golden energy and resources

PRESS RELEASE - FOR IMMEDIATE RELEASE

GEAR Delivers Record FY2021 Net Profit of US$251.3 million, up 629% yoy

- **Group's revenue surged by 61% yoy to US$1.87 billion. Revenue from Energy Coal segment increased by 49% yoy to US$1.59 billion (ASP improved 72% to US$53.46/t); Revenue from Metallurgical Coal segment increased by 195% to US$286.6 million (ASP increased 65% to US$132.78/t)**
- **Record FY2021 Group EBITDA of US$503.3 million as margin improved by 14ppts to 26.9%**
- **Strong net cash inflow from operations of US$377.7 million in FY2021 compared to US$108.9 million in FY2020**
- **Entered agreement for the transformative acquisition of 80% interest in BMC via Stanmore, to be completed by mid-2022**

SINGAPORE – 18 February 2022 – Golden Energy and Resources Limited ("**GEAR**" or the "**Group**"), a leading energy and resources company in the Asia Pacific region, announced its financial results for the six months and twelve months ended 31 December 2021 ("**2H2021**" and "**FY2021**" respectively). For FY2021, the Group achieved a record net profit of US$251.3 million, increasing by 629% year-on-year ("**yoy**"). This is also the highest net profit that the Group has recorded since its listing in 2016.

Financial Highlights	2H2021 US$'000	1H2021 US$'000	FY2021 US$'000	FY2020 US$'000	Change %
Revenue	**1,067,384**	**806,713**	**1,874,097**	**1,162,687**	*61*
Gross Profit	**483,449**	**333,696**	**817,145**	**376,611**	*117*
Gross Profit Margin	***45.3%***	***41.4%***	***43.6%***	***32.4%***	*11ppts[1]*
EBITDA[2]	**314,278**	**189,031**	**503,309**	**147,687**	*341*
EBITDA Margin	***29.4%***	***23.4%***	***26.9%***	***12.7%***	*14ppts*
Net Profit	**171,028**	**80,232**	**251,260[3]**	**34,468**	*629*
Profit attributable to Owners of the Company ("PATMI")	**85,234**	**29,089**	**114,323**	**8,085**	*1341*
Basic Earnings Per Share (US cents)	**3.62**	**1.24**	**4.86**	**0.34**	*1329*

[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$10.4 million** which comprises (i) Notes 2023 redemption premium of US$6.8 million, (ii) Noteholder consent fee of US$0.4 million, and (iii) remaining non-cash items totalling US$3.2 million in relation to write-off of unamortised debts issuance cost of US$2.4 million and unamortised discount on Notes 2023 of US$0.8 million.*

Strong Financial Performance

The Group's revenue increased by 61% from US$1,162.7 million in FY2020 to US$1,874.1 million in FY2021. Revenue from the Group's Energy Coal segment increased by 49% yoy to US$1,586.0 million in FY2021 due to an increase in Average Selling Price ("**ASP**") of 72% from US$31.03 per metric tonne in FY2020 to US$53.46 per metric tonne in FY2021, partially offset by a decline in sales volume from 33.3 million tonnes in FY2020 to 28.8 million tonnes in FY2021. The Group's Energy Coal segment production volume decreased from 33.5 million tonnes in FY2020 to 29.1 million tonnes in FY2021, negatively impacted by unfavourable weather conditions.

Revenue from Metallurgical Coal segment increased by US$189.4 million yoy to US$286.6 million in FY2021, accounting for 15% of the Group's total revenue (FY2020: 8%). This was mainly due to an increase in realised ASP of 65% from US$80.50 per metric tonne for the period from 18 May 2020 to 31 December 2020 to US$132.78 per metric tonne in FY2021 and the consolidation of Stanmore Resources Limited's ("**Stanmore**") full year results[1]. The Group's Metallurgical Coal segment production volume increased from 1.1 million tonnes in the six months period ended 31 December 2020 to 2.1 million tonnes in FY2021.

