

Geo Energy Resources

MEDIA RELEASE

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GEO ENERGY REPORTS REVENUE OF US\$306.8 MILLION AND RECORD NET PROFIT OF US\$95.1 MILLION AND HIGHEST COAL SALES OF 10.7 MILLION TONNES FOR 2020

2020 Highlights

- The Group recorded its highest coal sales for a year at 10.7 million tonnes of coal in 2020. Coal sales was 7.4 million tonnes in 2019. Revenue rose by 23% to US\$306.8 million in 2020 mainly due to higher volume of coal sales offset by lower Average Selling Price (“ASP”).
- Average Indonesian Coal Price Index for 4,200 GAR coal (“ICI4”) was US\$29.29 per tonne in 2020, down from an average of US\$35.05 per tonne in 2019 with lower ASP at US\$27.89 per tonne in 2020 from the US\$33.67 per tonne in 2019.
- Cash profit for coal mining for 2020 averaged at US\$6.25 per tonne, higher than 2019 of US\$4.19 per tonne, driven by lower production cash cost. EBITDA was US\$57.0 million for the year, more than doubled that of 2019 of US\$23.0 million.
- Production cash costs was lower by 26.6% from an average of US\$29.48 per tonne in 2019 to US\$21.64 per tonne in 2020 following the negotiations with service providers to link costs to ICI prices and the passing of the Indonesian Omnibus Law in November 2020, which entitles coal mines to claim for VAT input on relevant costs and to charge for VAT output on its domestic coal supplies, leading to further reduction in costs.
- Net profit at US\$95.1 million in 2020, turning around from a net loss of US\$47.7 million in 2019.
- The Group proposed a final dividend of S\$0.008 per share, representing a dividend yield of 4.4% based on the closing share price of S\$0.18 as at 26 February 2021.
- Geo Energy received the prestigious award as one of the Singapore Fastest Growing Companies 2021 based on the strong revenue growth between 2016 and 2019 and other major awards on push for change and towards achieving its sustainability goals and for demonstrating sustainable growth, responsible leadership, and operational excellence, including excellence in investor relationships.

A Positive Start in 2021

- Delivered 1.8 million tonnes of coal as at 19 February 2021, with a revenue of US\$75.0 million at prevailing coal prices. With an average cash profit of US\$16 per tonne, the Group’s cash profit on sale of coal for the less than two months period in 2021 was US\$28.8 million. ICI4 coal price as of 26 February 2021 was US\$39.40 per tonne.
- With the improvement of coal prices in 2021, the Group is on track for a production of at least 10-11 million tonnes in 2021.
- The Group’s cash position as at 28 February 2021 was US\$82.7 million or a net cash position less outstanding Notes of US\$59.2 million of US\$23.5 million.

Commenting on the vision and outlook for the Group and industry, Mr Charles Antonny Melati, Executive Chairman of Geo Energy said:



“2020 was a challenging year for many businesses as the COVID-19 pandemic resulted in the contraction of economies globally. Where other businesses contracted, we have expanded our business as we took measures to remain resilient and profitable.

The Group has exceeded the targeted sales and production by achieving total coal sales of 10.7 million tonnes in 2020, through successfully applying for an increase in the RKAB in the middle of 2020. We target to do at least 10 million tonnes for 2021 or more if coal prices remain high.

The Group also extended the mining business licences (Izin Usaha Pertambangan or “IUPs”) of SDJ and TBR coal mining concessions to 2027 and 2028 respectively, and now with the combined proved and probable coal reserves of 84.0 million tonnes as at 31 December 2020 for SDJ and TBR, we have met the minimum qualified coal reserve requirements and the Mandatory Offer to Purchase on the Notes will fall away.

