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Issuer: Geo Energy Resources Limited

Stock code: RE4

Meeting details:

Date: 28 April 2023

Time: 10.00 a.m.

Venue: Level 2, Ocean 4-5, Pan Pacific Singapore, 7 Raffles Boulevard, Marina Square, Singapore 039595

Q1. As noted in his message to shareholders, the chairman & CEO highlighted that 2022 was the 10th year anniversary of the company's listing on the Mainboard of SGX. The first decade of listing saw the company end on a strong note, with a closing cash balance of US\$234.1 million as of 31 December 2022 with minimal debt.

He further noted that the company is targeting value-accretive acquisitions and assets which are producing and cashflow positive for the group. Diversification of the business is also being explored as part of the group's long-term growth and transition plan. The group will also make small investments in non-coal industries to diversify the business as part of its long-term plan.

- (i) **Can the board elaborate further on the search and investment criteria for acquisitions? Will the group continue investing in coal mines in Indonesia and if so, how does the group balance any such strategic investments with "social and environment considerations"?**
- (ii) **To help shareholders better understand the industry, can management provide more information on the different types of coal/different quality qualities (such as sulphur, ash content, calorific value), and explain if it has looked at coal mines that cause less environmental impact and if investing in them makes sense?**

Coal Quality							
	In Situ Density (t/m ³)	Total Sulphur adb (%)	Volatile Matter adb (%)	Inherent Moisture adb (%)	Total Moisture arb (%)	Ash adb (%)	Calorific Value gar (kcal/kg)
SDJ	1.26	0.2	40.8	16.2	35.7	4.6	4,125
TBR	1.26	0.3	40.0	18.0	34.9	4.6	4,209
BEK	1.29	0.2	33.9	31.3	42.6	6.4	3,472

(Source: company annual report)

- (iii) **Has the board assessed the risk of making significant acquisitions when average coal prices have more tripled from below US\$30 per tonne to nearly US\$90 per tonne in three years?**
- (iv) **Is the group applying for a higher quota beyond the 8 million tonnes already approved under the Rencana Kerja Anggaran Biaya ("RKAB") production quota for 2023?**
- (v) **What was the stripping ratio in 2022?**
- (vi) **Would the board, especially the independent director, review the circumstances that led to the impairment losses of US\$15.4 million relating to receivables arising from advance payments for coal purchase and refundable deposit to acquire interest in two mining concessions made in 2019?**

consolidated statement of Profit or Loss And other comprehensive income

Year ended 31 December 2022

	Note	2022 US\$	2021 US\$
Revenue	28	733,474,967	641,888,828
Cost of sales		(461,418,818)	(380,656,363)
Gross profit		272,056,149	261,232,465
Other income	29	8,347,216	4,235,055
General and administrative expenses		(17,958,123)	(15,254,084)
Other expenses	30	(9,316,352)	(5,447,463)
Allowance for expected credit loss on trade and other receivables	8	(15,232,499)	(6,472,895)
Finance costs	31	(53,340)	(4,206,206)
Profit before income tax		237,843,051	234,086,872
Income tax expense	32	(74,256,155)	(55,010,822)
Profit for the year	33	163,586,896	179,076,050

(Source: company annual report; emphasis added)

Q2. The independent directors are:

- Mr James Beeland Rogers Jr. (appointed on 3 December 2012)
- Mr Soh Chun Bin (also lead independent director) (appointed on 25 September 2012)
- Mr Lu King Seng (appointed on 25 September 2012)
- Mr Ong Beng Chye (appointed on 25 September 2012)

On 11 January 2023, Singapore Exchange Regulation (SGX RegCo) announced that it will limit the tenure of independent directors (IDs) serving on the boards of listed issuers to nine years¹. This stemmed from recommendations by the Corporate Governance Advisory Committee (CGAC). There was broad market support for this change during the public consultation carried out by SGX RegCo.

Mr Tan Boon Gin, CEO of SGX RegCo, also noted that the limit on tenure of IDs provides an opportunity for companies to inject new skills, experience and knowledge into their boards, all of which will be invaluable in guiding the business for the long term.

- (i) **Has the nominating committee (NC) reviewed the current competency matrix of the board and identified any gaps in skills or competencies that need to be addressed in future director appointments?**
- (ii) **What is the progress made in identifying and appointing new directors?**

¹ <https://www.sgxgroup.com/media-centre/20230111-sgx-regco-caps-independent-directors-tenure-enhances-remuneration>

- (iii) **Can the NC elaborate further on the search and nomination process for directors, especially independent directors? Will the NC be using a third-party search firm and/or professional body to cast its net wider for potential candidates, especially for directors who have had experience in addressing the issue of energy transition, etc?**

Q3. At the annual general meeting scheduled to be held on 28 April 2023, the company is seeking shareholders' approval for, inter alia, the Geo Energy Share Option Scheme (SOS) and the Geo Energy Performance Share Plan (PSP), and the amendments to the SOS and PSP such that the controlling shareholders and their associates may participate in the scheme/plan if they meet the eligibility criteria.

- (iv) **Can the independent directors help shareholders understand if they have reviewed the existing SOS and the PSP and assessed if the scheme and plan have met their stated objectives since their adoption in 2018?**
- (v) **What is the basis that the independent directors consider the amendments to the SOS and PSP, and the proposed participation of the controlling shareholders and its associate, "in the interest of the company"?**

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](http://www.sias.org.sg)

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