In-line with higher revenue, cost of sales increased by 35% yoy to US$1,057.0 million in FY2021 mainly due to (i) increase in cash cost (excluding royalty) for the Energy Coal segment from US$21.04 per metric tonne in FY2020 to US$26.93 per metric tonne in FY2021, attributable to higher strip ratios and increase in contractor rates, which have certain elements linked to movement in ICI4 Index; (ii) higher royalty as a result of higher ASP realised from both Energy Coal and Metallurgical Coal segments; (iii) higher expenses relating to the expensing of the remaining overburden in advance inventories for Isaac Plains (for which mining will cease in first quarter of 2022); and (iv) the consolidation of Stanmore results for the twelve months period.

Gross profit surged by 117% yoy to US$817.1 million in FY2021, as gross profit margin improved by 11 percentage points yoy to 43.6%.

Energy Coal Segment	2018	2019	2020	2021	1H2021	2H2021
Production Volume (million tonnes)	22.6	30.8	33.5	**29.1**	16.6	**12.5**
Average Selling Price (US$/tonne)	41.39	34.99	31.03	**53.46**	42.56	**68.81**
Cash Cost (US$/tonne)	27.42	24.11	21.04	**26.93**	22.53	**33.11**

Notwithstanding the 61% increase in revenue, the Group continues to control its operating expenses (including selling and distribution, administrative and other operating expenses) which have increased by 24% yoy to US$367.4 million in FY2021 despite higher selling and distribution expenses mainly due to higher demurrage costs incurred resulting from unfavourable weather conditions and consolidation of

[1] The Group had gained control of Stanmore on 18 May 2020 and thus consolidated 7.5 months of Stanmore's financial results in FY2020.

Stanmore's twelve months results. Administrative expenses increased by US$34.2 million to US$113.5 million in FY2021 mainly due to higher remuneration in line with better performance, higher cost incurred in relation to the Group's commitment on corporate social responsibilities, professional fees incurred for on-going corporate exercise and the consolidation of Stanmore's financial results for twelve months. The Group's other operating expenses increased by US$13.3 million to US$28.2 million in FY2021 mainly due to the impairment of goodwill and property, plant and equipment of US$13.4 million and US$0.9 million respectively, foreign exchange loss of US$8.9 million and exploration expenses of US$1.6 million.

For FY2021, EBITDA and EBITDA margin grew by 341% and 14 percentage points yoy respectively to record US$503.3 million and 26.9% respectively, the highest EBITDA reported since listing in 2016.

Finance costs increased by US$17.9 million to US$55.3 million in FY2021 mainly due to increase in overall debt position (US$409.4 million in FY2021 compared to US$382.0 million in FY2020) and one off expenses aggregating to US$10.4 million consisting of (i) Noteholder consent fee of US$0.4 million, (ii) redemption premium of Notes 2023 of US$6.8 million, and (iii) non-cash items totalling US$3.2 million in relation to write-off of unamortised debts issuance cost of US$2.4 million and unamortised discount on Notes 2023 of US$0.8 million.

Share of loss of joint ventures increased from US$4.9 million in FY2020 to US$22.7 million in FY2021, of this loss of US$20.9 million was attributable to Ravenswood Gold as its production cost were not fully optimized due to ongoing expansion plan to increase production capacity (expected completion in 1H2022) and higher interest expenses incurred on account of utilisation of project financing facility for the expansion plan.

Consequently, the Group registered a jump of 629% yoy in net profit to record high level of US$251.3 million in FY2021 since its listing. The Group generated a record net cash inflow from operations of US$377.7 million in FY2021 compared to US$108.9 million in FY2020.

Other Updates

As part of the Group's effort to reduce reliance and exposure to energy coal mining, the Company reduced its stake in PT Golden Energy Mines ("**GEMS**") by 4.5% to 62.5% in 2021. GEMS has resumed trading[2] on the Indonesia Stock Exchange since 26 April 2021 and has a market capitalisation of about US$2.7 billion as of this announcement date.

The Company also completed the acquisition of Ascend Global Investment Fund SPC's 20.33% shareholding in the Company's subsidiary, Golden Investments (Australia) Pte Ltd ("**GIAPL**"). With this transaction, GIAPL now becomes a wholly owned subsidiary of the Company that owns approximately 75.33% in Stanmore, the Group's metallurgical coal arm in Australia.

[2] GEMS previously had a technical trading suspension of over 3 years as it did not meet the listing requirement for sufficient free float.

