



Golden Energy and Resources Limited
(Incorporated in the Republic of Singapore)
(Company Registration Number: 199508589E)

PRESS RELEASE - FOR IMMEDIATE RELEASE

GEAR reports stellar financial results for 1H2022, having completed the transformative acquisition of 80% interest in BMC

- **Acquisition of 80% interest in BHP Mitsui Coal Pty Ltd (BMC), now known as Stanmore SMC Pty Ltd (SMC), completed by Company's subsidiary Stanmore Resources Limited (SMR) on 3 May 2022 for cash consideration of up to US\$1.35 billion**

SINGAPORE – 12 August 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 ended 30 June 2022 (“**1H2022**”). The Group's net profit increased by 527% year-on-year (“**yoy**”) from US\$80.2 million in 1H2021, to US\$503.0 million.

Financial Highlights	1H2022	1H2021	Change
	US\$'000	US\$'000	%
Revenue	2,431,639	806,713	201
Gross Profit	1,084,224	333,696	225
Gross Profit Margin	44.6%	41.4%	3ppts ¹
EBITDA ²	866,035	189,031	358
EBITDA Margin	35.6%	23.4%	12ppts
Net Profit	502,985	80,232	527
Profit attributable to Owners of the Company (“PATMI”)	278,987	29,089	859
Basic Earnings Per Share (US cents)	11.00	1.24	787

¹ Ppts: Percentage points (rounded)

² EBITDA = Profit for the year + finance costs + taxation + depreciation and amortization + impairment loss

The Group's revenue increased from US\$806.7 million in 1H2021 to US\$2,431.6 million in 1H2022, primarily driven by the increase in average selling price (“**ASP**”) of energy and metallurgical coal, coupled with two months contribution by SMC, following the Group's successful acquisition of 80% interest in SMC on 3 May 2022 (“**SMC Acquisition**”).

Coal markets were buoyant in 1H2022 and continued to experience favourable pricing. For the Energy Coal segment, ASP increased from US\$42.71 per tonne in 1H2021 to US\$73.74 per tonne in 1H2022, while sales volume increased from 17.18 million tonnes to 18.10 million tonnes during the same period.

For the Metallurgical Coal segment, ASP increased from US\$88.80 per tonne in 1H2021 to US\$376.71 per tonne in 1H2022, while sales volume increased from 0.82million tonnes to 2.91 million tonnes during the same period including 1.81 million tonnes from SMC for period of two months since acquisition.

Following the SMC Acquisition, revenue contribution from Metallurgical Coal segment increased from 9% to 45% of the Group's revenue in 1H2021 and 1H2022 respectively.

The industry has witnessed significant cost pressures driven by rising prices such as diesel, electricity, explosives, parts, labour, as well as contractor costs which are tiered to coal prices. Cash costs (excluding royalties) for the Energy Coal segment increased from US\$23.0 per tonne in 1H2021 to US\$34.1 per tonne in 1H2022 on the back of higher strip ratio, higher energy costs and higher contractor rates. Cash costs (excluding royalties) for Metallurgical Coal segment decreased from US\$100.0 per tonne to US\$87.3 per tonne due to transition from Isaac Plains East to Isaac Downs which has a lower strip ratio, and the contribution from SMC which has lower cash costs.

Gross profit improved by 224% yoy to US\$1,084.2 million in 1H2022, as gross profit margin improved by 3 percentage points yoy to 44.6%.

The Group's total operating expenses (including selling and distribution, administrative and other operating expenses) increased to US\$317.90 million in 1H2022, as compared to US\$171.24 million in 1H2021. This was mainly due to the inclusion of two months results from SMC, as well as transaction cost including stamp duty in respect of the SMC acquisition.

For 1H2022, EBITDA and EBITDA margin grew by 358% and 12 percentage points yoy respectively, to US\$866.0 million and 35.6% respectively due to inclusion of two months results from SMC and higher ASPs for both Energy Coal and Metallurgical Coal segments, while operating expenses (selling and distribution, administrative and other operating expenses) did not increase in tandem with the significant increase in revenue.

Finance costs increased from US\$32.1 million in 1H2021 to US\$41.3 million in 1H2022, mainly due to financing costs incurred on the US\$625 million acquisition loan obtained in respect of the SMC acquisition.

Net profit increased by 526% yoy to US\$503.0 million in 1H2022, as compared to US\$80.2 million in 1H2021. In line with this, profit attributable to owners of the Company increased to US\$279.0 million in 1H2022 (1H2021: US\$29.1 million).

