golden energy and resources



1Q2017 Results Briefing

May 2017

Presentation Outline



1. Performance Highlights
2. Operational and Financial Highlights
3. Outlook & Growth Strategies
4. Q & A

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Performance Overview



1Q2017 Performance Highlights

GEARed Up for Growth

1 Operational improvement

- **Revenue** surged **47.9%** to **US$143.2 million** in 1Q2017, up from US$96.8 million in 1Q2016
- **13.5 times** increase in **net profit** from US$2.2 million in 1Q2016 to **US$29.6 million** in 1Q2017

2 Ramp-up in production output

- Production volume increased by **50%** from 2.0 MT in 1Q2016 to **3.0 MT in 1Q2017** *(FY2016: 9.5 MT)*
- **On track** to achieve 14 MT production target for FY2017

3 Robust balance sheet

- **Low gearing** at **0.07 times** as at 31 March 2017 and in **Net Cash** position
- **Healthy cash position** in excess of **US$100 million**

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Operational and Financial Highlights



Financial Highlights (GEAR)

Financials of the Enlarged Group

US$'000	FY2015*	FY2016	1Q2016	1Q2017
Revenue#	359,771	393,272	96,840	**143,186**
Profit/(loss) after tax and MI	(9,395)(1)	22,006	1,682	**19,040**

FY denotes financial year ended 31 December

**Comprise 12 months of GEMS Group and 8 months of GEAR Group results*
 # Sales volume increased by 9.31% y-o-y from FY2015 to FY2016, average realisable selling prices are US$37.28/mt, US$35.00/mt, US$31.53/mt and US$40.86 for FY2015, FY2016, 1Q2016 and 1Q2017, respectively

(1) LATMI was mainly attributable by softening of average realisable selling price of US$37.28/mt (from US$48.36/mt), legal and professional fees of US$8.8m and exchange loss of US$5.3m

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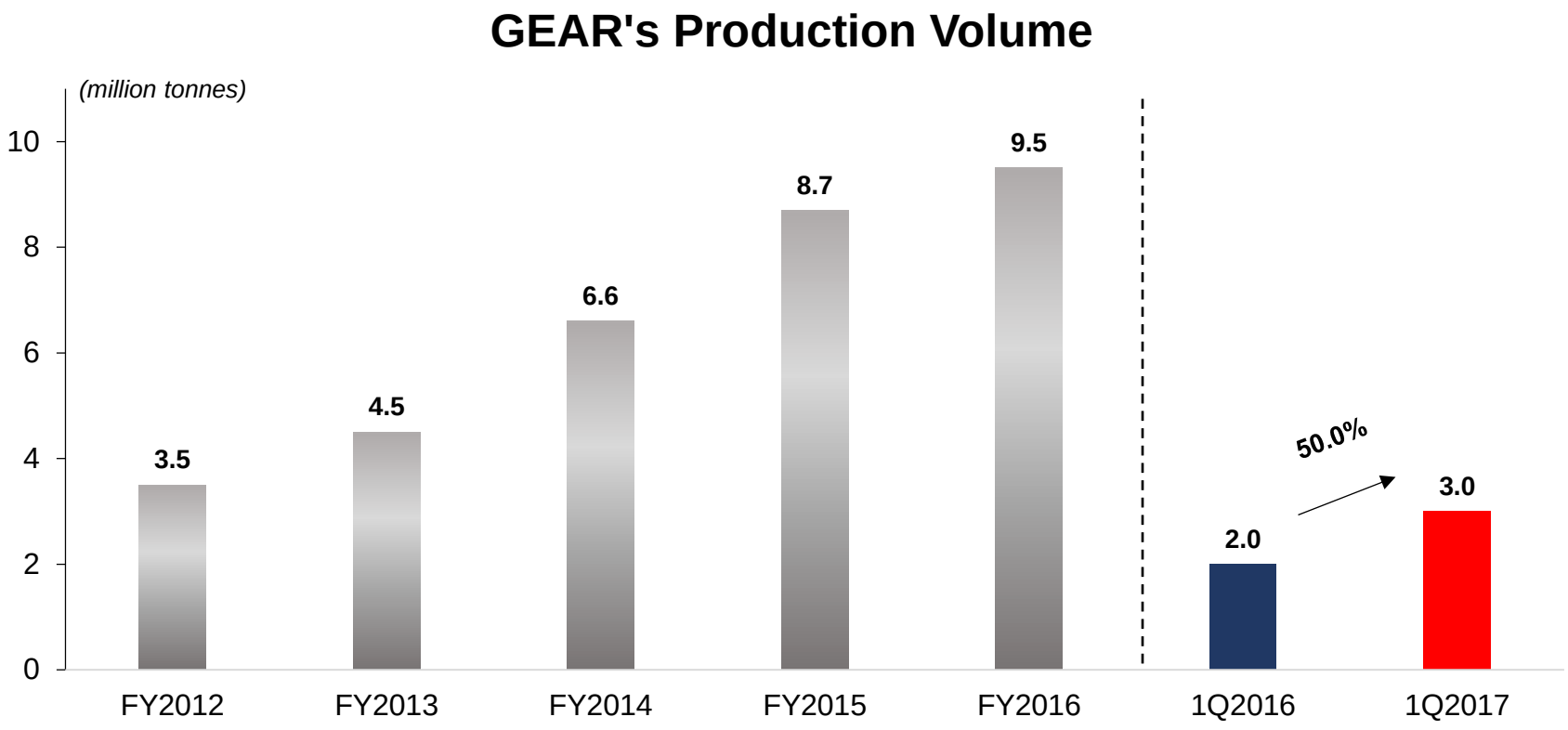
Strong Balance Sheet (GEAR)

