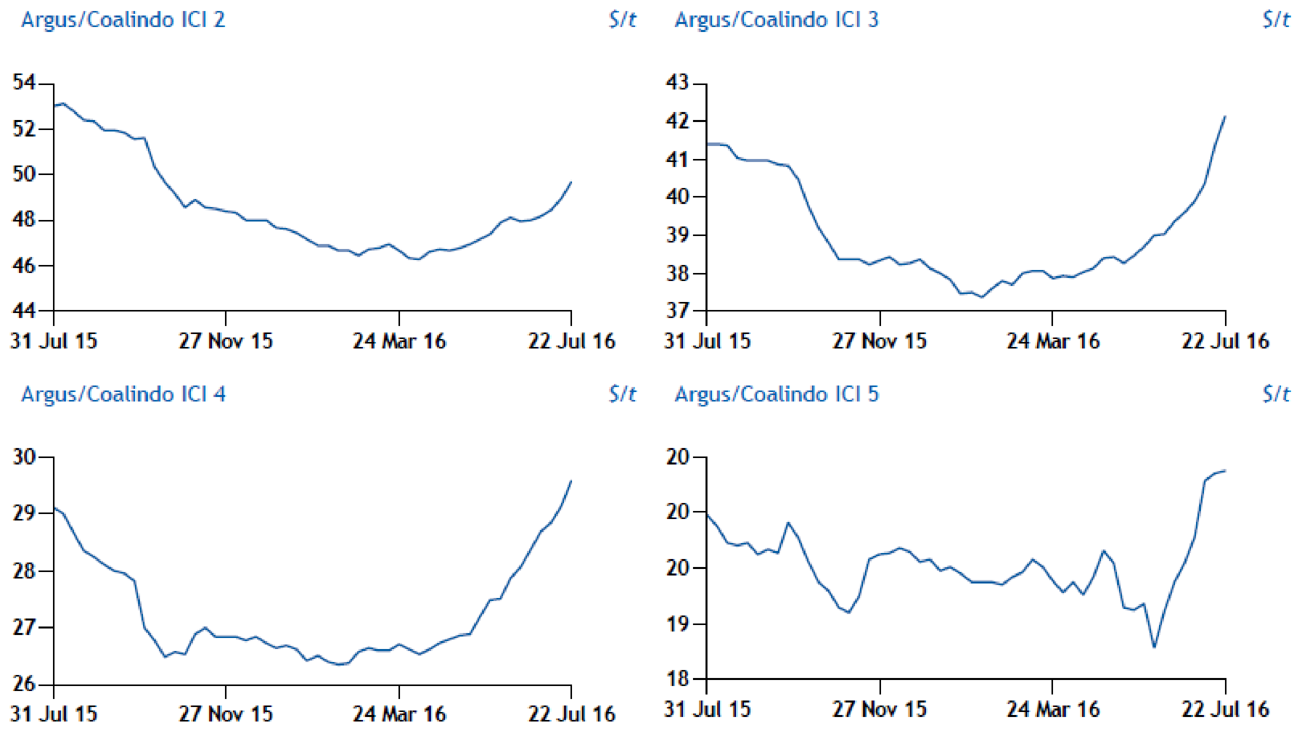
COAL MARKET OUTLOOK

- **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

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

FINANCIAL RESULTS

Indonesian Coal Price Index (ICI) 4200 GAR has uptrend reaching US$30.71 per mt in 7 months (Jan – July 2016)



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Cash Flows

CASH FLOWS
Group

(All figures in US$'000 except as indicated)	1H2016	1H2015
Operating Cash Flows	8,368	3,119
Investing Cash Flows	(6,181)	2,032
Financing Cash Flows	(5,335)	(3,196)
Net (Decrease) Increase	(3,148)	1,956
Beginning Cash Balance	**7,421**	**10,666**
Forex Exchange difference	150	(207)
Ending Cash Balance	**4,423**	**12,415**

Increase due mainly to deferred stripping costs of US$8.8m on SDJ mine offset by sale of property of US$2.9m

Increase mainly due to cash profit generated by SDJ mine of US$3.8m, and divestment of businesses

Outflow mainly due to 7% interest on the S$100m MTN. In 1H2015, there was a new shares issue of US$3.7m. (1H2016: Nil)

