

GOLDEN ENERGY AND RESOURCES LIMITED

(Incorporated in the Republic of Singapore)
Company Registration Number: 199508589E

ENTRY INTO JOINT VENTURE WITH EMR IN CONNECTION WITH THE ACQUISITION OF THE RAVENSWOOD GOLD MINE

1. INTRODUCTION

- 1.1 Joint Venture and Ravenswood Acquisition.** The board of directors (the “**Board**”) of Golden Energy and Resources Limited (“**GEAR**”) wishes to announce that Golden Investments (Australia) II Pte. Ltd. (“**GEAR SPV**”), a wholly-owned subsidiary of GEAR, has on 14 January 2020 entered into a joint venture (the “**Joint Venture**”) with Raven Gold Nominee Pty Ltd (as trustee on behalf of investors managed or advised by EMR Capital) (together with its affiliates, “**EMR**”) to establish a joint venture company, Mining Gold Group Pty Ltd (“**Topco**”), to acquire the Ravenswood gold mine from Carpentaria Gold Pty Ltd (“**Carpentaria Gold**”) and its parent company, Resolute Mining Limited (the “**Ravenswood Acquisition**”).

2. INCORPORATION OF SUBSIDIARY

- 2.1 GEAR SPV.** On 13 January 2019, GEAR incorporated GEAR SPV, a private limited company incorporated in Singapore which is 100% owned by GEAR. As at the date of this Announcement, GEAR SPV has an issued and paid-up share capital of S\$100 comprising 100 ordinary shares. The principal activity of GEAR SPV is investment holding.

The incorporation of GEAR SPV was funded by GEAR’s internal resources and is not expected to have any material impact on the net tangible assets (“**NTA**”) per share or earnings per share (“**EPS**”) of GEAR and its subsidiaries (collectively, the “**GEAR Group**”) for the financial year ending 31 December 2020.

None of the Directors or controlling shareholders of GEAR has any interest, direct or indirect, in the aforesaid incorporation, save through its shareholding (if any) in GEAR.

3. INFORMATION ON EMR AND TOPCO

- 3.1 EMR.** EMR is a specialist mining private equity fund which invests in global resource projects and companies, primarily focusing on copper, gold, coking coal and potash. EMR is currently the owner and operator of eight major mines and projects globally including the producing Capricorn copper mine and the Kestrel coking coal mine in Queensland, the Golden Grove zinc/copper/precious metals mine in Western Australia and the Lubambe copper mine in Zambia, and employs over 3,500 staff around the world.
- 3.2 Topco.** Topco is a private limited company incorporated in Australia and its principal activities are investment holding.

Topco was established to form the Joint Venture and to (through its wholly-owned indirect subsidiary, Mining Gold Investment Pty Ltd (“**Bidco**”)) undertake the Ravenswood Acquisition and operate and develop the Ravenswood gold mine. At or around the date of this Announcement, Topco has an initial paid-up share capital of A\$2.0 comprising two ordinary shares, 50% of which are owned by GEAR SPV and 50% of which are owned by EMR.

As at the date of this Announcement, Topco has no other assets or liabilities other than its nominal share capital, its indirect shareholding in Bidco and Bidco’s obligations in respect of the Ravenswood Acquisition.

4. PRINCIPAL TERMS OF THE JOINT VENTURE

4.1 Funding Commitments for the Joint Venture. Pursuant to the terms of (i) a subscription agreement entered into on 14 January 2020 by GEAR, GEAR SPV, EMR and Topco (the “**Subscription Agreement**”) and (ii) equity commitment letters issued by each of GEAR and EMR (and/or its affiliates) (such equity commitment letters issued by GEAR, the “**GEAR Commitment Letters**”):

4.1.1 GEAR has committed to provide a total capital contribution to Topco of up to A\$70 million (GEAR’s committed investment in Topco, being the “**GEAR JV Investment**”); and

4.1.2 EMR and its affiliates have committed to provide a total capital contribution to Topco of up to A\$70 million.

The capital contributions referred to above are to enable Topco and Bidco to (i) meet its payment obligations in respect of the Completion Payment amounting to A\$50 million (as set out in paragraph 6.2.1 below) and (ii) fund the development of the Ravenswood gold mine and other working capital needs.