Financials of the Enlarged Group

(US$'000)	FY2015	FY2016	1Q2017
Shareholder's Equity	191,075	297,059	317,952
Total Assets	493,494	519,186	578,891
Total Liabilities	220,334	134,397	162,559
Cash & Cash Equivalents	**44,487**	**79,076**	**103,802**
Net Gearing Ratio	**0.47**	**0.10**	**0.07**

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Operational Overview – Coal Mining

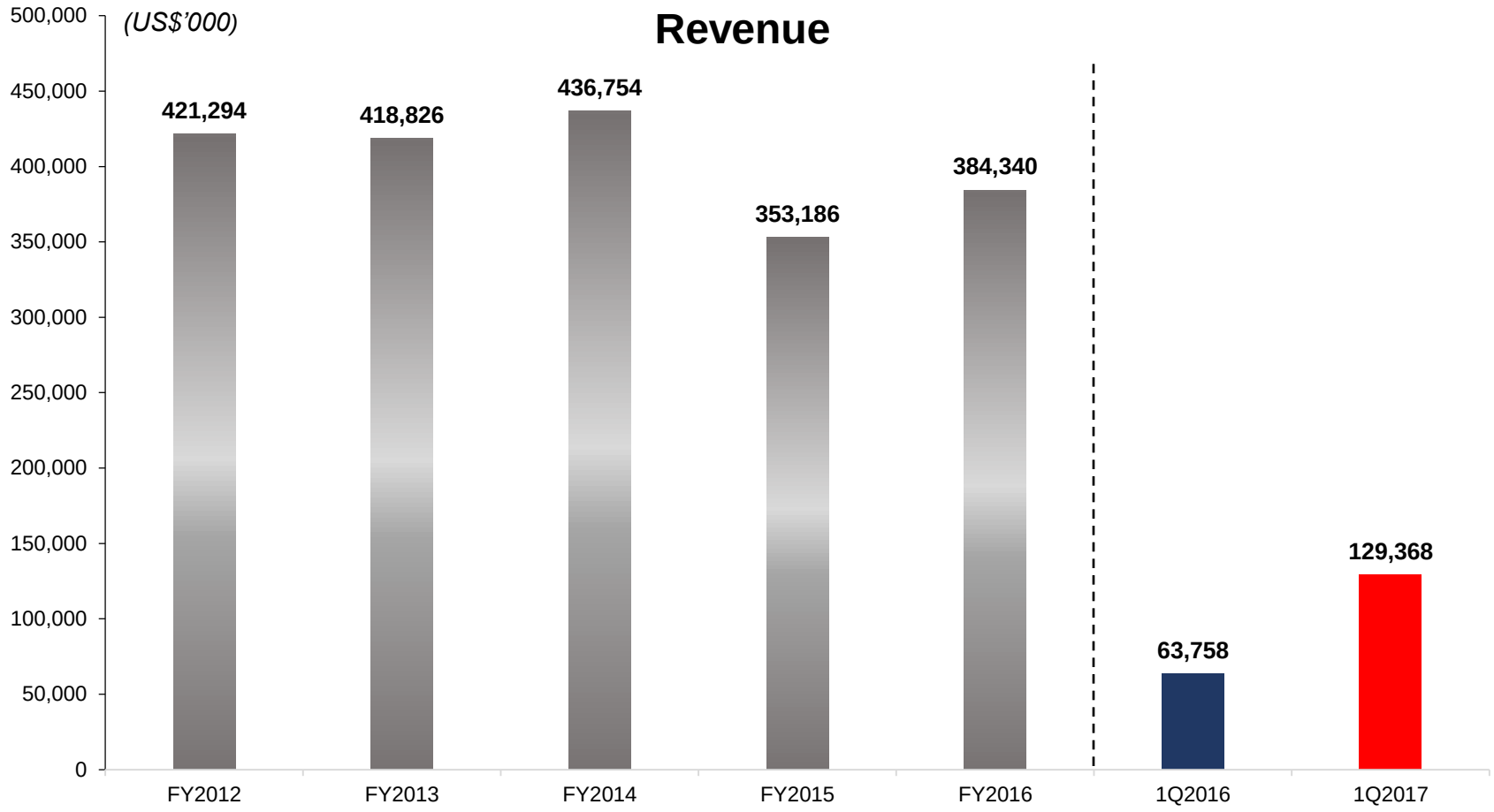


FY denotes financial year ended 31 December

- One of the **top 10 key coal producers in Indonesia** by production volume
- In September 2016, GEAR attained Indonesian Government approval to **raise production output in BIB concession to 7.5 MT**
- **On track to achieving its target coal production volume of 14 MT** for FY2017

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Revenue (GEAR) – Coal Business



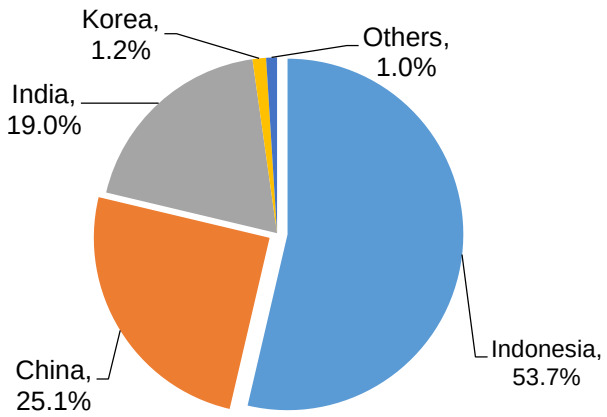
FY denoted financial year ended 31 December

FY2012 to FY2013 financials are based on GEMS audited IFRS Accounts translated at the average exchange rates of the respectively years

