

GEAR Delivers Stellar Financial Performance
Record Top and Bottom-line leading to Robust Cash Flows
1H2021 Net Profit US\$80.2 million, up 129% yoy

- Group revenue surged by 36% yoy to US\$806.7 million, underpinned by growth in Energy Coal segment as average selling prices increased by 28% yoy
- Gross profit margin improved by 5 percentage points to 41% in 1H2021. Record gross profit of US\$333.7 million as production cost remained stable
- Group EBITDA grew by 125% yoy to US\$189.0 million in 1H2021, highest level since listing in 2016
- Cash flow from operations increased to US\$139.2 million in 1H2021 from US\$40.4 million in 1H2020

SINGAPORE – 13 August 2021 – Golden Energy and Resources Limited (“**GEAR**” or the “**Group**”), a leading energy and resources company in the Asia Pacific region, reported all time high net profit of US\$80.2 million for the six months ended 30 June 2021 (“**1H2021**”), increasing by 129% year-on-year (“**yoy**”) from 1H2020.

Financial Highlights	1H2021	1H2020	Change
	US\$'000	US\$'000	%
Revenue	806,713	591,957	36
Gross Profit	333,696	215,398	55
Gross Profit Margin	41.4%	36.4%	5ppts ¹
EBITDA ²	189,031	84,191	125
EBITDA Margin	23.4%	14.2%	9ppts
Net Profit ³	80,232	35,025	129
Profit attributable to Owners of the Company (“PATMI”)	29,089	16,496	76
Basic Earnings Per Share (US cents)	1.24	0.70	76

¹ Ppts: Percentage points (rounded)

² EBITDA = Profit for the year + finance costs + income tax expense + depreciation and amortisation + impairment loss

³ Net Profit shown above is after charging one off expenses aggregating to US\$17.3 million which comprises (i) 2023 Notes redemption premium of US\$6.7 million, (ii) Noteholder consent fee of US\$0.4 million, and (iii) remaining non-cash items totalling US\$10.2 million which consists of impairment losses of US\$6.8 million, write-off of unamortised debts issuance cost of US\$2.6 million and unamortised discount on 2023 Notes of US\$0.8 million.

First-Half Performance

The Group's revenue increased by US\$214.8 million or 36% yoy to US\$806.7 million in 1H2021, underpinned by revenue growth from Energy Coal segment and Metallurgical Coal segment. Revenue from the Group's Energy Coal segment increased by 28% yoy to US\$733.6 million in 1H2021, in-line with a 28% increase in average selling price ("**ASP**") to US\$42.56 per tonne and coupled with a slight increase in sales volume of 0.14 million tonnes to 16.84 million tonnes in the same period. Revenue from Metallurgical Coal segment increased to US\$72.3 million in 1H2021 due to a consolidation of Stanmore Resources Limited's ("**Stanmore**") financial results for full 6 months compared to 1.5 months in 1H2020¹.

In-line with higher revenue, cost of sales increased by 26% to US\$473.0 million in 1H2021 mainly due to increase in royalty expenses on account of higher ASP realised from Energy Coal segment and due to a consolidation of Stanmore's financial results for full 6 months compared to 1.5 months in 1H2020. Despite the surge in revenue, cash cost (excluding royalty) from Energy Coal segment remained at US\$22.53 per tonne for both reporting periods as the Group continued to focus on cost optimisation and strict controls. Gross profit surged by 55% yoy to US\$333.7 million in 1H2021, supported by improvement in gross profit margin of 5 percentage points to 41%.

Energy Coal Segment	2018	2019	2020	1H2020	1H2021
Production Volume (million tonnes)	22.6	30.8	33.5	16.5	16.6
Average Selling Price (US\$/tonne)	41.39	34.99	31.03	33.38	42.56
Cash Cost (US\$/tonne)	27.42	24.11	21.04	22.53	22.53

Even though overall revenue surged by 36% yoy, the Group kept a tight hold over its operating expenses. Operating expenses (including selling and distribution, administrative and other operating expenses) increased by US\$21.7 million or 15% yoy to US\$171.2 million in 1H2021 from US\$149.5 million, primarily due to consolidation of Stanmore's financial results for full 6 months compared to 1.5 months in 1H2020 and non-cash impairment losses of US\$6.8 million in relation to Group's Non-coal Business segment.

For 1H2021, EBITDA and EBITDA margin grew by 125% and 9 percentage points to a record US\$189.0 million and 23.4% respectively. This is the highest EBITDA reported since listing in 2016.

