

Geo Energy Reports Highest Ever Quarterly Earnings as 4Q2016 Net Profit Surges to US\$ 14.7 million and Revenue Soars to US\$ 92.0 million

- Delivery of 2.4 million tonnes of coal in 4Q2016 exceeded Geo Energy’s target of 1.8 million tonnes, bringing FY2016 sales of coal to 5.5 million tonnes and revenue to US\$ 182.1 million
- 4Q2016 net profit is the highest quarterly earnings reported since listing, lifting FY2016 profit from continuing operations to US\$ 23.5 million
- Average cash profit of US\$ 13.86 per tonne in 4Q2016
- Strong operating cash flow of US\$ 49.7 million in 4Q2016 strengthens balance sheet with year-end cash position of US\$ 67.7 million
- Signs of sustained uptrend in coal prices, with 24 February 2017 ICI 4200 GAR at US\$ 43.97/tonne
- Geo Energy reiterates production and delivery target of 10 million tonnes of coal for FY2017
- Proposes first dividend since IPO of S\$0.01 per share, representing a commitment to deliver returns to shareholders invested in Geo Energy

SINGAPORE, 28 February 2017 – Geo Energy Resources Limited (“Geo Energy” or “the Group”), a major Indonesian coal producer, is pleased to announce a net profit from continuing operations of US\$ 14.7 million for the three months ended 31 December 2016 (“4Q2016”).

(US\$ '000)	4Q2016	4Q2015	Change %	FY2016	FY2015	Change %
Revenue	91,950	3,000	N.M.	182,109	18,209	900
Gross Profit	27,690	303	N.M.	41,918	3,144	N.M.
General & Administrative Expenses	(3,418)	(1,498)	128	(8,154)	(6,494)	25
Finance Costs	(1,439)	(1,547)	(7)	(6,047)	(6,466)	(6)
Net Profit from continuing operations	14,671	(6,125)	N.M.	23,537	(7,355)	N.M.
Non-Controlling Interests	(37)	(247)	N.M.	(10)	(281)	N.M.
Earnings for computing EPS	14,708	5,878	N.M.	23,547	7,074	N.M.
Weighted average number of ordinary shares ('million)	1,212	1,185	N.M.	1,206	1,172	N.M.
Earnings per share from continuing operations - fully diluted (US cents)	1.21	(0.50)	N.M.	1.95	(0.60)	N.M.

N.M. - Not Meaningful



Financial Highlights – 4Q2016

The Group's 4Q2016 revenue increased nearly thirty-fold to US\$ 92.0 million from US\$ 3.0 million in 4Q2015, and over 62% from US\$ 56.9 million in 3Q2016. This was driven by the increased volume of coal delivered from the Group's PT Sungai Danau Jaya ("**SDJ**") mine, and higher coal prices. SDJ's coal production increased by 33% from 1.8 million tonnes of coal in 3Q2016 to 2.4 million tonnes of coal in 4Q2016. The average selling price of coal in 4Q2016 was US\$ 38.93/tonne, a 24% increase from the 3Q2016 average of US\$ 31.40/tonne. This is in line with the increase in the Indonesian Coal Index ("**ICI**") for 4200 GAR ("**Gross As Received**") price index, which rose to an average of US\$ 41.95/tonne in 4Q2016 from US\$ 32.15/tonne in 3Q2016 (+30%).

There were no coal sales in 2015 apart from coal trading as the Group has only recently completed its restructuring into a mainly coal producer. Also, 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.

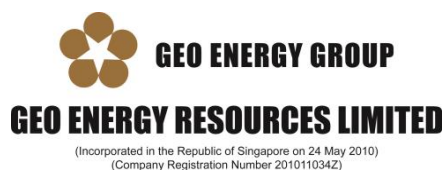
Gross profit was US\$ 27.7 million in 4Q2016, an over ninety-fold increase over 4Q2015 gross profit of US\$ 0.3 million, and 118% higher than 3Q2016 gross profit of US\$ 12.7 million. Again reflecting the Group's business transformation in FY2016, 4Q2016 gross profit was driven solely by the sale of coal from SDJ, versus 4Q2015's profits in coal trading activities offset by losses incurred in mining services.