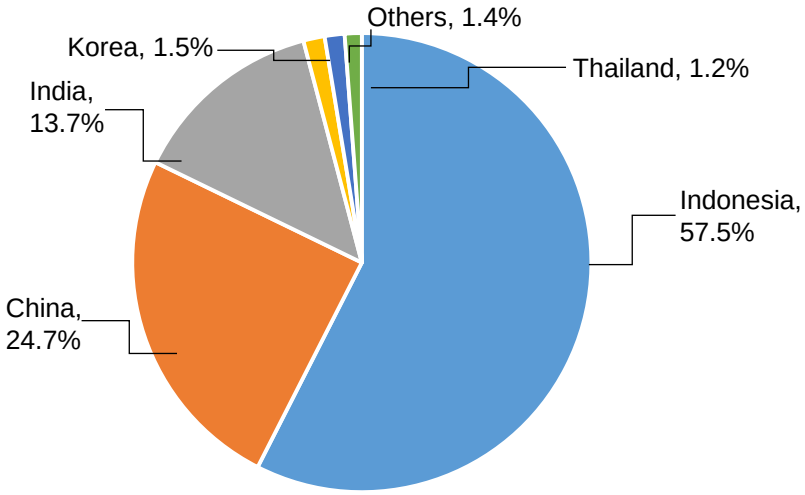
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Geographical Revenue Contribution (Coal Mining)

FY2015:



FY2016:

