

Geo Energy Earnings Soars to US\$7.5 million in 3Q2016 Lifted by Rising Coal Prices and Higher Sales Volumes

- Geo Energy achieved record revenue of US\$56.9 million as the Indonesian Coal Index (“ICI”) for 4,200 GAR coal continues its uptrend averaging US\$32.15 in 3Q2016
- Geo Energy delivered 1.8 million tonnes of coal in 3Q2016, hitting its monthly coal production target of 600,000 tonnes of coal
- Delivered net cash from operating activities of US\$12.9 million in 3Q2016
- Geo Energy expects more revenue for the Group in 2017 in management fees and coal sales following recent contract agreements with neighbouring mine PT Angsana Jaya Energi (“AJE”)

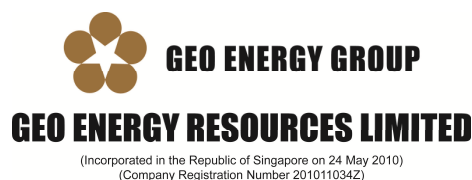
SINGAPORE, 10 November 2016 – Geo Energy Resources Limited (“Geo Energy” or “the Group”), an integrated Indonesian coal mining group, is pleased to announce a net profit attributable to shareholders of US\$7.4 million for the three months ended 30 September 2016 (“3Q2016”).

(US\$ '000)	3Q2016 (Unaudited)	3Q2015 (Unaudited)	% change	9M2016 (Unaudited)	9M2015 (Unaudited)	% change
Revenue	56,876	5,159	N.M.	90,159	15,209	493
Gross Profit	12,746	434	N.M.	14,229	2,841	401
General & Administrative Expenses	(1,620)	(1,540)	5	(4,736)	(4,996)	(5)
Finance Costs	(1,526)	(1,569)	(3)	(4,608)	(4,919)	(6)
Net Profit Attributable to Owners	7,442	(1,428)	N.M.	7,492	(10,025)	N.M.
Earnings per share* - Fully diluted* (US cents)	0.61	(0.12)	N.M.	0.62	(0.85)	N.M.

* Based on weighted average number of 1,212,273,113 ordinary shares for 3Q2016 (3Q2015: 1,185,050,891) and 1,204,225,667 ordinary shares for 9M2016 (9M2015: 1,167,820,122)

Financial Highlights

Group’s revenue increased closed to tenfold from US\$5.2 million in 3Q2015 to US\$56.9 million in 3Q2016, attributed to higher revenue recognition from coal sales delivered by PT Sungai Danau Jaya (“SDJ”) mine. SDJ’s coal production more than doubled from 850,000 tonnes of coal in 2Q2016 to 1.8 million tonnes of coal in 3Q2016 as the Group stays on track to deliver its target of 6 million tonnes of coal per year.



There was no revenue contribution from the Group's other coal mine PT Bumi Enggang Khatulistiwa ("BEK") as production has been placed under care and maintenance since end of 2014. Strategically, the Group would prefer the ICI for 3,400 GAR coal to achieve a more cost effective price range to commence mining and to focus more on coal production in SDJ's region.

Gross profit and EBITDA margins in 3Q2016 were 22.4 % and 25.1% respectively.

The Group has continued to keep its operating costs low and maintain a lean upkeep in 3Q2016 as general and administrative expenses remained relatively flat increasing by 5% year-on-year ("yoy") to US\$1.6 million in 3Q2016. Finance costs decreased marginally by 3% yoy to US\$1.5 million in 3Q2016 mainly due to lower amortised borrowing costs pertaining to its Medium-Term-Note ("MTN").

Earnings per share increased yoy from a loss of 0.12 US cents to an earnings of 0.61 US cents in 3Q2016.

The Group's cash and bank balances improved by US\$5.2 million from US\$12.4 million as of 31 December 2015 to US\$17.6 million as of 30 September 2016. Following the Group's divestment of mining services and coal haulage services businesses under wholly owned subsidiaries, PT Mitra Riau Pratama ("MRP") and PT Geo Mineral Trading ("GMT") in June 2016, finance leases have notably decreased from US\$9.4 million as of 31 December 2015 to US\$0.1 million as of 30 September 2016, thereby generating much cost savings for the Group.

Net asset value per share increased from 7.91 US cents per share as of 31 December 2015 to 8.92 US cents per share as of 30 September 2016 while total number of shares issued increased from 1,185,050,891 shares as of 31 December 2015 to 1,212,273,113 shares as of 30 September 2016.

Business Outlook

In July 2016, the Group entered into a 'Life of Mine' ("LOM") contract with Engelhart Commodities Trading Partners (Singapore) Pte Ltd ("ECTP") to supply approximately 42.0 million tonnes of coal till 2022. In addition, ECTP has committed to an additional US\$4 per tonne prepayment on the coal offtake at the end of each year based on the following year's production and committed sales volume, thereby also strengthening the Group's cash flow and financial position going forward.

