

**NEWS RELEASE**
**GOLDEN ENERGY AND RESOURCES POSTS 40.5% SURGE IN NET PROFIT TO US\$35.0 MILLION FOR 1H2020**

- *Record first half revenue achieved on back of 32% production growth to 16.5 million tonnes in 1H2020*
- *Strong performance supported by control on cash cost, which is amongst the lowest in Indonesia*
- *Successfully diversified into metallurgical coal with increase in shareholding in Stanmore Coal to approximately 75% and into gold with purchase of Ravenswood Gold mine in Australia*

**Financial Highlights:**

| <b>US\$'000</b>                                  | <b>1H2020</b>  | <b>1H2019</b> | <b>% Change</b> |
|--|----------------|---------------|-----------------|
| <b>Revenue</b>                                   | <b>593,537</b> | 500,377       | 18.6            |
| <b>Gross Profit</b>                              | <b>216,978</b> | 172,750       | 25.6            |
| <b>Net Profit After Tax</b>                      | <b>35,025</b>  | 24,937        | 40.5            |
| <b>Net Profit attributable to Owners of GEAR</b> | <b>16,496</b>  | 12,458        | 32.4            |
| <b>EPS (US cents)</b>                            | <b>0.70</b>    | 0.53          | 32.1            |

**SINGAPORE, 14 August 2020** — Golden Energy and Resources Limited (“**GEAR**” or the “**Group**”), an international energy and resources company, today announced that it has achieved a revenue of US\$593.5 million for the six-month period ended 30 June 2020 (“**1H2020**”), an increase of 18.6% compared to the previous corresponding period (“**1H2019**”). The Group turned in a net profit of US\$35.0 million in 1H2020, a year-on-year surge of 40.5%.

**Mr. Fuganto Widjaja, Executive Director and Group CEO of GEAR**, said: “Despite the economic headwinds, we are pleased to report an excellent performance for 1H2020. This demonstrates our ability to drive organic growth as we remain resilient to the challenges brought about by the COVID-19 pandemic. While the coal mining industry inadvertently faces challenges due to global efforts towards renewable energy, developing countries in the South Asia region continue to depend heavily on coal for their energy needs. With our mines strategically located in the region, we are well-positioned to capture this demand.”

The Coal Mining Division reported revenue of US\$574.2 million in 1H2020, a significant increase of US\$121.4 million or 26.8% from US\$452.7 million in 1H2019, underpinned by higher sales volume of thermal coal as well as revenue from metallurgical coal following the acquisition of Stanmore Coal Limited (“**Stanmore**”) in May 2020. Average selling price of thermal coal decreased by 6.8% from US\$35.80 per tonne in 1H2019 to US\$33.38 per tonne in 1H2020. The decrease in average selling price was offset by a 32.0% increase in sales volume from 12.6 million tonnes in 1H2019 to 16.7 million tonnes in 1H2020.

The Group continues to leverage on its key production asset BIB, which has low strip ratio, to reduce coal production costs. Cash cost (excluding royalty) for 1H2020 was US\$22.53 per tonne as compared to US\$23.56 per tonne in 1H2019, representing an improvement of 4.4%. Decline in cash cost was primarily because of lower strip ratio, lower fuel rates, and decline in contractor rates.

GEAR’s production volume for 1H2020 increased by 4.0 million tonnes or 31.7% to 16.5 million tonnes, up from 12.6 million tonnes in 1H2019.

The Coal Trading Division reported a decrease in revenue by US\$28.6 million or 62.5% from US\$45.7 million in 1H2019 to US\$17.1 million in 1H2020 mainly due to lower sales volume and average selling price.

Revenue from Non-coal Businesses increased by US\$0.3 million to US\$2.2 million in 1H2020 mainly due to dividend income from shares of Stanmore Coal before it became a subsidiary of the Company.

Overall, GEAR recorded a net profit of US\$35.0 million in 1H2020 compared to US\$24.9 million in 1H2019, a year-on-year increase of 40.5%.

As at 30 June 2020, the Group maintains a robust balance sheet with cash and cash equivalents of US\$220.0 million.

### **Corporate Developments**



*(Ravenswood Gold mine)*

In 1H2020, GEAR, together with its joint venture partner EMR Capital, completed the acquisition of the Ravenswood Gold mine (“**Ravenswood**”) in Queensland, Australia, marking the Group’s second investment in gold in Australia. Ravenswood is a proven producing asset with multiple open pits to support large scale, low cost and long term production. Ravenswood’s gold processing facility has a capacity of up to 5.0 million tonnes per annum.



*(Stanmore Coal mine)*

In the period under review, GEAR's subsidiary, Golden Investments (Australia) Pte. Ltd. ("**Golden Investments**") together with Ascend Global Investment Fund, launched a takeover bid for the ASX listed metallurgical coal producer Stanmore Coal. Upon the close of the takeover bid, Golden Investments increased its shareholding in Stanmore Coal from 31.35% to 75.33%. Following this increase in shareholding, Stanmore Coal is now a subsidiary of the Group. As at 30 June 2019, Stanmore Coal has coal resources estimates of 1.7 billion tonnes, marketable coal reserves estimates of 129.3 million tonnes and a coal handling preparation plant capacity of up to 3.5 million tonnes per annum.