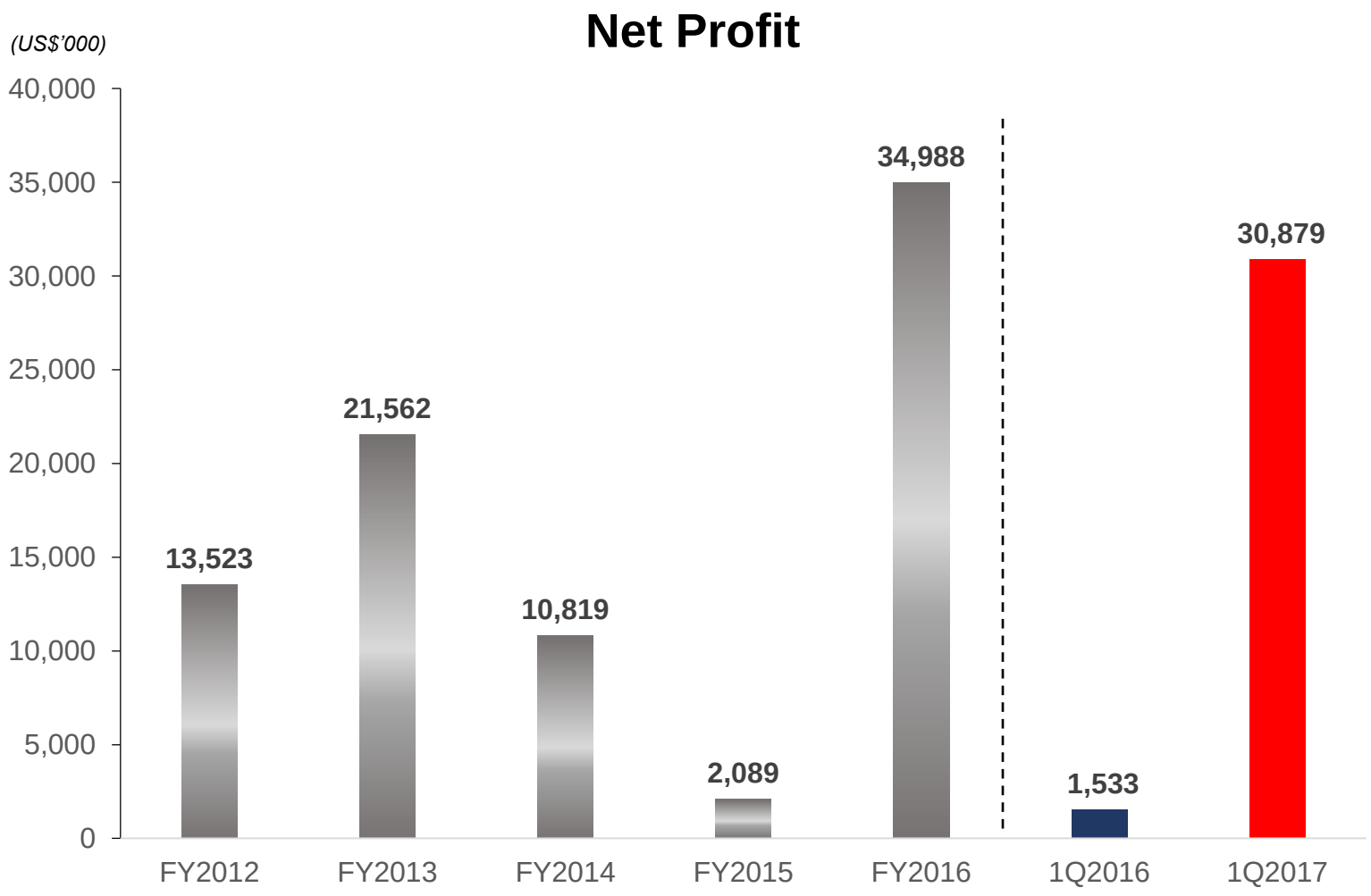


FY denotes financial year ended 31 December

**Others - includes countries like Vietnam, The Philippines, Malaysia, Singapore