As part of the GEAR JV Investment, GEAR SPV expects to fund:

- (i) A\$7 million prior to the completion of the acquisition of the Ravenswood gold mine (“**Ravenswood Completion**”);
- (ii) up to A\$33 million subject to and upon occurrence of the Ravenswood Completion (including an allowance for working capital and/or net debt adjustments); and
- (iii) the remaining amounts under the GEAR JV Investment will be funded as required pursuant to the development plan to be agreed between each of GEAR SPV and EMR (the “**Development Plan**”) after further feasibility studies in respect of the Ravenswood gold mine has been completed. EMR has committed to provide an additional amount of capital contribution for the purposes of the final Development Plan.

Any additional funding to be provided by GEAR SPV beyond the amount of the GEAR JV Investment (the “**Further Capital Commitment**”) for the development of the Ravenswood gold mine shall be subject to the approval of GEAR SPV.

GEAR SPV has agreed to use all reasonable endeavours to obtain any approvals, consents or waivers necessary to ensure its compliance with the rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) so as to be in a position to fund any Further Capital Commitments under the Development Plan as and when such commitment falls due.

4.2 Completion. Completion of GEAR’s investment in the Joint Venture is subject to, *inter alia*, the satisfaction of certain conditions precedent (as detailed in paragraph 6.1 below) relating to the acquisition of the Ravenswood gold mine. GEAR will make an appropriate announcement in the event that there are any material developments in relation to the Ravenswood Completion.

4.3 Shareholder Undertaking. Under the Subscription Agreement, GEAR SPV has agreed to obtain an undertaking from PT Dian Swastatika Sentosa Tbk (“**DSS**”), who holds a direct 86.87 per cent. interest in GEAR, addressed to GEAR and EMR to vote in favour of, among other things, the Ravenswood Acquisition, any Further Capital Commitment or any corporate action taken by GEAR pursuant to the Shareholders’ Deed (as defined below) to transfer or acquire further securities in Topco, that is proposed for shareholder approval at a general meeting of GEAR (the “**Shareholder Undertaking**”).

A failure by GEAR SPV to obtain the Shareholder Undertaking by the earlier of (i) five business days after the date on which DSS’ next annual general meeting is held or (ii) 30 June 2020, will constitute a default event under the Shareholders’ Deed, entitling the non-defaulting shareholder to exercise the default call option (as set out in paragraph 4.4.5 below).

4.4 Salient Terms of the Shareholders’ Deed. The salient terms of the shareholders’ deed entered into on 14 January 2020 by Topco, EMR, GEAR and GEAR SPV (the “**Shareholders’ Deed**”) are set out below:

4.4.1 The maximum number of directors on the board of directors of Topco (the “**Topco Board**”) will be eight directors (or such greater number as the shareholders may decide), with each 20% shareholder being entitled to appoint at least one director (and up to four directors if it holds at least 50% shareholding).

4.4.2 EMR will be entitled to nominate the chairperson of the Topco Board (who will not have a casting vote).

4.4.3 EMR will be the operating partner of the Joint Venture and will have primary responsibility for operation and management matters, subject to the terms of the Shareholders’ Deed. EMR will be entitled to appoint and replace the Chief Executive Officer, the General Manager (*Mine Operations*) and the General Manager (*Expansion Project*) of Topco in its sole discretion while GEAR SPV will be entitled to appoint and replace the Chief Financial Officer of Topco in its sole discretion.

4.4.4 Certain customary reserved matters relating to Topco and its subsidiaries (such as winding up, mergers, incurrence of debt, capital expenditure or other commitments above specified thresholds) will require the approval of GEAR SPV or its nominated director so long as it maintains a specified shareholding threshold in Topco.

