GEO CONFIRMS FINANCIAL PROJECTIONS

GeoOp Limited **(GEO** or **Company)** notes recent commentary by NBR on Friday 22 June 2018 in regard to the Company and its prospects, and makes the following statements to ensure that accurate information is provided to the market:

Summary and Reconfirmation of Growth Outlook

- Directors confirm the statement made by GEO to NZX on 8 May 2018, and again on 12 June 2018, that the Company is targeting greater than 30% revenue growth in FY19.
- GEO has successfully executed its most important target - reducing cash burn - over multiple reporting periods. Monthly cash burn has improved from over $400,000 in 2014 to the current run rate of approximately $135,000 per month and is forecast to decline further in FY19.
- Trading over recent months, coupled with the early impact of pricing initiatives and earlier cost reductions, indicates the Company should achieve positive EBITDA by mid-calendar 2019, with cash consumption of approximately $1.5m.
- The Company confirms it has met its continuous disclosure obligations.

Capital Initiatives

- GEO is in the latter stages of multiple capital initiatives that will leave the company debt-free and with cash reserves to deliver on its growth initiatives.
- The NBR article incorrectly stated that $0.5m of the cash raised in the rights issue would be used to repay convertible notes held by the vendors of InterfaceIT. GEO advises that 100% of the convertible notes which were created at the time of the purchase of InterfaceIT by GEO are being converted to equity during this process.
- The Company's Chairman, Roger Sharp, provided the company with a $1.5m loan approved by shareholders immediately following the cancellation of the Company's ASX IPO process in November 2017, to provide short term funding certainty. This debt facility will be partially repaid (up to $0.53m) with the majority converted to equity on the same terms as the current raise. If the issue is not fully-subscribed, remaining notes held by Mr Sharp will be converted to shares, leaving the Company debt-free.

GeoSales

- The NBR article outlines the decline in GeoSales product licence numbers and revenues since acquisition. These results have been disclosed by GEO over multiple reporting periods.
- It is important to note that the acquisition of GeoSales and the subsequent integration and cost savings (delivered across the merged business) have made an important contribution to GEO's consistent improvement in cash burn.
- During FY18 and in finalising FY19 plans, management prioritised investment in the GeoService product over the GeoSales product after a carefully considered analysis indicating that this strategy will provide the more immediate path to profitability.
- The next stage of investment has the GeoSales application being refreshed during the latter part of FY19, with a subsequent refocus on marketing activities. Directors believe that this application can resume its growth trajectory.
- Based on the timing of the refresh, management is targeting modest growth for GeoSales in FY19 and this has led to a review of the carrying values of intangibles and the Company's recent disclosure on this matter.
- The NBR article highlighted a revenue run rate of $1.19m for GeoSales at Dec-17. The Company notes that GeoSales delivered subscription revenues of $0.71m for the first half of FY18 and, consistent with prior statements, expects the second half to be an improvement on those levels.

Shareholder Meeting

- GEO notes that Mr Sharp was not available to attend the Special Meeting of shareholders on Thursday 21 June due to a last minute development.
- The meeting was chaired by independent Non-Executive Director Mark Rushworth.
- The Company further notes that Mr Sharp had been intimately involved in every aspect of the matters put to shareholders at the Special Meeting.

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