Finance costs increased by US\$14.3 million to US\$32.1 million in 1H2021 mainly due to one off expenses aggregating to US\$10.5 million consisting of (i) Noteholder consent fee of US\$0.4 million, (ii) redemption premium on 2023 Notes of US\$6.7 million, and (iii) non-cash items totalling US\$3.4 million in relation to write-off of unamortised debts issuance cost of US\$2.6 million and unamortised discount on 2023 Notes of US\$0.8 million.

¹ The Group had gained control of Stanmore on 18 May 2020 and thus consolidated 1.5 months of Stanmore's financial results in 1H2020

Share of loss of joint venture increased to US\$6.5 million in 1H2021 compared to US\$3.9 million a year ago, as Ravenswood's production cost were not fully optimised due to ongoing expansion plan for increase in production capacity. A part of the losses was also contributed from higher financing cost in relation to draw down and utilisation of project financing facility for the expansion plan.

The Group registered jump of 129% yoy in net profit to record high level of US\$80.2 million in 1H2021, despite the charging of one-off expenses totalling US\$17.3 million which comprises of (i) one-off finance expenses of US\$10.5 million as explained above and (ii) non-cash impairment losses of US\$6.8 million.

The Group generated a record net cash flow from operations of US\$139.2 million in 1H2021 compared to US\$40.4 million in 1H2020. As at 30 June 2021, the Group had stable cash and cash equivalents position of US\$248.3 million as compared to US\$262.8 million as at 31 December 2020.

Other Updates

In 1H2021, Stanmore continued to operate with reset and reduced fleet capacity focusing on higher productivity and lower cost mining equipment and on minimising strip ratios and cost. In July 2021, the mining leases for the Isaac Downs Project were granted, being the last significant approval required to enable construction and operations to commence. Coal mining commenced at the Isaac Downs bulk sample pit in 2Q2021. The existing debt facility between Stanmore and GEAR was increased by US\$30.0 million to a total facility of US\$70.0 million. The funds under this facility will be used for progressing the development of Isaac Downs to allow for seamless transition to Isaac Downs from Isaac Plains East and is expected to take place from February 2022. Recently, Stanmore through MetRes Pty Ltd, a 50/50 joint venture between Stanmore and M Resources, completed the acquisition of the Millennium and Mavis Downs Mine, a high quality metallurgical coal mine, from Peabody Energy Australia. Mining is expected to commence from August 2021.

GEAR's 50% joint venture Ravenswood Gold Pty Ltd ("**Ravenswood**") secured external non-recourse financing aggregating A\$265.0 million in 1H2021, through A\$190.0 million project financing from a syndicate of banks consisting of Macquarie Bank, Natixis and BNP Paribas, and A\$75.0 million equipment financing from a Japanese equipment financier. GEAR and EMR Capital also invested A\$60.0 million as equity during this period. Ravenswood is underway on its expansion plan to increase in production capacity to 7.2Mtpa and to produce over 200,000 ounces of gold p.a. by 1H2022, becoming a leading gold producer in Queensland.

GEAR's Indonesian subsidiary PT Golden Energy Mines Tbk ("**GEMS**") resumed trading on the Indonesia Stock Exchange since 26 April 2021, with a market capitalisation of US\$1.5 billion as of announcement date. GEMS previously had a technical trading suspension of over 3 years as it did not meet the listing requirement for sufficient free float.

GEAR continues to undertake proactive liability management and raised US\$285.0 million via a new bond issue, of which proceeds were used to refinance existing debt and extend debt maturity that was initially

due in the next two years (including US\$150.0 million bond due in 2023). The new bond has a coupon rate of 8.50% (50bps lower than the 2023 Notes) and matures in 2026. The Group has stable cash and cash equivalents position of US\$248.3 million as of 30 June 2021 and its leverage ratio stands at 1.55x².

BUSINESS OUTLOOK

Energy Coal

Indonesia coal miners have emerged as one of the key beneficiaries because of a Chinese ban on Australian coal and as coal prices surged to their highest level in a decade amidst strong demand from China. In 1H2021, China's electricity consumption rose 16.2% yoy, with benchmark spot thermal coal prices soaring as high as about US\$153.89 per tonne in June 2021, before policymakers in China stepped-in to steady prices by releasing 10 million tonnes of coal from its state reserves³. This could lead to stable or softer prices domestically even as China's industrial production picks up and as it enters the summer and winter months. According to the China National Development and Reform Committee, China has laid out plans to boost capacity to store national coal reserves to around 600 million tonnes or about 15% of its annual coal consumption, a huge step-up from the current capacity of 100 million tonnes and will boost restocking demand.