As coal prices strengthened in 4Q2016, the cash profit per tonne of coal produced by the Group increased to US\$ 13.86/tonne (+65%) from US\$ 8.42/tonne in 3Q2016.

On higher coal prices and volumes delivered, the Group's net profit from continuing operations increased to US\$ 14.7 million in 4Q2016, the highest ever quarterly profit reported since listing, from a loss of US\$ 6.1 million in 4Q2015.

The Group is pleased to note its balance sheet has strengthened significantly, boosted by net cash from operating activities of US\$ 49.7 million in 4Q2016. With cash and bank balances of US\$ 67.7 million as of 31 December 2016, and a S\$ 100 million 7% Medium Term Note ("**MTN**") due on 18 January 2018, the Group's net debt to equity has fallen to 3% from 73% at 31 December 2015.

Net asset value per share increased from 7.91 US cents per share as of 31 December 2015 to 10.26 US cents per share as of 31 December 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 31 December 2016.



Business Outlook

Pleasingly, the Indonesian coal industry continues to benefit from policy developments in China, where the number of statutory working days for coal miners were reduced in April 2016 from 330 days to 276 days a year¹. This forced Chinese businesses to rely on coal imports to make up for the shortfall in domestic supply². To date, demand has remained strong due to the high switching costs for energy, given the long-term investment nature of coal-fired power plants. Thus, ICI 4200 GAR coal prices have increased from US\$ 26.69 per tonne in January 2016 to US\$ 43.97 per tonne on 24 February 2017, an increase of 64.7% during the period.

In FY2016, the Group embarked on a series of acquisition opportunities as part of the Group's growth strategy to increase coal production volume and diversify into coal of a higher calorific value. In particular, the completion of the acquisition of PT Tanah Bumbu Resources ("TBR") should see the Group's total JORC marketable coal reserves increase to more than 90 million tonnes. The Group is currently in the process of obtaining the latest report on its reserves and resources, to be circulated prior to the forthcoming Annual General Meeting. The Group continues to pursue options for earnings accretive acquisitions and off-take agreements, particularly for the TBR coal mine which it hopes to announce in due course.

FY2016 also saw the Group's first foray into mining project management services with PT Angsana Jaya Energi ("AJE"), and a new off-take agreement signed with Engelhart CTP Singapore Pte Ltd ("ECTP") for 7 million tonnes of coal and a prepayment of US\$ 40 million for 2017. The Group expects another similar prepayment arrangement in end-2017 for FY2018 production volumes, and is exploring a similar arrangement once the TBR acquisition is completed and it begins production. This will further strengthen its balance sheet and cash flows.

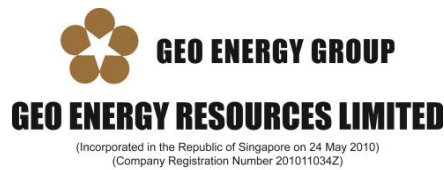
Last but not least, the Group is also exploring how to optimise its capital structure, including a potential restructuring of the MTN facility, to best suit the Group's growth plans. As its MTN will come due in less than a year, it will be reclassified under Current Liabilities from the fiscal period ending 31 March 2017. There will be no operational impact from the reclassification.

On a base of enlarged coal reserves and accelerated production plans, Geo Energy is pleased to reiterate its production and delivery target of 10 million tonnes for FY2017.

Commenting on the positive set of financial results and outlook of the Group, Mr Tung Kum Hon, Chief Executive Officer of Geo Energy said, ***"Geo Energy has transformed into a low-cost coal producer in***

¹ ["China cuts working hours for coal miners in bid to tackle supply glut"](#). Reuters, 18 April 2016.

² ["As coal shortfall looms, miners enjoy unexpected boom"](#). Reuters, 10 February 2017.



2016 after the completion of a restructuring that saw us shed our mining and haulage services businesses. Our transformation has enabled us to achieve a record quarterly net profit of US\$ 14.7 million in 4Q2016, the highest ever quarterly profit recorded as a listed company. Excluding exceptional tax losses on following the Indonesian Tax Amnesty Programme, net profit for 4Q2016 was much higher at US\$ 17.0 million.