In July 2016, the Group proposed to acquire a 98.73% stake in PT Tanah Bumbu Resources ("TBR") for US\$90.0 million. The acquisition of TBR will add 44.4 million tonnes of coal which would double the Group's total mineable coal reserves to close to 100 million tonnes, with an average calorific value of no less than 4,200 GAR. Strategically located beside SDJ, TBR's coal mine possesses similar qualities like

thick coal seams, low strip ratio and close proximity to jetty. Acquiring an adjacent mine has synergistic benefits as most of the infrastructure and facilities are already in place for coal mining operations to commence.

On 31 October 2016, the Group's wholly-owned subsidiaries, Geo Coal International Pte Ltd ("**GCI**") and PT Mitra Nasional Pratama ("**MNP**"), have entered into a Sale and Purchase of Coal Agreement and Coal Mining Management Service Agreement respectively with AJE for approximately 5 million tonnes of coal in 2017.

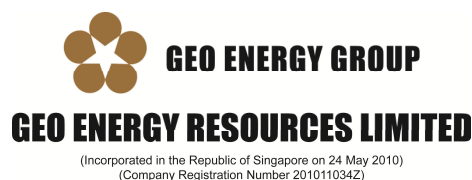
Barring any unforeseen circumstances, the Group is expecting an initial target production of more than 600,000 tonnes of coal for each of the remaining months in 2016 and 10 million tonnes of coal production and sales per year by 2017.

Combined with the Group's stellar financial performance, the ICI for 4,200 GAR coal has continued its uptrend increasing 77% from US\$26.69 per tonne in January 2016 to US\$47.20 per tonne on 4 November 2016. Barring any unforeseen circumstances, the Group remains confident of maintaining profitability going forward based on its current low cash production costs of about US\$25 per tonne.

Commenting on the positive set of financial results and outlook of the Group, Mr Tung Kum Hon, Chief Executive Officer of Geo Energy said, ***"Our Group is extremely delighted to hit our monthly production targets in such a short span of time and to post a second consecutive quarter of profits. Our restructuring process and hard work in 2015 has started to bear fruit and we are on track to deliver our commitment to ECTP. The strong uptrend of the ICI for 4,200 GAR coal has been instrumental in boosting our cash profit per tonne to US\$11.11 per tonne as of 30 September 2016 while our mining operations has become more efficient thereby lowering our cash cost of sales. We delivered net cash from operating activities of US\$12.9 million in 3Q2016.***

China's policy of reducing its domestic coal production by cutting the number of days allowed for coal mining from 330 to 276 days, has inevitably caused coal prices to rally. This situation has shifted China to rely on imported coal to keep up with its energy demands. Goldman Sachs believes that this situation in China will cause many coal producers in the country to face financial distress and eventually many of the smaller producers will be phased out¹. Being an exporter of coal, our Group can only benefit from the recent spike in coal prices as well as the demand supply gap in China.

In addition, our proposed acquisition of TBR once completed will almost double our coal reserves to 97.9 million tonnes. Based on current ICI for 4,200 GAR coal price at US\$47.20 per tonne and our low cash costs on production of about US\$25-26 per tonne, the value of our combined coal assets is worth an estimated US\$1.0 billion over.



1 China's Stealth Coal Bailout 2016, Goldman Sachs, 20 October 2016

Moreover, off-taking 5 million tonnes of coal from AJE would enable the Group to generate more revenue in an environment of increasing coal prices. The Management Service Agreement with AJE has entitled our Group to 20% of their profit before tax on the approximately 5 million tonnes to be mined out in 2017 or early 2018. The sharing of dump sites between SDJ and AJE coal mines would also generate estimated cost savings of more than US\$10 million for SDJ in 2017, through the shorter hauling distance to dump sites.

Our Group continues our stride towards becoming one of Indonesia's top coal producers. We would continue to pursue earnings accretive opportunities in the region that complements our core strategy and to build up our coal reserves. Our Group remained committed to enhance shareholder value and to grow our cash returns to them.

Given current positive sentiments about the coal market, the long term outlook for coal continues to be hugely encouraging. As a Group, we would continue to drive improvements in productivity and to maximise the value of our good quality coal assets going forward. One of the key focus going forward would be maintaining our current low production cost."

The End

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

Geo Energy Resources Limited ("Geo Energy") is a coal mining specialist with an established track record in the operation of coal mining sites for the purpose of coal production and coal sales since 2008. The Geo Energy Group's operations are primarily located in Indonesia.

Geo Energy owns major mining concessions and coal mines in East and South Kalimantan, Indonesia with JORC marketable coal reserves of 53.5 million tonnes.

For more information, please visit www.geocoal.com

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