In July 2021, Stanmore's Isaac Downs metallurgical coal project had obtained crucial governmental approvals and has recently awarded a five-year open-cut mining services contract to EPSA Pacific Pty Ltd, as it moves to full production at Isaac Down mine. The Isaac Down mine will provide a new source of run-of-mine coal to feed the Isaac Plains' coal handling preparation plant, producing up to 2.5 million tonnes of saleable metallurgical coal annually with a mine life of up to 10 years at low capital costs. Stanmore continues to focus on increased productivity and minimizing strip ratios and cost.

The Group also sought inorganic growth in its Metallurgical Coal segment, and through Stanmore's 50/50 joint venture, completed the acquisition of the Millennium and Mavis Downs Mine, a high-quality metallurgical coal mine from Peabody Energy Australia in July 2021. During the year, GEAR also acquired approximately 15% minority stake in Allegiance Coal, an ASX-listed Australian company based in Vancouver, BC Canada, which is focused on developing and mining metallurgical coal projects in North America and Western Canada.

Recently on 8 November 2021, Stanmore signed an agreement for the transformative acquisition of 80% interest ("**Acquisition**") in BHP Mitsui Coal Pty Ltd ("**BMC**") for a consideration of US$1.2 billion cash with a potential follow-up payment of up to US$150 million after two years, the value of which is dependent on the average sales price achieved exceeding certain thresholds over a 2 year period. The Acquisition will expand Stanmore's portfolio to include high quality, long life and well capitalized metallurgical coal assets consisting of two operating mines namely South Walker Creek and Poitrel with a combined production of around 10Mt per annum and the undeveloped Wards Well project.

BMC has strong product portfolio including benchmark PCI at South Walker Creek and significant contract book and global customer base. BMC assets are in close proximity to Stanmore's existing assets and there is potential to realise operational synergies from shared infrastructure, corporate functions and coal blending opportunities. Post-acquisition, Stanmore is expected to become one of the largest global exporters of metallurgical coal, with a combined coal reserves of 331Mt and annualized met coal production of 12.5Mt[3].

Completion of the Acquisition is subject to satisfaction of conditions precedent. Certain conditions precedent have been satisfied, including FIRB approval and merger control clearance received from two relevant jurisdictions, with the response from the one remaining jurisdiction anticipated in this quarter. Stanmore also expects to satisfy the other outstanding condition, being DSS (the controlling shareholder of the Company) shareholder approval in this quarter.

Stanmore intends to fund the Acquisition through a combination of (i) a US$625 million acquisition debt facility, (ii) a partially underwritten pro-rata entitlement offer ("Entitlement Offer") and (iii) available cash and Stanmore operating cash flows.

[3] Based on Stanmore reserves as of 31 Dec 2021 and BMC reserves as of 30 June 2021. Consolidated on a 100% basis. Excludes Millennium (Stanmore interest 50%)

Company has provided a binding commitment letter in support of the Acquisition pursuant to which it has committed to subscribe through GIAPL, for up to US$300 million of its entitlement, but reserves the right to subscribe up to its full pro-rata entitlement.

GEAR's 50% joint venture Ravenswood Gold Pty Ltd ("**Ravenswood**") remains on track for 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.

In FY2021, GEAR continued to undertake proactive liability management and raised US$285.0 million via a new bond issue, proceeds of which 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% and matures in 2026. As of 31 December 2021, the Group's liquidity position improved with higher cash and cash equivalents position of US$379.8 million as compared to US$262.8 million a year ago and its leverage ratio stands at 0.81x[4].

In view of the anticipated working capital requirements of the Group, the ongoing and any potential corporate actions (including planned and opportunistic acquisitions) to be undertaken by the Group, the Company expects the Group to conduct fund-raising exercises (including accessing the equity and debt capital markets) to meet the funding needs of such requirements and actions.

Company is proposing to conserve and retain cash to meet its commitment under the Entitlement Offer to fund the Acquisition. In view of this, the board has decided not to declare any dividends in relation to financial year 2021.

BUSINESS OUTLOOK

Energy Coal

Coal prices continued to soar and recorded all-time highs in early October 2021, underpinned by rebounds in global economic activity and as demand outstripped supply. For 2H2021, average ICI4 prices increased to US$82.66 per tonne, as compared to US$47.89 per tonne in 1H2021 and US$28.31 per tonne in 2H2020.