Today's results show that we have kept our commitment to produce and sell close to our targeted 6 million tonnes of coal in our first full year of production for the SDJ coal mine. We have maximised cash and productivity from our assets, delivering US\$ 23.5 million in FY2016 net profit from continuing operations while strengthening our balance sheet with a cash position of US\$ 67.7 million at year end.

4Q2016 also saw the continuation of a strong uptrend in ICI 4200 GAR coal, as the average price increased by 30% to US\$ 41.95/tonne. We are pleased to note that thus far in 2017, ICI 4200 GAR coal prices remain strong at US\$ 43.97 as at 24 February, which is positive for Geo Energy as a low-cost coal exporter.

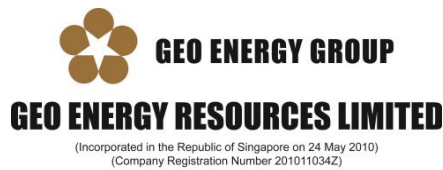
We enter 2017 in good stead as our Group aims towards becoming one of Indonesia's top coal producers.

Our proposed acquisition of TBR, to be completed in 1H17, will almost double our coal reserves to more than 90 million tonnes. Based on current ICI for 4,200 GAR coal, the value of our combined coal assets are worth more than US\$ 500 million.

The Group has today proposed its first dividend since its IPO on 19 October 2012 of S\$ 0.01 per share (tax exempt, implying a 3.4% yield as of the closing price on 28 February 2017). Although modest, it represents our commitment to deliver returns to shareholders investing in this Company. For the period of 1 January 2016 to 28 February 2017, Geo Energy has outperformed its sector, with a Total Shareholder Return 114%, compared to the 17% decline* in the SGX Mining, Oil and Gas index.*

We will continue to pursue earnings accretive opportunities in the region to build up our coal reserves. Our Group remains committed to enhancing shareholder value through driving improvements in productivity and to maximising the value of our good quality coal assets going forward."

*Source: Bloomberg and ShareInvestor



The statements contained in this media release that are not historical facts are "forward-looking" statements. These forward-looking statements are subject to a number of substantial risks and uncertainties, many of which are beyond the Company's control and actual results and developments may differ materially from those expressed or implied by these statements for a variety of factors. These forward-looking statements are statements based on the Company's current intentions, beliefs and expectations about among other things, the Company's financial condition, prospects, growth, strategies and the industry in which the Company operates. Forward-looking statements are typically identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "intends", "estimates", "plans", "assumes" or "anticipates" or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. In addition, from time to time, the Company or its representatives have made or may make forward-looking statements orally or in writing. Furthermore, such forward-looking statements may be included in, but are not limited to, press releases or oral statements made by or with the approval of an authorised executive officer of the Company. No assurance can be given that such future results will be achieved; actual events or results may differ materially from those expressed in or implied by these statements as a result of risks and uncertainties facing the Company and its subsidiaries. Many of these risks and uncertainties relate to factors that are beyond the Company's ability to control or estimate precisely, such as changes in taxation and fiscal policy, future market conditions, currency fluctuations, the behaviour of other market participants, the actions of governmental regulators and other risk factors such as the Company's ability to continue to obtain financing to meet its liquidity needs, changes in the political, social and regulatory framework in which the Company operates or in economic or technological trends or conditions, including inflation and consumer confidence, on a global, regional or national basis. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward looking statements. The forward-looking statements contained in this announcement speak only as of the date of this announcement and the Company undertakes no duty to update any of them publicly in light of new information or future events, except to the extent required by applicable law or regulation.

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

Geo Energy Resources Limited ("Geo Energy" or the "Group") is part of the Singapore FTSE index.

The Group's operations are primarily located in Indonesia. It 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. It now owns major mining concessions and coal mines in East and South Kalimantan. The Group is currently in the process of completing its acquisition of a mining concession in South Kalimantan. The acquisition will increase its JORC marketable coal reserves to over 90 million tonnes.

For more information, please visit www.geocoal.com

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