4.4.5 Upon the occurrence of certain default events (including an insolvency event, a breach

of a shareholder's material obligations under the Shareholders' Deed, or a change of control without the consent of each other shareholder (such consent not to be unreasonably withheld)), the non-defaulting shareholder can exercise a default call option to acquire the defaulting shareholder's shares in Topco at a discount to the fair market value or subscription price of such shares (as applicable). Upon the occurrence of a default event, all rights to the Topco securities held by the defaulting shareholder as well as the defaulting shareholder's director appointment rights will be suspended.

- 4.4.6 Each shareholder has pre-emption rights for transfers or issuances of securities as well as drag-along rights and tag-along rights for proposed transfers of securities following the expiration of the specified standstill period and subject to certain conditions being satisfied, as detailed in the Shareholders' Deed.

Notwithstanding the above, if GEAR SPV is required to dispose of its securities in Topco as a result of being a defaulting party or being subject to drag-along rights, but requires the approvals of any government agency or as required under the rules of the SGX-ST in order to dispose of its shares in Topco, such disposal will only take effect after GEAR and GEAR SPV (as applicable) have obtained all required approvals in respect of the disposal (including any requisite shareholder approval in accordance with the rules of the Listing Manual of the SGX-ST (the "**Listing Manual**")). GEAR SPV has agreed to use all reasonable endeavours to obtain any such required approvals.

5. INFORMATION ON THE RAVENSWOOD GOLD MINE AND THE ASSETS¹

- 5.1 **Ravenswood Gold Mine.** The Ravenswood gold mine is located in Queensland, Australia, approximately 130 kilometers south of Townsville. The Ravenswood gold mine is an operating mine which produced approximately 54,000 ounces of gold for the year ended 31 December 2019. The Ravenswood gold mine had a total gold resource of 5.92 million ounces and a total gold reserve of 2.74 million ounces as at 30 June 2019.

The Ravenswood gold mine consists of an underground mine, Mt Wright, and open pits, Buck Reef West, Sarsfield and Nolans. The Ravenswood gold mine comprises developed infrastructure which includes triple stage crushing, SAG and ball mill grinding, and CIP processing with a gravity circuit. Recently, the processing plant capacity was increased from 3 to 5 million tonnes per annum.

The Ravenswood gold mine is currently 100% owned by Resolute Mining through Carpentaria Gold. Resolute Mining is an explorer, developer and operator of gold mines in Australia and Africa. Resolute Mining owns four gold mines and is listed both on the Australian Securities Exchange (ASX) and the London Stock Exchange (LSE). As at the date of this Announcement, Carpentaria Gold and Resolute Mining are not related to any of GEAR's directors, chief executive officer, controlling shareholders or their respective associates, and do not have any shareholding interests, direct or indirect, in GEAR.

- 5.2 **Assets.** Carpentaria Gold has agreed to sell, and Bidco has agreed to buy, all the assets, tenements, mining information, infrastructure, plant and equipment, inventory, regulatory

¹ The information set out in this paragraph 5 has been obtained from public filings made by Resolute Mining.

approvals, contractual rights and other assets associated with the Ravenswood gold mine (collectively, the “**Assets**”).

5.3 Value of the Assets Being Acquired. Based on the unaudited financial statements of Carpentaria Gold for the financial year ended 31 December 2019, the book value of the Assets is approximately A\$90.76 million and the NTA value of the Assets is approximately A\$61.03 million.

No independent valuation was conducted by GEAR on the Assets for the purposes of the Joint Venture.

5.4 Net Profits/Losses. Based on the unaudited financial statements of Carpentaria Gold for the financial year ended 31 December 2019, the net loss before income tax, minority interests and extraordinary items attributable to the Assets is approximately A\$5.79 million.

6. PRINCIPAL TERMS OF THE RAVENSWOOD ACQUISITION

6.1 Ravenswood Completion. The Ravenswood Completion will take place only after all of the conditions precedent (as summarized below) have been satisfied or waived (or such other date as the parties may agree in writing), and is currently targeted to occur prior to 31 March 2020. Such conditions precedent include:

6.1.1 the receipt by Bidco of the requisite regulatory approvals for the transactions contemplated by the Ravenswood Acquisition (including approval from Australia’s Foreign Investment Review Board and Queensland Government Ministerial approval for the transfer for tenements); and

6.1.2 ministerial consent to the transfer of a project specific environmental approval; and

6.1.3 the removal of existing security interests and mortgages over the Ravenswood assets held by Resolute Mining’s lenders.

