

Geo Energy Continues Growth Momentum in 2017 With Net Profit of US\$ 14.6 million in 1Q2017

- 1Q2017 revenue increased 735% to US\$ 99.3 million including contributions from coal trading and coal mining management services
- Delivery of 2.2 million tonnes of coal from PT Sungai Danau Jaya (“SDJ”) in 1Q2017, despite the wet season where the production is typically lower due to heavy rains, marking good progress towards achieving the Group’s target sales of 10 million tonnes of coal in 2017
- Average cash profit maintained at more than US\$ 13.00 per tonne in 1Q2017
- Strong operating cash flow of US\$ 9.0 million in 1Q2017 strengthens balance sheet with first quarter’s cash position of US\$ 56.6 million
- First dividend since IPO of S\$ 0.01 per share was approved by shareholders at the Annual General Meeting to be paid on 30 May 2017

SINGAPORE, 11 May 2017 – Geo Energy Resources Limited (“Geo Energy” or “the Group”), a major Indonesian coal producer, is pleased to announce a net profit of US\$ 14.6 million for the three months ended 31 March 2017 (“1Q2017”).

(US\$ ‘000)	1Q2017 (Unaudited)	1Q2016 (Unaudited)	Change %
Revenue	99,283	11,888	735
Gross profit	25,330	248	nm
General & administrative expenses	(1,821)	(1,329)	37
Finance costs	(1,816)	(1,581)	15
Net profit from continuing operations	14,635	(2,855)	nm
Non-controlling interests	(4)	(12)	(63)
Weighted average number of ordinary shares (million)	1,212	1,188	nm
Earnings per share from continuing operations - fully diluted* (US cents)	1.21	(0.24)	nm

nm - not meaningful

Financial Highlights – 1Q2017

The Group’s revenue increased by US\$ 87.4 million or 735% from US\$ 11.9 million in 1Q2016 to US\$ 99.3 million in 1Q2017. This was mainly driven by the increased volume of coal delivered from the

Group's SDJ mine, and higher coal prices. The Group's revenue of US\$ 99.3 million in 1Q2017 was also an increase of 8.0% from US\$ 91.9 million in 4Q2016, including the revenue from coal trading and new coal mining management services during the period. SDJ delivered 2.2 million tonnes of coal despite it being the wet season for 1Q2017, where production is typically lower due to heavy rains. This compares favourably to the 2.4 million tonnes of coal delivered in 4Q2016, marking good progress towards achieving the Group's target sales of 10 million tonnes of coal in 2017. Coal prices remained strong in 1Q2017, reflected by Geo Energy's average selling price of coal increasing from US\$ 38.93 per tonne in 4Q2016 to US\$ 39.45 per tonne in 1Q2017.

The Indonesian Coal Index ("ICI") for 4200 GAR ("**Gross As Received**") price index remained strong in 1Q2017 with an average index price at US\$ 42.77 per tonne, up from US\$ 41.95 per tonne in 4Q2016. This translated to stable cash profits, averaging of US\$ 13.52 per tonne in 1Q2017 as compared to an average of US\$ 13.86 per tonne in 4Q2016.

Coal trading and coal mining management services contributed US\$ 11.7 million and US\$ 0.3 million respectively to 1Q2017's revenues. Geo Energy did not have any revenues from these two segments in 1Q2016.

Gross profit was US\$ 25.3 million in 1Q2017, of which US\$ 0.4 million was contributed by coal trading and coal mining management services segments.

Finance costs increased by 15% from US\$ 1.6 million in 1Q2016 to US\$ 1.8 million in 1Q2017, driven by higher bank administrative charges incurred in processing Letters of Credit for sale of coal.

Compared to a loss of US\$ 2.9 million from continuing operations in 1Q2016, the Group is pleased to report a net profit from continuing operations of US\$ 14.6 million in 1Q2017.

The Group's balance sheet remains robust, with cash and bank balances at US\$ 56.6 million. The decrease of US\$ 11.1 million from 31 December 2016 was mainly due to an advance paid in relation to the proposed acquisition of PT Tanah Bumbu Resources ("**TBR**") mining concession of US\$ 13.0 million.

Net asset value per share increased from 10.3 US cents or 14.8 SG cents per share as of 31 December 2016 to 11.5 US cents or 16.0 SG cents per share as of 31 March 2017, while total number of shares issued remained unchanged.

