

**This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities referred to herein.**

This announcement does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The securities referred to herein will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act. Any public offering of securities to be made in the United States will be made by means of a prospectus. Such prospectus will contain detailed information about the company making the offer and its management and financial statements. None of GCI and the Company (each as defined below) intends to make any public offering of securities in the United States.

Geo Energy Resources

## **MEDIA RELEASE**

13 October 2021

### **GEO ENERGY COMPLETES REDEMPTION OF ALL OUTSTANDING BONDS AND EXPECTS A STRONG SECOND HALF PERFORMANCE IN VIEW OF HIGHER VOLUMES AND HEIGHTENED COAL PRICES**

- Following the full redemption of the outstanding 8% senior notes due 2022 ("**USD Bonds**") issued by Geo Coal International Pte. Ltd. ("**GCI**"), the USD Bonds have been cancelled and there are no outstanding USD Bonds.
- This has strengthened the Group's credit profile and saves up to US\$4.8 million in its annual financing costs. The Group's cash position as at 10 October 2021 was US\$62.4 million, after fully redeeming the USD bonds and paying the accrued coupon interest and increased working capital.
- With the Indonesian Coal Index price for 4,200 GAR coal ("**ICI4**") reaching a record high of US\$122.08 per tonne as at 8 October 2021, the Group expects its 2H2021 performance to be much stronger than 1H2021, with revenue expected to exceed US\$700 million or S\$1 billion for the year.
- The Group targets production and sales volume of over 1 million tonnes per month from October to December 2021, following the approval of increased RKAB production quota of 11.5 million tonnes, in line with its optimised mining plan for a higher production in 4Q2021.
- At today's coal prices, the Group has an average cash profit of over US\$50 per tonne, even after taking into account the lower selling prices of its domestic market obligation (DMO) set by the Indonesian government at 25% of total production with a price cap of around US\$38 per tonne. This is more than triple of the Group's 1H2021 average cash profit of US\$15 per tonne.
- The Group has seen its market capitalisation increase to over S\$550 million. This is a total shareholders return (YTD) of 114%, including the final dividend and interim dividends paid during the period. This outperforms the FTSE Straits Times Index ("**STI**"), which has a YTD return of 10.99%.

**SINGAPORE, 13 OCTOBER 2021 – Geo Energy Resources Limited (“Geo Energy” or the “Company”, and together with its subsidiaries, the “Group”) (SGX: RE4), announced that following the full redemption of its USD Bonds and payment made to noteholders on 12 October 2021, the USD Bonds have been cancelled.**

There are no outstanding USD Bonds following the redemption and cancellation.

## COMMENTARY

Commenting on the early redemption of the USD Bonds and outlook for the Group, Mr Tung Kum Hon, Chief Executive Officer and Executive Director of Geo Energy said:



**“The early redemption of the USD Bonds demonstrates the strength of the Group’s balance sheet and the Group’s strong financial position as we have been able to capitalise on the strong momentum of the coal industry notwithstanding the pandemic-related disruption. Going forward, the Group will have little debt, and will save up to US\$4.8 million in annual financing costs. The Group has a cash balance of US\$62.4 million after the redemption of the USD Bonds and payment of the accrued coupon interests and increased working capital.**

The Group expects a strong performance for 2H2021 with the ICI4 coal price reaching a record high of US\$122.08 per tonne as at 8 October 2021 compared to the average ICI4 coal price of US\$47.78 per tonne in 1H2021. We target production and sales volume of over 1 million tonnes per month from October to December 2021 or 3.5 million tonnes, following the approval of increased RKAB production quota of 11.5 million tonnes, in line with our optimised mining plan for a higher production in 4Q2021. At today’s coal prices, the Group has an average cash profit of over US\$50 per tonne, even after taking into account the lower selling prices of its domestic market obligation (DMO), set by the Indonesian government at 25% of total production with a price cap of around US\$38 per tonne. This is more than triple of the Group’s 1H2021 average cash profit of US\$15 per tonne.

Coal prices are expected to remain strong, at least for the near future. The M42 Futures Index (4200 GAR coal) on the SGX showed 4Q2021’s average coal prices at US\$135 per tonne, and for 2022 to average US\$100 per tonne.<sup>1</sup> There is a global energy crisis and in China, curbs on power consumption have disrupted daily life and factory production. Supply in China has also been impacted as severe weather led to 27 coal mines being closed due to flooding.<sup>2</sup> With an unusually cold winter in Europe and China looming, and coal stocks being low throughout the world, coal prices are expected to remain high at least through winter.<sup>3</sup>

The full redemption of the USD Bonds will give the Group flexibility to declare and pay higher dividends, as the bond covenants previously restricted us to do so. We are committed to our dividend policy of at least 30% of net profits attributable to shareholders, subject to capital requirements.

Our share price reached a high of S\$0.40 as at 13 October 2021 with a market capitalisation of over S\$550 million. Including the final dividend and interim dividends paid during the period, the Group’s total shareholders return, year-to-date, was 114% as compared to 8 months’ total shareholders return of 48% as at 10 August 2021. This outperforms the STI, which has a year-to-date total return of 10.99%.

The redemption and cancellation of the USD Bonds and a stronger balance sheet and capital structure will place the Group in good stead to explore diversification opportunities, as we seek to expand our revenue streams by way of potential joint ventures, trading and value accretive acquisitions that are self-funding.

It also gives the Group flexibility in its plans to diversify its business, as the bonds covenants currently restricts its investments only to the mining industry (and its complementary businesses). An announcement will be made in accordance with the listing rules of SGX-ST, if such acquisitions and/or divestments materializes.”

End

<sup>1</sup> <https://www.sgx.com/derivatives/delayed-prices-futures?cc=M42F&category=coal>

<sup>2</sup> <https://www.washingtonpost.com/business/2021/10/09/energy-crisis-global/>

<sup>3</sup> <https://www.wsj.com/articles/coal-shortages-push-up-prices-weigh-on-economies-11633525885>

## 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.

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](http://www.geocoal.com).

For more information please contact:

Romil SINGH, Shivam SARAF

[romil@financialpr.com.sg](mailto:romil@financialpr.com.sg), [shivam@financialpr.com.sg](mailto:shivam@financialpr.com.sg)

Tel: (65) 6438 2990 Fax: (65) 6438 0064