While Indonesian exports have been soft and slower to respond to high coal prices due to heavy rains⁴, Indonesia has raised its 2021 coal output target to 625 million from 550 million tonnes previously following a review from the Energy and Mineral Resources Ministry. In-line with strong demand, GEAR's subsidiary, GEMS has received approval for coal output production quota of 39.6 million tonnes for FY2021, an 18% targeted increase from its production volume of 33.5 million tonnes in FY2020.

Metallurgical Coal

India, world's top steel producer after China, produced 57.9 million tonnes of steel in 1H2021, a 31.3% increase from a year ago⁵. According to Argus⁴, Indian imports of metallurgical coal have remained at very high levels and continue to grow at a faster pace than iron production, which slowed in April and May 2021 because of Covid-19 related disruptions. This could signal stockpiling which could impact demand in 2H2021. Steel production in ex-China markets also continue to grow strongly against a weak base in 2020 following negative impact from Covid-19 and bodes well for GEAR's metallurgical coal segment.

The metallurgical coal prices have picked up from mid May 2021. The benchmark FOB Australia price for premium low vol coking coal surged 72% quarter on quarter from US\$112.5 per tonne as on 31 March 2021 to US\$194.0 per tonne as on 30 June 2021 and further to US\$217.5 per tonne as on 4 August 2021. The increase was marked by strong underlying demand from ex-China buyers and tightening supply. S&P

² Leverage ratio = Total debt / Last 12 months EBITDA

³ http://www.xinhuanet.com/politics/2021-07/15/c_1127657798.htm

⁴ Argus Seaborne Coal Outlook Report, Issue 21-6, 16 June 2021

⁵ <https://www.worldsteel.org/en/dam/jcr:414aed97-fbdc-4654-b4c4-3d8b7cda94aa/June%25202021%2520crude%2520steel%2520production%2520press%2520release.pdf>

Global Platts observed a sharp 279% yoy increase in the spot transaction volume for the 1H2021 period for premium hard coking coal. The increase was driven mostly by strong European spot demand, especially over late Q1-early Q2'2021. By end June 2021, Europe accounted for 18% of Australia's spot export volume across various grades including premium hard coking coal, hard coking coal, pulverized coal injection and semisoft, up from just 5% in 2020.

According to S&P Global Platts, the sharp uptrend in seaborne metallurgical coal prices that kicked off midway through the second quarter is likely to continue well into the second half of the year as the global supply-demand balance continues to tighten.

Commenting on the Group's performance and outlook, Mr. Fuganto Widjaja, Executive Chairman of GEAR, said *"Notwithstanding ongoing impacts from Covid-19 and amidst operational challenges stemming from the pandemic and wet weather in Indonesia, I am pleased to see the Group's continuous expansion of its coal mining production volume and boasting one of the lowest production costs amongst Indonesian peers. This has placed us in a strategic position to capitalise on the demand and supply imbalance for energy coal and rising energy coal prices, providing the Group with significant operating leverage. The Group has achieved record-high revenue and profits for first half of 2021 and I am confident that we will continue to set new records following successful execution of our business strategies."*

As part of the Group's strategic decision to gradually reduce its dependence on energy coal, significant progress was made in our previous acquisitions of Stanmore and Ravenswood, this will allow the Group to further diversify its production and revenue mix."

—The End—

Company Profile

Golden Energy and Resources Limited ("**GEAR**") principally engages in the exploration, mining and marketing of metallurgical coal and gold in Australia, as well as energy coal in Indonesia.

As at 31 December 2020, the Group's subsidiary, Stanmore Resources Limited ("**Stanmore**"), has coal resources estimates of 1.7 billion tonnes, marketable coal reserves estimate of 130.0 million tonnes and a coal handling preparation plant capacity of up to 3.5 million tonnes per annum.

Its Indonesia subsidiary, PT Golden Energy Mines ("**GEMS**"), has more than 2.9 billion tonnes of energy coal resources and more than 1 billion tonnes of coal reserves as of 31 December 2020.

The Group has also extended its product suite to include gold via its 50% joint venture with EMR Capital in Ravenswood. As of 31 December 2020, Ravenswood has 3.9 million ounces of gold resources and 2.6 million ounces of gold reserves.

The Group has a credit rating of B1 and B+ affirmed by Moody's and Fitch Ratings as at April 2021.

Issued for and on behalf of Golden Energy and Resources Limited

By Financial PR Pte Ltd

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