Indonesian coal miners continue to be one of the key beneficiaries of a Chinese ban on Australian coal exports which is unlikely to be reversed in the short term. In the first 11 months of 2021, China sourced more than 60% of coal imports from Indonesia. However, China began to boost domestic coal production to record levels in late 2021 after coal shortages resulted in power cuts and factory shutdowns in October 2021. According to China's National Bureau of Statistics, coal output hit a record 4.07 billion metric tonnes in 2021, up 4.7% from 2020. Based on reports by China Coal Transportation and Distribution Association, key Chinese utilities at coastal regions had stockpiled 33 million tonnes of coal stocks as of 1 January 2022, 57% more compared to a year ago. Continued strong domestic supply in China could lead to a more

[4] Leverage ratio = Total debt / Last 12 months EBITDA

modest import demand and softer coal prices in China as the Chinese government signals at potential coal price regulation.

Indonesia, the world's largest thermal coal exporter reported critically low coal stockpiles at its state-owned power plant on 1 January 2022, announced a one-month ban on the export of coal until it secured enough coal to avoid widespread domestic power outages, underscoring the demand-supply imbalance. Thereafter, Indonesia eased restrictions for companies who had fulfilled their domestic market obligation ("**DMO**"), which requires them to supply 25% of their annual production locally at a capped price. The Group remains in full compliance of the DMO and five subsidiaries of GEMS, including PT Borneo Indobara ("**BIB**") were permitted to resume coal exports. BIB accounts for more than 80% of GEMS' coal production and the Group saw minimal impact from the export ban.

However, Indonesia will continue to observe tight coal export rules, reviewing domestic supply monthly rather than on annual basis and is likely to impose penalties on coal miners who fail to meet their DMO for 2021. This could add pressure on Indonesian miners to fulfil their domestic obligations and reduce export supplies, creating greater uncertainties regarding the supply of coal. Coupled with weather conditions leading to reduced supply in the early part of 2022, coal prices are expected to remain robust in the short term.

Metallurgical Coal

Metallurgical coal prices (Platts Premium LV) surged from an average of US$128 per tonne in 2020 to an average of US$208 per tonne in 2021 and further recently hit a record high of approximately US$440+ per tonne in January and February 2022, on concerns over La Nina, rebounding global industrial production and continued supply tightness witnessed in Australia, Russia, US, Mozambique, Canada and Mongolia over the past several months. Covid restrictions, infrastructure limitations and weather have negatively impacted miners with several companies announcing lower than expected production or reductions to guidance. Companies are focusing on meeting sales to contract customers with low volumes available for spot market resulting in the current buoyant prices.

Long-term market fundamentals for metallurgical coal remain strong and supportive. Indian steelmakers have announced US$11 billion worth of projects over the next five years in response to government's focus on infrastructure development. Significant increases in demand for steel infrastructure is also expected with growing pace of decarbonisation (steel driven by new energy applications such as electric vehicles and windfarms) and bodes well for GEAR following the Group's expansion plans in the metallurgical coal segment.

Commenting on the Group's performance and outlook, Mr. Fuganto Widjaja, Executive Chairman of GEAR, said ***"FY2021 was a transformational year as the Group achieved record-high revenue, net profit and EBITDA, and continued to make good progress in our portfolio diversification,***

expanding our Metallurgical Coal segment through organic and inorganic growth. Remarkably, we announced the proposed acquisition of a majority stake in BHP Mitsui Coal Pty Ltd, which is expected to accelerate Stanmore's position as a leading global metallurgical coal producer and exporter. Our Energy Coal segment also performed exceptionally well, successfully mitigating impact from unfavourable weather conditions and ensuring operational excellence.

There continues to be strong underlying demand for both energy coal and metallurgical coal which are areas where the Group has strong capabilities in, and we will continue to seize opportunities in all of our business segments."

—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 2021, the Group's subsidiary, Stanmore Resources Limited ("**Stanmore**"), has coal resources estimates of more than 1.7 billion tonnes, marketable coal reserves estimate of 125.4 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 2021.

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 2021, Ravenswood has 4.4 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

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