and Hong Kong*

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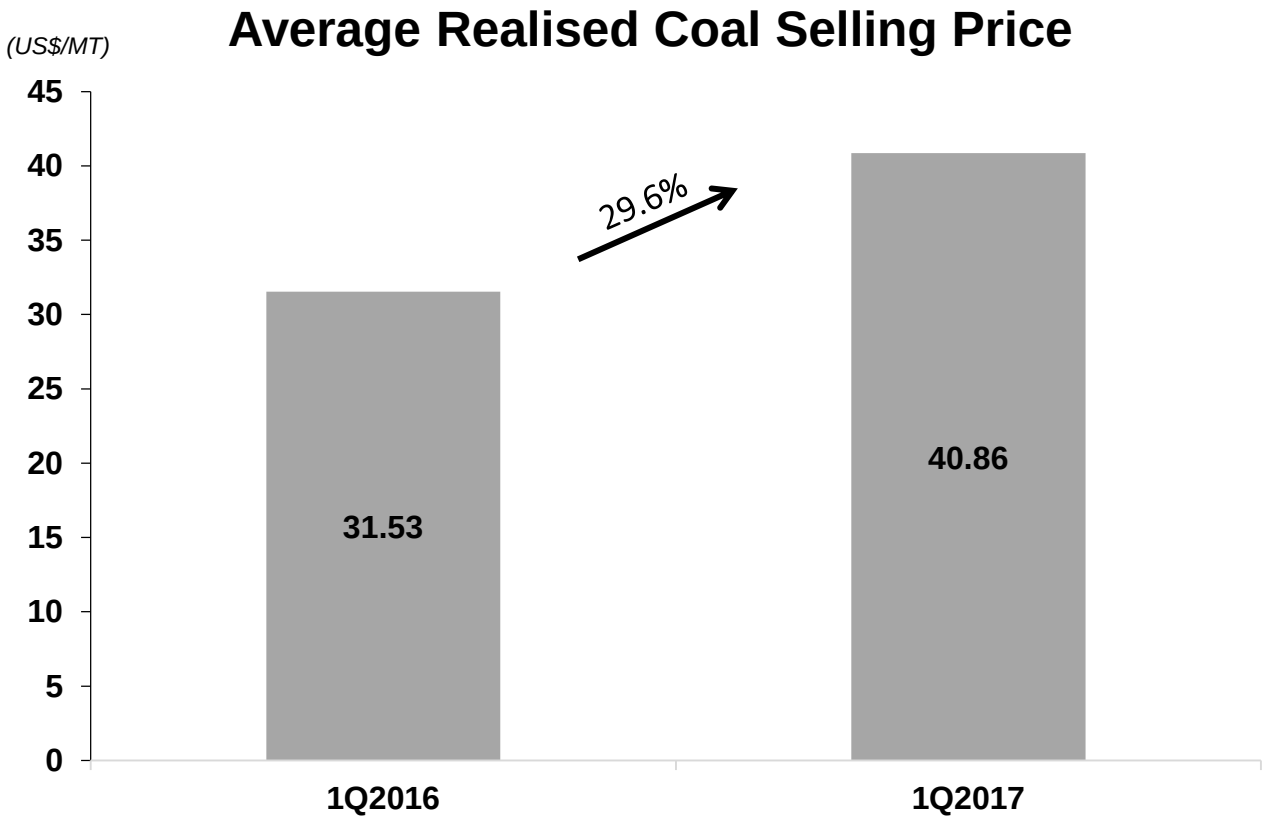
Net Profit (GEAR) – Coal Business