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

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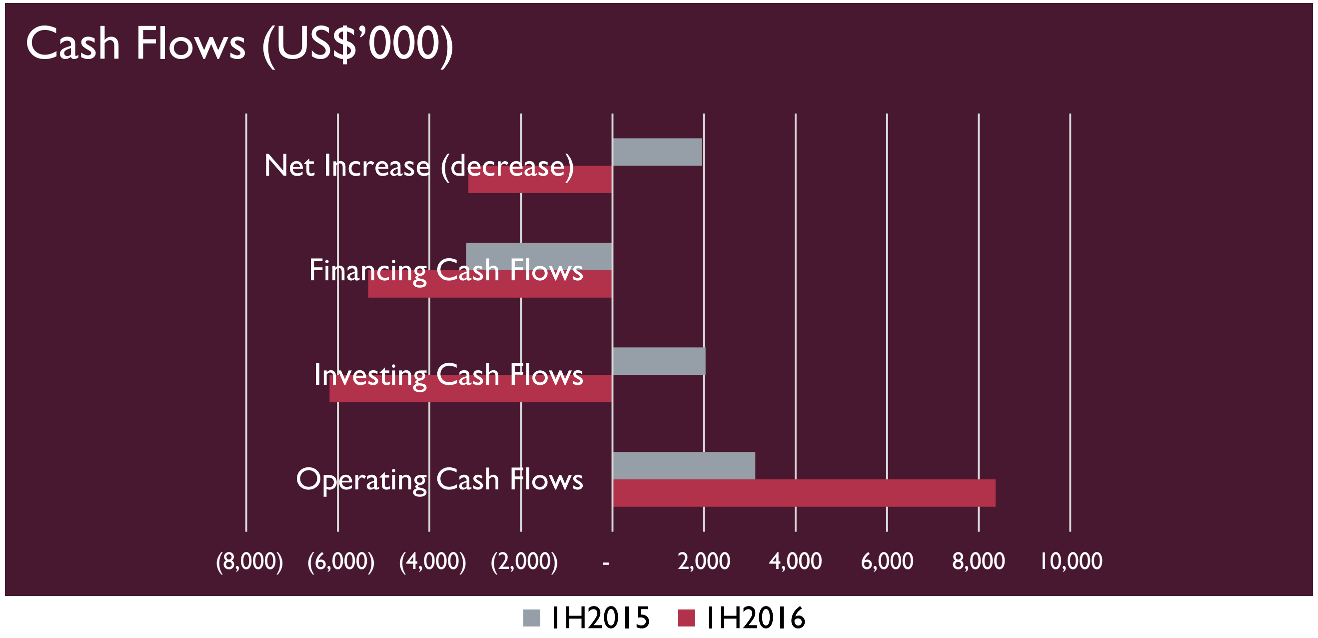
CASH FLOWS

Increase in operating cash flows from commencement of SDJ mining in December 2015
Prepayment of US$20m from SDJ offtake with ECTP received in July 2016



Financial Position

FINANCIAL POSITION
Group

(All figures in US$'000 except as indicated)	30.6.16	31.12.15
Cash	9,539	12,416
Receivables	**73,569**	**51,216**
Inventories	6,331	5,417
Deferred Stripping costs	9,107	1,447
PPE and Investments properties	**110,343**	**135,206**
Non-current assets	5,869	5,827
Deferred tax assets	3,541	3,622
Total Assets	**218,299**	**215,151**

Increase due to SDJ mining

Increase mainly due to US$10m sale consideration and inter-co balances reclassified on the divestment of businesses

Decrease mainly due to sale of US$18m of PPE as part of the divestment of businesses, and depreciation of US$4m

GEO ENERGY GROUP

FINANCIAL POSITION

Group

(All figures in US$'000 except as indicated)	30.6.16	31.12.15
Payables	**44,204**	**39,639**
Finance leases	**70**	**9,408**
MTN Notes	73,157	69,250
Income and deferred taxes	81	1,807
Provisions and others	916	1,077
Total Liabilities	**118,428**	**121,180**

Increase mainly due to inter-co balances reclassified on the divestment of businesses

Decrease due to deconsoli-dation upon the divest-ment of businesses

FINANCIAL POSITION
Group

(All figures in US$'000 except as indicated)	30.6.16	31.12.15
Share Capital	89,671	86,171
Forex Translation loss	(20,572)	(22,947)
Other reserves	14	791
Retained earnings	30,546	29,719
Non-controlling interests	212	237
Total Equity	**99,871**	**93,971**

