



GEO ENERGY GROUP
天然煤矿集团

GEO ENERGY RESOURCES LIMITED

(Incorporated in the Republic of Singapore on 24 May 2010)
(Company Registration Number 201011034Z)

News Release

Geo Energy Recorded Revenue of US\$51.9 million with Coal Sales of 1.4 million tonnes in 2Q2019 and a Return to Profitability on a Lower Net Profit of US\$0.8 million; Appointed Trafigura as the New Coal Offtaker for SDJ Coal

SINGAPORE, 14 August 2019 – Geo Energy Resources Limited (“Geo Energy” or the “Company”, and together with its subsidiaries, the “Group”) (SGX:RE4), announced its financial results for the three months ended 30 June 2019 (“2Q2019”) and the appointment of Trafigura Pte. Ltd. (“Trafigura”) as the new coal offtaker for PT Sungai Danau Jaya (“SDJ”) coal.

(US\$ '000)	2Q2019 (Unaudited)	2Q2018 (Unaudited)	% change	1H2019 (Unaudited)	1H2018 (Unaudited)	% change
Volume – Coal Mining ('000 tonnes)	1,421	1,970	(28)	3,472	3,906	(11)
ASP (US\$ per tonne)	36.54	42.24	(13)	33.88	44.34	(24)
Revenue	51,930	83,184	(38)	117,655	173,731	(32)
Cost of sales	(40,930)	(61,820)	(34)	(108,122)	(130,463)	(17)
Gross Profit	11,000	21,364	(49)	9,533	43,268	(78)
Other Income	1,357	1,137	19	3,345	3,026	11
Finance Costs	(6,633)	(7,538)	(12)	(13,267)	(15,220)	(13)
General & Administrative Expenses	(2,538)	(2,783)	(9)	(6,293)	(5,331)	18
Other Expenses	(352)	(1,132)	(69)	(1,086)	(2,817)	(61)
Net Profit Attributable to Owners of the Company	830	8,474	(90)	(7,883)	17,458	nm
Earnings per share* - Fully diluted (US cents)	0.06	0.64	(91)	(0.56)	1.31	nm

* Based on weighted average number of 1,399,273,113 ordinary shares for 2Q2019 (2Q2018: 1,329,273,113)

nm: not meaningful

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2Q2019 Highlights

- The Group sold 0.4 million tonnes of 4,200 GAR coal from the SDJ coal mine and another 1.0 million tonnes from the PT Tanah Bumbu Resources (“**TBR**”) coal mine, totalling 1.4 million tonnes of coal sold during the quarter. This was a decrease from 2Q2018 and 1Q2019 of 2.0 million tonnes and 2.1 million tonnes respectively.
- Revenue decreased by 38% from US\$83.2 million in 2Q2018 to US\$51.9 million due to lower average selling price (“**ASP**”) following the decrease in the average Indonesian Coal Index (“**ICI**”) price in 2Q2019 as compared to 2Q2018. The Group recorded an ASP of US\$36.54 per tonne for 2Q2019, lower than US\$42.24 per tonne in 2Q2018.
- Cash profit for coal mining segment for 2Q2019 averaged at US\$10.76 per tonne (2Q2018: US\$13.06 per tonne; 1Q2019: US\$1.80 per tonne) against the ASP of US\$36.54 per tonne for 4,200 GAR coal, giving a cash profit margin of 29%.
- Average production cash costs of US\$25.78 per tonne in 2Q2019 was a decrease from US\$29.18 per tonne in 2Q2018 and US\$30.24 per tonne in 1Q2019. The decrease was mainly due to the Group’s effort to reduce the overburden hauling distance (“**OB distance**”) and renegotiating and reducing its costs with the suppliers in line with the lower coal price.
- Geo Coal International Pte. Ltd., a subsidiary of the Company, signed a New Offtake with Trafigura for the remaining life of mine of SDJ less its domestic market obligations (“**DMO**”), with a minimum annual commitment of 5 million tonnes of coal during 2020 to 2022.
- The Group won Gold Award for the Best Investor Relations for companies with market capitalisation of less than S\$300 million at the Singapore Corporate Awards 2019.