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Higher Average Selling Price

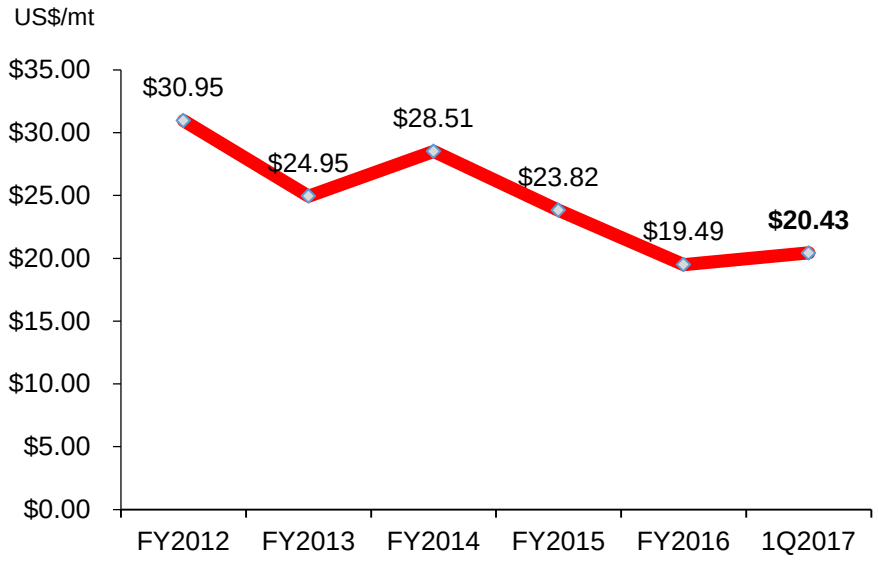
Surge in profitability underpinned by an increase in average realized selling price of GEAR's coal in 1Q2017



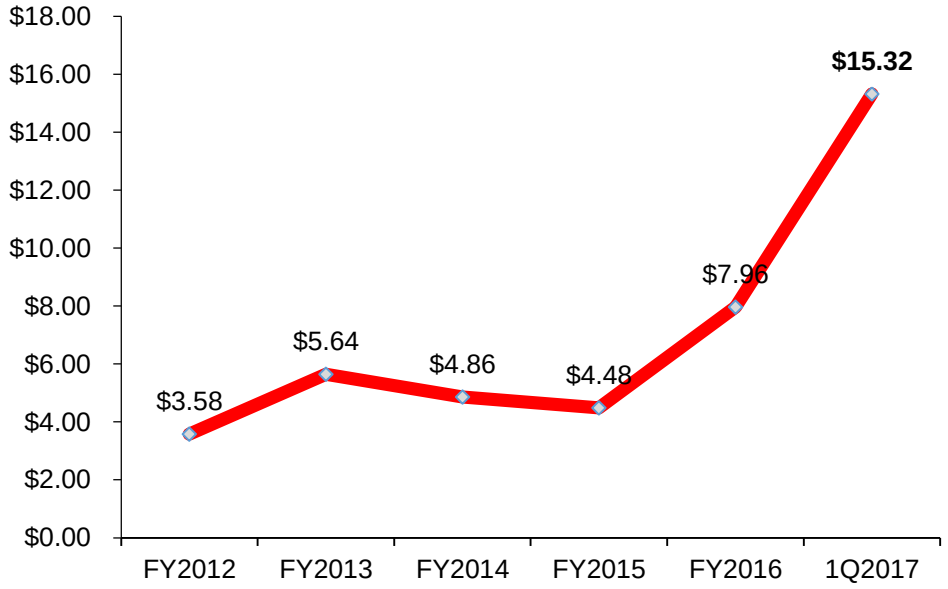
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Low Cost Mining Producer