In March 2022, the Company completed an equity fund raise by way of placement of 285 million new shares at S\$0.305 each and raised net proceeds of S\$86.4 million (equivalent to US\$62.7 million). The proceeds are to be utilized for, among others, expansion of existing core business, potential business investments and/or acquisitions, and general working capital purposes (including meeting general overheads, operating expenses, and debt servicing). As of 30 June 2022, approximately S\$33.7 million has been utilised for expansion of GEAR's existing core business (investment in Stanmore and

Ravenswood) and S\$31.0 million has been utilised for general working capital purposes. Balance of S\$21.7 million remains unutilised as of 30 June 2022.

In May 2022, the Group (via its subsidiary Stanmore) drew the acquisition loan of US\$625 million to fund the SMC Acquisition. As at 30 June 2022, the Group's total debt amounted to US\$1.6 billion, which included the aforesaid acquisition loan, working capital loans of US\$170 million, bond retap of US\$90 million in March 2022, and lease liabilities which arose from the consolidation of SMC. The Group's cash and cash equivalents increased from US\$379.8 million as of 31 December 2021 to US\$932.9 million as of 30 June 2022.

In April 2022, Fitch Ratings reaffirmed Company's credit rating at 'B+' and revised the Outlook from Stable to Positive.

On 12 August 2022, Stanmore announced that its wholly-owned subsidiary, Dampier Coal (Queensland) Proprietary Ltd, has signed a definitive share sale agreement with Mitsui & Co. (Australia) Ltd and Mitsui & Co., Ltd (together, "**Mitsui**") to acquire the remaining 20% interest in SMC held by Mitsui (the "**Transaction**"). The Transaction is conditional upon the approval of the Australian Foreign Investment Review Board. On completion of the Transaction, SMC will become a wholly-owned subsidiary of Stanmore. For more details, please refer to GEAR's announcement on SGX on 12 August 2022.

BUSINESS OUTLOOK

Energy Coal

As the world navigated through the pandemic, new challenges in the form of heightened geopolitical tensions and massive supply chain crisis engulfed the world economy. This led to robust energy coal prices as the demand and supply gap widened in 1H2022. Indonesian Coal Index 4 (ICI4) average monthly prices peaked in March 2022 at US\$105.1 per tonne but have since fallen to US\$83.6 per tonne in July 2022. The Indonesian 4,200 kcal/kg GAR price is forecast to decline to an average of US\$52.1 per tonne in 2023¹, driven by unexpected supply shifts as exports from Russia exceeded expectations over the past months and it is unlikely that declines will be as large as previously expected, coupled with diverging demand trends. Indonesian supply has been stronger, but there has been a sizeable pivot in destinations. A much larger swing has taken place between China and India, where exports to India have been at a record as coal burn remains well above year-ago levels and power plant stocks have not improved dramatically. Even at much higher levels of shipments to India, a sizeable portion of Indonesian coal must remain competitive into China markets. Demand for energy coal in China is weakening due to high imported coal prices and challenging economic conditions. Chinese seaborne energy coal imports are expected to decline by 64 Mt in 2022, which will primarily impact low-CV exports from Indonesia.

Metallurgical Coal

¹ Argus Seaborne Coal Outlook dated 15 July 2022 published by Argus Media group

The metallurgical coal market in 1H2022 experienced favourable pricing, with strong demand and elevated steel pricing combining with ongoing supply weakness in many key exporting countries. This was particularly applicable to PCI coal, as steel makers pursued maximum production while simultaneous supply from Russia, the second largest seaborne producer of PCI, became uncertain through policy restriction expectations, and/or physical and financial hurdles to secure materials from that origin.

In contrast to energy coal prices, FOB Australia coking coal and PCI prices have declined at a much higher rate, with steel demand being impacted by reduction in end user demand as part of general reduction in economic outlook combined with a recovery in production from certain large Australia mines. Platts Premium LV average monthly prices peaked at US\$594 per tonne in March 2022 but has since declined to US\$239 per tonne in July 2022.

In June 2022, the Queensland Government in Australia announced significant changes to the coal royalty regime as part of its 2022 to 2023 budget, making the royalties paid by coal producers in Queensland the highest in the world. In addition to the above, inflationary cost pressures are being increasingly experienced with higher energy related costs and general consumable prices. General tightness in the labour market in conjunction with labour supply impacts from COVID-19 are also affecting costs.

—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. Stanmore acquired BHP Mitsui Coal Pty Ltd (now known as Stanmore SMC Pty Ltd (“**SMC**”)) on 3 May 2022. SMC owns high quality metallurgical coal assets with mineral resources of 2,245 million tonnes and total coal reserves of 171 million tonnes (100% basis and JORC compliant estimates).

PT Golden Energy Mines Tbk (“**GEMS**”), the Group’s Indonesia subsidiary, 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’s product suite includes 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 Company has a credit rating of ‘B+’ with revision of Outlook from Stable to Positive by Fitch Ratings in April 2022 and credit rating of ‘B1’ from Moody’s in November 2021.

Issued for and on behalf of Golden Energy and Resources Limited

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