Commenting on the financial performance and market outlook for the Group, Mr Tung Kum Hon, Chief Executive Officer of Geo Energy said, **“Our 2Q2019 financial performance was impacted by (a) the continued low ICI coal prices which has affected our ASP, versus 2Q2018, and (b) the unfavourable weather condition in Kalimantan due to the yearly monsoon season and that the flood has affected the coal production and delivery from our TBR coal mine for a few days. The Regent of Tanah Bumbu Regency in Indonesia has also declared flood emergency status for 14 days. Fortunately, the weather condition has improved in mid-June and TBR coal production and delivery have since resumed.**

In 2Q2019, the average ICI for 4,200 GAR coal was at US\$37.56 per tonne, an increase of US\$2.07 per tonne as compared to US\$35.49 per tonnes in 1Q2019 but down by US\$7.28 per tonne from 2Q2018.

Despite the above, we manage to return to profitability on a lower net profit of US\$0.8 million in this quarter by increasing our productivity and renegotiating our mining costs linked to ICI coal prices with our service providers.

The SDJ coal mine has a lower 2019 Rencana Kerja Anggaran Biaya (“**RKAB**”) production quota set out by the local authority as compared to 2018, although the total production quota for the Group (including TBR) was increased in 2019 over 2018. The lower production quota for SDJ resulted in lower production and sales quantities from the SDJ coal mine in 2019. We have achieved the DMO requirements for the 6 months ended 30 June 2019 and barring any unforeseen circumstances, we expect to meet the full year DMO requirement in 2019. We have applied for a review of our 2019 RKAB



to increase our production quota by 2 million tonnes for SDJ and expects results to be known by 3Q2019.

ICI price for 4,200 GAR coal on 8 August 2019 was lower at US\$32.34. According to McCloskey report, Indonesia sub-bituminous and low-ranked prices started to soften with Indonesia low-ranked traded at US\$35.25-US\$36.00 per tonne FOB, basis 4,200 kc GAR, for July and August loading geared vessels, despite a return of heavy rains to major mining regions in Kalimantan¹ in June that has affected supply. Thermal coal price continued to trend down due to quick coal production ramp-up ahead of the summer season, sufficient inventory levels at the key independent power producers in China and lacklustre thermal power generation. With an additional 160 million of newly approved coal capacity in 1H2019 coming on stream and softening demand amid concerns over slowing economic growth, the thermal coal prices expected to decline gradually in 2H2019². We expect our results to continue to be impacted by the low coal price.

We are however optimistic that coal price will improve later in the year. Coal still accounts for about 40% of global power supply, unchanged for many years and demand of energy will continue to grow as the world population grows and countries in Asia industrialise. Coal remains the single largest source of energy for the world and will continue to do so for decades to come.

We are honoured to receive the Gold Award for having the best investor relations (“IR”) for companies under S\$300 million market capitalisation at the Singapore Corporate Awards 2019. This represents another significant recognition to show that we are doing the right thing.

We are optimistic in generating better returns for our shareholders as we seek to expand our present coal production levels and invest in new coal assets to meet the rising demand in Asia. The agreement with Trafigura, as SDJ’s new offtaker, will enable us to gain new market exposure and together with Macquarie, TBR’s offtaker, we are well positioned to broaden our reach with the expertise and experience of two of the largest commodity groups in the world.”

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

Geo Energy Resources Limited (“Geo Energy”) is one of the major coal producers in Indonesia and is listed on the Singapore Stock Exchange and is part of the Singapore FTSE-ST index.

The Group is ranked 17th in the inaugural award for Singapore’s Fastest Growing Companies 2019 presented by The Straits Times and Statista based on the strongest revenue growth in recent years.

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 owns major mining concessions and coal mines in East and South Kalimantan, Indonesia.

For more information, please visit www.geocoal.com.

¹ McCloskey Issue 464, 12 July 2019

² UOB Kay Hian Greater China Daily Report, 22 July 2019



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