"As we continue to forge ahead and chart our growth strategies, we are pleased to have made significant progress in metallurgical coal and gold, through Stanmore Coal and Ravenswood respectively. Following the transformation towards a more diversified portfolio in terms of geographical locations of our assets and types of products, we now turn our focus towards optimising our mining operations, including proactive management to minimise operating costs, as we remain committed to delivering long term value to our shareholders," Mr. Widjaja added.

## **Outlook**

### **Thermal Coal**

Weak demand of thermal coal in the key markets of China and India due to the COVID-19 pandemic led to coal prices dropping to one of its lowest points in June 2020, levels which were last seen during the downturn in the coal industry in 2015/2016. The IC14 index decreased to around US\$24/tonne in June 2020 compared to an average IC14 index of US\$35/tonne in 2019. Demand from China and India was weak due to reduced economic activities, import restrictions and prioritization of domestic coal due to large inventory built-up.

As seen from the recent power generation data in China, economic and social activities seem to be returning to normal at an accelerated pace. In June 2020, China's power generation increased 6.5% year-on-year, while thermal power increased by 5.4% year-on-year.

In Southeast Asia, coal procurement activities in Thailand and Vietnam remained robust in recent months. Vietnam imported a record 7.5 million tonnes of coal in May, jumping 105% year-on-year, while Thailand imported 9.32 million tonnes of coal in the first four months of 2020, an increase of 18% year-on-year.

Despite corporates shifting away from coal and the recent decline in coal shipments to China and India, Indonesia is expected to remain as the world's top thermal coal exporter.

### **Metallurgical Coal**

Demand for metallurgical coal has been impacted by lower steel production. Steel output in ex-China markets was down as pandemic containment policies had shut blast furnaces and downstream industries in April 2020 and May 2020. On the other hand, Chinese steel demand has improved and is expected to be strong due to government stimulus in the construction sector. Due to lower overall demand, metallurgical coal prices have significantly decreased. Australian Prime Hard Coking Coal prices averaged around US\$130/tonne for YTD ended 30 June 2020 (and reached an average of US\$105/tonne for the month of June 2020) compared to an average of US\$175/tonne for 2019.

Recently, activity outside China is picking up, with several Indian buyers resuming shipping schedules and starting to clear contracted cargoes that were earlier deferred and planning post-monsoon coal procurements. Most major Indian steel mills are expecting to boost capacity utilization this quarter as industrial activity picks up. Traditional markets Japan, Korea and Taiwan are showing signs of recovery with buyer patterns starting to resume to normal, but time frames are shorter than usual.

On the supply side, Australian supply has had few direct effects from COVID-19. While cases are growing in Australia specifically in the state of Victoria, a meaningful spread to the coal mining regions is unlikely.

GEAR remains cautiously optimistic on the near to medium term outlook recovery for thermal and metallurgical coal demand and prices.

**End**

## **ABOUT GOLDEN ENERGY AND RESOURCES LIMITED**

Golden Energy and Resources Limited (“**GEAR**”) is a leading energy and resources company in the Asia-Pacific. Since the completion of the Reverse Takeover of SGX Mainboard-listed United Fiber System Limited in 2015, GEAR has principally engaged in the exploration, mining, and marketing of thermal coal sourced from its coal mining concession areas.

GEAR collectively owns the rights to mine more than 2.8 billion tonnes of thermal coal resources, with coal reserves of more than 1 billion tonnes, as at 31 December 2019.

GEAR is also engaged in the production of metallurgical coal through its subsidiary, Stanmore Coal Limited (“**Stanmore Coal**”). As at 30 June 2019, Stanmore Coal has coal resources estimates of 1.7 billion tonnes, marketable coal reserves estimates of 129.3 million tonnes and a coal handling preparation plant capacity of up to 3.5 million tonnes per annum.

GEAR, together with its joint venture partner EMR Capital, owns and operates the Ravenswood Gold mine (“**Ravenswood**”) in Queensland, Australia, a proven producing asset with multiple open pits to support large scale, low cost and long term production. Ravenswood’s gold processing facility has a capacity of up to 5.0 million tonnes per annum.

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*This release contains forward-looking statements, including quotes from management and statements concerning GEAR's future growth, operating and financial results and prospects. Statements using words such as "believe" and "expect" and similar words and expressions are intended to identify forward-looking statements. Forward-looking statements are neither historical facts nor assurances of future performance. Forward-looking statements are based only on current beliefs, assumptions and expectations of management regarding the Company's future growth, coal production volume, coal selling price and operating and financial results and potential acquisitions. Because forward-looking statements relate to the future, they are inherently subject to significant known and unknown business, economic and competitive uncertainties, risks and contingencies, many of which are beyond the Group's control and difficult to predict, which could cause actual results to differ materially from those suggested by the forward-looking statements. These include fluctuations in demand for coal and coal prices, competition, changes to arrangements with customers, the availability and performance of third-party mining contractors, execution of GEAR's growth strategy, fuel prices, changes in governmental policies and regulations, unauthorized mining operations, public opposition to mining and other risks, uncertainties and factors. Readers of this release are cautioned not to place undue reliance on forward-looking statements herein, which speak only as of the date hereof. GEAR undertakes no obligation to publicly update or release any revisions to these forward-looking statements, except as required by law.*