6.2 Consideration. The aggregate consideration payable by Bidco to Carpentaria Gold for the purchase of the Assets shall be an aggregate of:

6.2.1 an amount in cash equal to A\$50 million (the “**Completion Payment**”) payable by Bidco on Ravenswood Completion (subject to working capital and net debt adjustments post-completion);

6.2.2 a promissory note with a face value of A\$50 million (the “**Vendor Financing Promissory Note**”) to be issued by Bidco to Carpentaria Gold on Ravenswood Completion; and

6.2.3 certain contingent instruments (the “**Contingent Instruments**”) of up to A\$200 million in aggregate, comprising:

(i) a promissory note to be issued by Bidco to Carpentaria Gold for the payment by Bidco of a gold price contingent payment (up to a maximum amount of A\$50 million depending on the average gold prices over a four-year period) to Carpentaria Gold if Bidco’s gold production exceeds certain specified thresholds

or upon the occurrence of certain disposals of the assets or shares of Bidco (a “**Liquidity Event**”); and

- (ii) a promissory note to be issued by Bidco to Carpentaria Gold for the payment by Bidco of an upside sharing payment (up to a maximum amount of A\$150 million depending on the investment outcomes of the Ravenswood gold mine for the EMR Capital and GEAR consortium) to Carpentaria Gold upon the occurrence of a Liquidity Event.

The aggregate consideration referred to above was arrived at on a willing-buyer and willing-seller basis and after negotiations between the parties, taking into account the operational and financial performance of, and development outlook for, the Ravenswood gold mine.

7. SOURCE OF FUNDING FOR THE JOINT VENTURE AND THE RAVENSWOOD ACQUISITION

GEAR SPV intends to fund Topco with the GEAR JV Investment through the existing cash reserves of the GEAR Group.

Topco and its subsidiaries intend to utilise:

- (i) funding from a combination of cash contributed by GEAR SPV and EMR to Topco (as detailed in paragraph 4.1 above) and its financial resources that are generated from the operation of the Ravenswood goldmine and cash reserves to satisfy the Completion Payment and the Vendor Financing Promissory Note; and
- (ii) its financial resources that are generated from the operation of the Ravenswood gold mine and/or equity proceeds received by Bidco upon a Liquidity Event to satisfy the payments due under the Contingent Instruments.

8. RATIONALE FOR THE JOINT VENTURE

The Ravenswood gold mine has an established mining history. The Joint Venture will provide GEAR with an opportunity to own part of an established gold producing asset with potential scalability, exploration and aggregation. Further, through the Joint Venture, GEAR is looking to enhance its overall asset portfolio and create shareholders’ value by diversifying and expanding its product suite and geographical presence to include cash flow streams from counter-cyclical precious metals.

9. DISCLOSEABLE TRANSACTION

9.1 **Rule 1006 Relative Figures.** The relative figures computed on the bases set out in Rule 1006 of the Listing Manual in respect of the GEAR JV Investment are as follows:

Rule 1006	Bases	GEAR JV Investment	GEAR Group	Relative Figures (%)
(a)	NAV of assets to be disposed of, compared with the NAV of the GEAR Group			Not applicable.
(b)	Net profits/(losses) attributable to the Assets to be acquired in respect of the GEAR JV Investment, compared with the GEAR Group's net profits ⁽¹⁾ (US\$ million)	(2.03) ⁽¹⁾	51.72	(3.93)%
(c)	Aggregate consideration payable by GEAR in respect of the GEAR JV Investment ⁽²⁾ compared with GEAR's market capitalization ⁽³⁾ (S\$ million)	65.09	450.85	14.44%
(d)	Number of equity securities issued by GEAR as consideration for the GEAR JV Investment, compared with the number of equity securities previously in issue			Not applicable.
(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the GEAR Group's proved and probable reserves			Not applicable.