Coal Cash Cost per Metric Tonne
(Incl COGS & Selling Expenses; Excl Royalty)



EBITDA per Metric Tonne

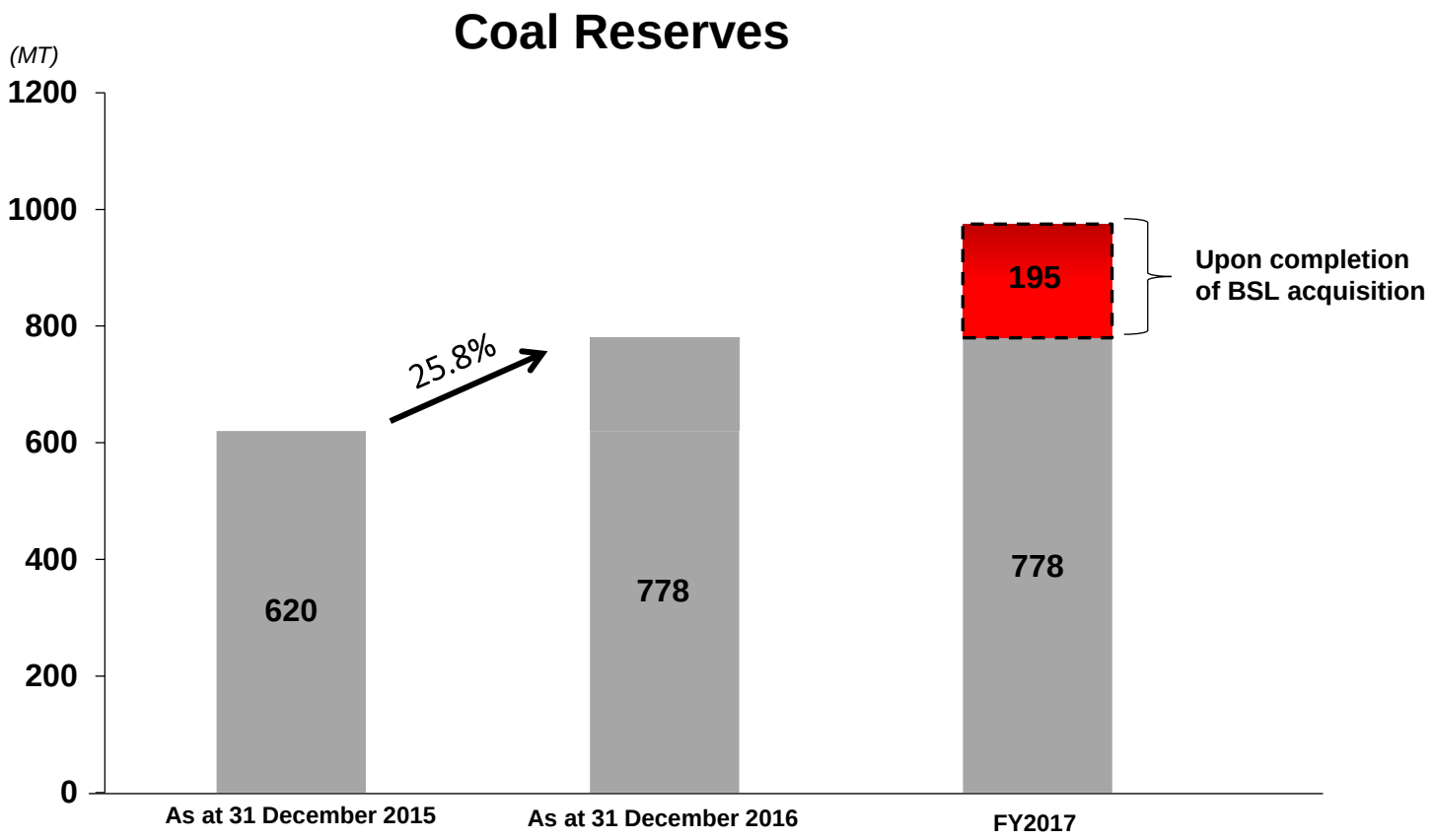


- Lower stripping ratio compared to other domestic and international coal producers
  - ❖ Open-cut mining methods
  - ❖ Average life of mine stripping ratio at the BIB concession areas ranges from 1:3 to 1:6
- Supported by excellent dedicated transport infrastructure that offers greater cost and time savings in the coal transshipment process
- Concessions are strategically located near GEAR's major customers and end-users in Asia

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Operational Overview – Coal Mining