The coal market recovered strongly in December 2020, and Wood Mackenzie (natural resources research and consulting <https://www.woodmac.com/>) forecasts robust domestic coal demand growth in Indonesia of 6% CAGR between 2020 and 2027 for Indonesia, with the demand for thermal coal driven primarily by the power generation sector (comprises 90% of the domestic market).¹ As new power plants are constructed, Wood Mackenzie in its January 2021 report expects Indonesia coal demand to grow from 125 million tonnes in 2020 to 175 million tonnes by 2027, backed by the government policy supporting coal as part of a drive to increase economic development. Indonesian seaborne thermal coal exports are forecasted to increase from 422 million tonnes in 2020 to 442 million tonnes in 2023. China remained the world's largest producer and consumer of thermal coal and requires significant tonnages of coal to satisfy coal demand due to domestic supply issues such as mine cost inflation, insufficient infrastructure, and barriers in the country. Wood Mackenzie forecast China's 2021 thermal coal demand at 3,745 million tonnes.

As part of our Group's strategic objectives to deliver value to our shareholders and our commitment to deliver dividends that increase over time in line with growth in earnings, the Company proposed a final dividend of S\$0.008 per share, representing a dividend yield of 4.4% on the closing share price of S\$0.18 as at 26 February 2021. If not for the debt covenant restrictions, we would have been able to pay a higher dividend. These restrictions will no longer apply once the bonds are fully repaid upon maturity in 2022. We can then pay a higher dividend based on our dividend policy of at least 30% of the Group's profit attributable to Owners of the Company.

Commenting on the financial performance and operations for the Group, Mr Tung Kum Hon, Chief Executive Officer and Executive Director of Geo Energy said:

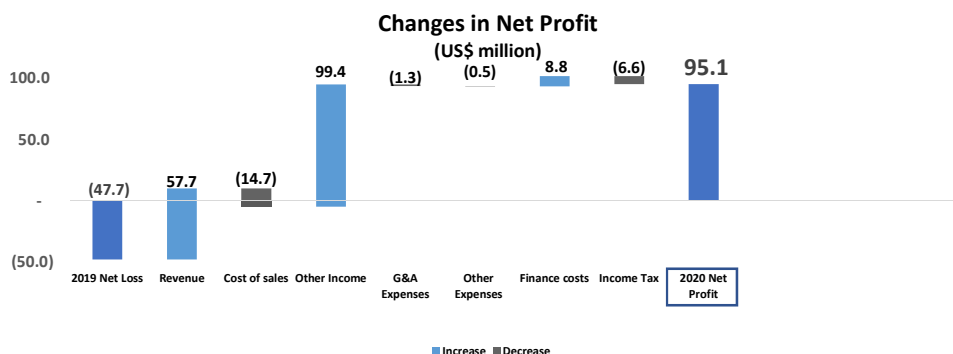


“With accelerating shift in the global economic landscape due to COVID-19, many business enterprises find themselves operating in new and sometimes depressed market environments. The Group has been through many challenges in the past in sometimes less than favourable circumstances given the decline in coal prices, but nothing compared to the one posed by the COVID-19 pandemic. Nevertheless, this did not deter us in making 2020 a great year for Geo Energy.

Resilience and Sustainability

Our Group is delighted to report record net profit of US\$95.1 million despite a COVID-19 ravaged year for coal miners as well as most other companies. Despite a lower average selling price in 2020, driven by the downward trend of the ICI coal prices for most of year 2020, we achieved record coal sales which contributed to a higher revenue of US\$306.8 million in 2020.

¹ Wood Mackenzie Market Report, January 2021



Cash profit for 2020 increased by 49% to US\$6.25 per tonne as opposed to US\$4.19 per tonne in 2019 while production cash cost for 2020 decreased by 27% to US\$21.64 per tonne as compared to US\$29.48 per tonne in 2019. The improvement in our cost base is through cost negotiations with our mining contractors and service providers for a cost structure that remains viable even in a depressed coal price environment. EBITDA was US\$57.0 million for the year, more than doubled from 2019's EBITDA at US\$23.0 million.

A Positive Start in 2021

Since the start of 2021, we have delivered 1.8 million tonnes of coal as at 19 February 2021, with a revenue of US\$75.0 million at prevailing coal prices. With an average cash profit of US\$16 per tonne, the Group's cash profit on sale of coal for the less than two months period in 2021 was US\$28.8 million. ICI4 coal price on 26 February 2020 was US\$39.40 per tonne.