Business Outlook

The ICI continues to show promising signs of a sustained uptrend on coal prices. ICI 4200 GAR coal prices had increased from US\$ 26.69 per tonne in January 2016 to an average indexed coal price of US\$ 42.77 per tonne for the quarter, an increase of US\$ 16.08 per tonne or 60% in the period. China's policies to reduce its domestic coal production and weather disruptions affecting mines in Australia have tightened Asia's coal markets, while demand in China and other key import markets remains strong, lifting prices⁽¹⁾. The Indonesian coal mining industry had earlier benefitted from policy developments in China where the number of statutory working days for coal miners were reduced from 330 days to 276 days a year, and demand remains strong as due to the high switching costs for energy and long-term investment nature of coal-fired power plants.

In 1Q2017, the Group continued to deliver on its commitment to accretive acquisitions. On the proposed acquisition of PT Parisma Jaya Abadi ("**PJA**"), the Group had negotiated with the Vendor, Sunrise Wealth Success Limited, for the reduction of the purchase consideration. The Group is also still in the process of completing the acquisition of TBR, which is a mining concession strategically located next to the Group's SDJ coal mine. After the completion of these acquisitions, targeted to be in 2Q2017, the Group's coal reserves are expected to increase to over 90 million tonnes.

1Q2017 also saw the maiden contribution of revenues and profits from the coal mining management services agreement Geo Energy has signed with PT Angsana Jaya Energi ("**AJE**"). This segment contributed US\$ 0.3 million of revenue for a gross profit margin of 43.4%. This compares favourably to the 28.6% gross margin of the coal mining segment in 1Q2017.

From a position of stronger cash flows and profitability, the Group is embarking on an exercise to optimise its capital structure taking into account the 7% MTN due in January 2018. As MTN will come due in less than a year, it has been reclassified under Current Liabilities from the fiscal period ended 31 March 2017. We are exploring ways to lower our weighted average cost of capital, as well as reviewing the gearing and capital structure for our Company.

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 2017. This could see the Group becoming one of the top 10 Indonesia coal producers. Based on the current cash profits of over US\$ 10.0 per tonne, this would translate to an operating free cash flow of not less than US\$ 100 million in 2017 at today's coal price and current production cash costs.

¹ Asia's coal markets tighten on Indonesia port probe, Australian cyclone. 29 March 2017, Reuters.

Commenting on the financial results and outlook of the Group, Mr Tung Kum Hon, Chief Executive Officer of Geo Energy said, *“Geo Energy continues to execute on its turnaround and its journey towards becoming one of Indonesia’s top 10 coal producers. From net losses of US\$ 2.6 million just one year ago in 1Q2016, we have turned around and reported a net profit of US\$ 14.6 million in 1Q2017.*

We have maintained a robust level of coal production in 1Q2017 despite it being the rainy season. SDJ delivered 2.2 million tonnes in 1Q2017, close to the 2.4 million tonnes delivered in 4Q2016, and a great improvement from the 0.5 million tonnes delivered in 1Q2016. We remain well on track to deliver our target of 10 million tonnes in 2017.

Importantly, ICI 4200 GAR coal prices to date are still continuing to show promising signs of a sustained recovery in 2017 as compared to a year ago. The average ICI 4200 GAR coal price for 1Q2017 of US\$ 42.77 per tonne was 60% higher compared to the price of US\$ 26.69 per tonne recorded in January 2016. This bodes well for our commitment to accretive acquisitions. We are currently in the process of acquiring PJA, a mining concession in East Kalimantan, and TBR, which is a mining concession strategically located next to the Group’s SDJ coal mine. Once completed, these acquisitions will almost double our coal reserves to more than 90 million tonnes.

Our balance sheet has also materially strengthened, with net gearing at just 11.4% as at 31 March 2017. We will continue to explore options to optimise our capital structure. With an improved financial position, we were able to pay out a dividend of 1 Singapore cent per share as approved by shareholders at our Annual General Meeting. On the closing share price of S\$ 0.32 as of 11 May 2017, this represents a yield of 3.1%.

We are also honoured that we have been recognised for our investor relations efforts. The Group was declared one of the three winners at the Marketing Magazine’s PR Awards 2017 for the Best Investor Relations Campaign category. It is of utmost importance for us to communicate the changes in our business operations and overall strategy to the investment community.

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.”

The End

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 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 acquisitions of mining concessions in South and East Kalimantan. The acquisition will increase its JORC marketable coal reserves to over 90 million tonnes.

For more information, please visit www.geocoal.com

For more information please contact:
Romil SINGH, Sharon WOO
geoenergy@financialpr.com.sg
Tel: (65) 6438 2990 Fax: (65) 6438 0064