Notes:

- (1) The net profits or losses including discontinued operations that have not been disposed and before income tax and non-controlling interests attributable to GEAR's share of the Assets (being such share being attributable through GEAR's 50% indirect ownership in Bidco) based on the unaudited financial statements of Resolute Mining for the financial year ended 31 December 2019, have been compared with the GEAR Group's net profits or losses including discontinued operations that have not been disposed and before income tax and non-controlling interests for its 12-month period ended 30 September 2019 (which are based on the latest unaudited consolidated financial statements of the GEAR Group for its 9-month period ended 30 September 2019 and after including the unaudited consolidated financial statements of the GEAR Group for its fourth quarter ended 31 December 2018). The figures for the Assets are expressed in US\$ based on an exchange rate of A\$1.00:US\$0.7021 being the A\$:US\$ exchange rate on 31 December 2019 (Source: BloombergLP).
- (2) Calculated based on the GEAR JV Investment of A\$70 million and expressed in S\$ based on an exchange rate of A\$1.00:S\$0.9299 being the A\$:S\$ exchange rate on 13 January 2020 (Source: BloombergLP).

- (3) GEAR's market capitalisation is based upon 2,353,100,380 ordinary shares in the capital of GEAR in issue (excluding treasury shares) ("**GEAR Shares**") as at 13 January 2020, being the last market day preceding the date of the Subscription Agreement on which GEAR Shares were traded on the SGX-ST, at a volume weighted average price of S\$0.1916 for each GEAR Share.

9.2 Discloseable Transaction. As the relative figure under Rule 1006(c) exceeds 5% but is not more than 20%, the GEAR JV Investment constitutes a discloseable transaction for GEAR as defined in Chapter 10 of the Listing Manual.

Although the relative figure under Rule 1006(b) is a negative figure:

- (a) the absolute relative figure under Rule 1006(b) is less than 5%;
- (b) the absolute relative figure under Rule 1006(c) is less than 20%; and
- (c) the net loss attributable to the Assets is less than 5% of the consolidated net profits of the GEAR Group (taking into account only the absolute values).

Accordingly, GEAR is not required to seek the approval of its shareholders for the GEAR JV Investment pursuant to Chapter 10 of the Listing Manual read with the new Practice Note 10.1 (to take effect on 7 February 2020).

10. PRO FORMA FINANCIAL EFFECTS OF THE GEAR JV INVESTMENT

10.1 Bases and Assumptions. The pro forma financial effects of the GEAR JV Investment set out below are for illustrative purposes only, and are neither indicative of the actual financial effects of the GEAR JV Investment on the consolidated NTA, the consolidated earnings, the net gearing and/or the share capital of the GEAR Group, nor represent the actual or future financial position and/or results of the GEAR Group immediately after completion of the GEAR JV Investment. The pro forma financial effects of the GEAR JV Investment set out below have been prepared based on the unaudited financial statements of Carpentaria Gold for the financial year ended 31 December 2019 and the latest audited consolidated financial statements of the GEAR Group for its financial year ended 31 December 2018 ("**FY2018**" and such financial statements, the "**GEAR FY2018 Results**"), and on the following bases and assumptions:

- 10.1.1** the aggregate amount payable by GEAR for the GEAR JV Investment is A\$70 million;
- 10.1.2** the expenses to be incurred in connection with the Joint Venture are disregarded for the purposes of calculating the financial effects; and
- 10.1.3** GEAR's investment in Bidco is accounted using equity method of accounting.

10.2 Effect on NTA per GEAR Share. For illustrative purposes only and assuming that the GEAR JV Investment had been completed on 31 December 2018, being the end of FY2018, the pro forma financial effects of the GEAR JV Investment on the consolidated NTA of the GEAR Group are set out below:

	Before completion of the GEAR JV Investment	After completion of the GEAR JV Investment
NTA (US\$ million)	131.16	131.16
Number of issued GEAR Shares	2,353,100,380	2,353,100,380
NTA per GEAR Share (US cents)	5.57	5.57

10.3 Effect on EPS. For illustrative purposes only and assuming that the GEAR JV Investment had been completed on 1 January 2018, being the beginning of FY2018, the pro forma financial effects of the GEAR JV Investment on the consolidated earnings of the GEAR Group are set out below:

	Before completion of the GEAR JV Investment	After completion of the GEAR JV Investment
Profit after tax and minority interests (US\$ million)	39.32	37.29
Number of issued GEAR Shares	2,353,100,380	2,353,100,380
Earnings per GEAR Share (US cents)	1.67	1.58

10.4 Effect on Net Gearing. For illustrative purposes only and assuming that the GEAR JV Investment had been completed on 31 December 2018, being the end of FY2018, the pro forma financial effects of the GEAR JV Investment on the net gearing of the GEAR Group are set out below:

	Before completion of the GEAR JV Investment	After completion of the GEAR JV Investment
Net Gearing Ratio ⁽¹⁾	0.56	0.60 ⁽²⁾

Notes:

- (1) The Net Gearing Ratio is computed as (total liabilities excluding taxes - cash and cash equivalents) / (equity attributable to owners of GEAR + total liabilities excluding taxes - cash and cash equivalents).
- (2) The Net Gearing Ratio after completion of the GEAR JV Investment shows an increase because of the use of GEAR's existing cash reserves to fund the GEAR JV Investment.

10.5 Effect on Share Capital. The GEAR JV Investment will not have any impact on the issued and paid-up share capital of GEAR.

11. FURTHER INFORMATION

11.1 Resources and Reserves. Completion of the GEAR JV Investment may result in a material increase of the mining resources and reserves of GEAR. Following the Ravenswood Completion, GEAR expects to commission a summary qualified person's report in respect of such resources and reserves as soon as practicable.

11.2 Interests of Directors and Controlling Shareholders. Mr. Lay Krisnan Cahya, a Non-Executive Director and the Non-Executive Chairman of GEAR, is also the President Director of DSS. As detailed in paragraph 4.3 above, GEAR SPV has agreed to obtain the Shareholder Undertaking from DSS.

Save as disclosed in this Announcement, none of the directors and controlling shareholders of GEAR has any interest, direct or indirect, in the Joint Venture or the Ravenswood Acquisition.

11.3 No Directors' Service Contracts. No person is proposed to be appointed to the Board as part of the Joint Venture or the Ravenswood Acquisition, and no director's service contract is proposed to be entered into by GEAR with any person in connection with the Joint Venture or the Ravenswood Acquisition.

11.4 Documents for Inspection. Copies of the Subscription Agreement, the Shareholders' Deed and the GEAR Commitment Letters are available for inspection during normal business hours at the registered office of GEAR at 20 Cecil Street, #05-05, PLUS, Singapore 049705, for a period of three (3) months commencing from the date of this Announcement.

12. RESPONSIBILITY STATEMENT

The directors of GEAR (including those who may have delegated detailed supervision of the preparation of this Announcement) collectively and individually accept full responsibility for the accuracy of the information given in this Announcement (other than information relating to EMR, Carpentaria Gold and Resolute Mining) and confirm, after making all reasonable enquiries that to the best of their knowledge and belief, the facts stated and opinions expressed herein (other than information relating to EMR, Carpentaria Gold and Resolute Mining) are fair and accurate in all material respects as at the date hereof, and that there are no material facts the omission of which would make this Announcement misleading.

Where any information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the directors of GEAR has been to ensure that such information is accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Announcement.

By Order of the Board
GOLDEN ENERGY AND RESOURCES LIMITED

Pauline Lee
Group Company Secretary
15 January 2020

Forward Looking Statements

This Announcement may include certain statements that are in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance or achievements to differ materially from those expressed, implied or projected in any forward looking statement.

The forward looking statements in this Announcement reflect the views held only as at the date of this Announcement. While GEAR believes that the expectations reflected in the forward looking statements in this Announcement are reasonable, no assurance can be given that such expectations will prove to be correct. You are cautioned not to place undue reliance on any forward looking statement.

Shareholders are advised to continue exercising caution when trading in the shares of GEAR as the information herein in respect of the reserves and resources of the Assets may be updated or amended in line with future exploration and studies to be conducted. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.