Increase on issue of new shares on the acquisition of the 34% SDJ equity interests

Unrealised forex translation on consolidation of foreign subsidiaries

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Capital Funding

CAPITAL FUNDING

US$1.2 billion offtake agreement on SDJ with

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

CAPITAL FUNDING

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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Strategy

STRATEGY

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)

Mining contractor (e.g. BUMA)

GEO

Production off-taker and marketing agent (e.g. ECTP)

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

STRATEGY

<u>2016-2017</u>

STEP 1

<u>SDJ</u> – 42.4 millions tons coal reserves (4200 GAR) and projected 6 million tons coal sales

STEP 2

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

STEP 3

<u>SDJ, TBR, Others</u> <u>and Diversification</u> - >150m tons coal reserves with >15 million tons coal sales and revenue >US$500m*

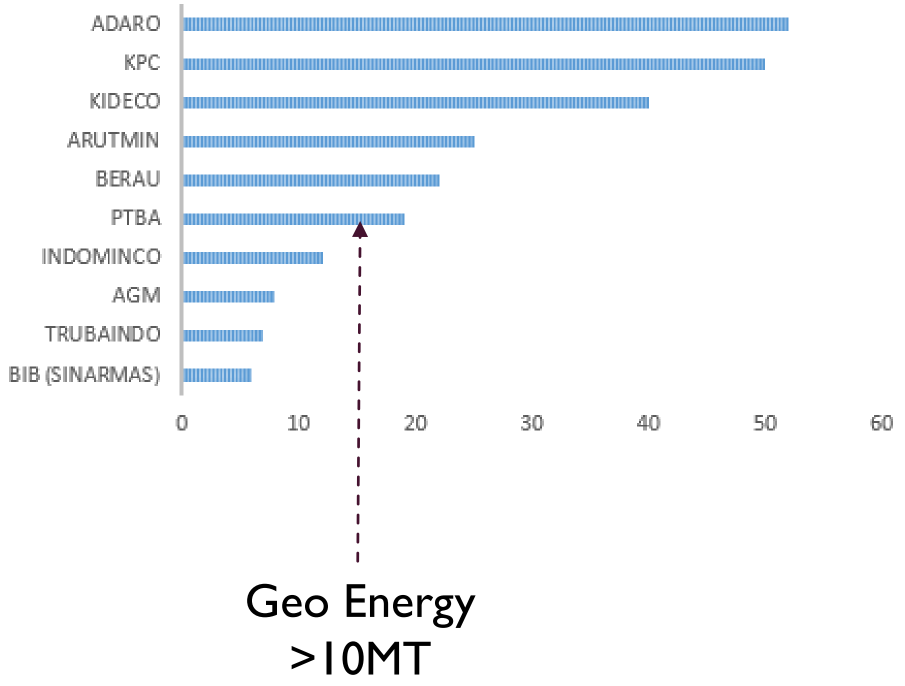
* Revenue estimated based on coal price at US$30-35/mt on the projected 2016-2017 sales volume per year

STRATEGY

By making Geo Energy 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

2015 KEY COAL PRODUCERS



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2H2016 Priorities

2H2016 PRIORITIES

1. Complete the proposed TBR and other acquisitions
2. Sign Coal Offtake agreement on TBR for production to start in 2017
3. Continue reduction in coal production/operating costs
4. Focus on SDJ coal production/sales of minimum 4.7Mt in 6 months
5. Review Capital Options
6. Review on new acquisition/business opportunities

Appendix – About Geo Energy Group

ABOUT GEO ENERGY GROUP

1

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

2

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

3

Listed in Singapore Stock Exchange's main board since 2012

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

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**.

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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

* Runners up

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.

ABOUT GEO ENERGY GROUP

"Together the Board has more than <u>25 years</u> in coal mining and more than <u>50 years</u> 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.

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

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 geomechanics and mining engineer.

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

ABOUT GEO ENERGY GROUP

Our Competitive Strengths

- Integrated coal mining across value chain
- One of the more competitive mining companies in Indonesia
- Experienced management with good government relations
- Strong revenue growth with coal mine production targeting 10Mt per annum
- Low cost structure and high coal calorific value

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THANK YOU