Our debt levels have reduced significantly due to the repurchases of US\$224.8 million of the Notes in 2020, resulting in a US\$106.6 million gain as part of a capital restructuring to strengthen our capital base. This has improved our gearing by 79%. The Group's cash position has strengthened to a net cash position for the first time since 2014 when we issued the S\$100 million Medium Term Note. The Group's cash position as at 28 February 2021 was US\$82.7 million or a net cash position less outstanding Notes of US\$59.2 million of US\$23.5 million.

Our mining area was less impacted by the rainfall in the end of 2020 compared to neighbouring mines, although it affected our overburden disposal area. Despite this, we are on track for a production of at least 10-11 million tonnes in 2021. With the improvement of coal prices in 2021, we are now planning to start further exploration on our STT coal mine with a target production in 2H2021.

Sustainability, Strategic Planning and Award Recognition

COVID-19 was an extraordinary window into the sustainability of companies. Beyond a focus on health and safety, investors are increasingly turning focus towards employee engagement. At Geo Energy, we believe our employees are our greatest assets. We are always and will continue to drive and derive value through better environmental and social responses and create a positive and lasting impact on the communities we operate in and create a sustainable shareholder value.

We are also pleased to receive the prestigious award as one of the Singapore Fastest Growing Companies 2021 presented by The Straits Times and Statista based on the strong revenue growth between 2016 and 2019. This is the second time that Geo Energy has won this award. Geo Energy's initiative and push for change and towards achieving its sustainability goals won the Singapore Business Review Listed Companies Awards 2020 (Metals & Mining category). The Group also won the prestigious Asia Pacific Enterprise Awards (APEA) 2020 (corporate excellence in Mining & Energy category) for demonstrating sustainable growth, responsible leadership and operational excellence. IR Magazine of London in association with the SGX has also awarded a certificate for excellence in investor relations to Geo Energy in their IR Magazine Awards South East Asia 2020.

With regards to the lawsuits filed in the Central Jakarta District Court against the subsidiaries of the Company by a direct shareholder of PT Titan Infra Energy ("TIE") and a direct shareholder of PT Jaya Utama Indonesia ("JUI"), the Group holds the view that the claims have no merit and ought to be dismissed and thus, will not

have a material impact to the Group. Meanwhile, settlement discussions between the Company's subsidiaries (GCI and GVG), the claimants and their related parties in relation to the Claims are ongoing. Further announcements will be made by the Company as and when appropriate.

We continue to look for other means to expand our revenue streams by way of potential joint ventures and trading. We will look at maximising value of our existing coal assets, including the currently non-producing BEK and STT mines. We have commenced certain coal activities at our BEK mine in view of the strengthened coal prices. We will carry on working on strengthening our core earnings and aim to emerge out of the crisis as one of the top Indonesian integrated Mining Groups."

End

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

Geo Energy Resources Limited ("Geo Energy") is a major Indonesian coal producer with an established track record in operating coal mines, coal production and selling coal throughout the region. Geo Energy commenced its business in 2008 as a coal mining services provider and became a listed company on the Mainboard of the SGX in 2012, under the stock code: RE4 and is part of the Singapore FTSE-ST index.

Since then, Geo Energy has transitioned from being primarily a coal mining services provider to a coal producer that subcontracts its coal mining operations. This transition has allowed the Group to change the business model from operating as a relatively small-scale mining services provider in an environment of high capital expenditure and relatively low operational efficiency, with high dependence on owners of coal mining concessions, to being a low-cost coal producer with high-quality coal mining assets, working in collaboration with world-class business partners.

The Group's investment strategy is mainly focused on acquisition of new mining concessions to increase production quantity and at the same time diversify its sources of coal. The Group owns four mining concessions through its wholly owned subsidiaries PT Bumi Enggang Khatulistiwa, PT Sungai Danau Jaya, PT Tanah Bumbu Resources and PT Surya Tambang Tolindo in Kalimantan, Indonesia.



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

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