GEAR's coal business valued at **US$3.1 billion** by Jones Lang LaSalle Corporate Appraisal and Advisory Limited based on an aggregate coal resources estimate of **2,154 million tonnes**[1]



[1]*As at 31 August 2016*

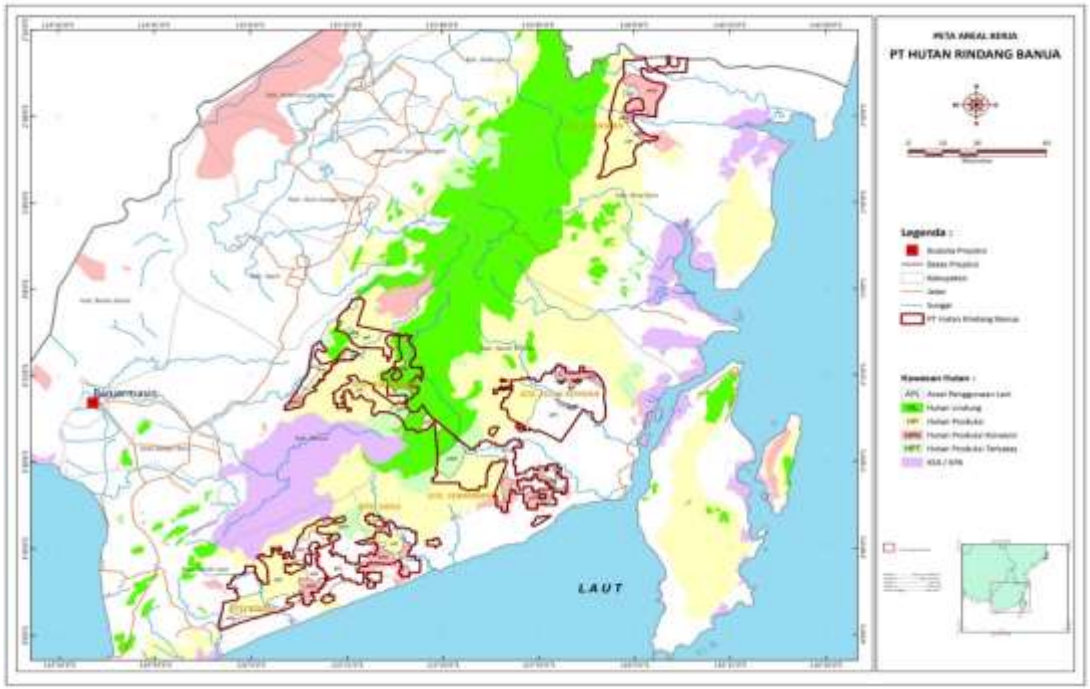
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Operational Overview – Forestry Business

- PT Hutan Rindang Banua (“HRB”) holds a forestry concession right of 265,095 hectares in South Kalimantan

- Substantially overlaps with BIB and other third party mine concessions
  - Affords large land compensation savings for BIB
  - Potential compensation collection from other miners

HRB Forestry Concession	
Location (& size)	Across four regents in South Kalimantan (265,095 ha)
Forestry Products*	• Acacia Mangium • Jabon • Sengon • Rubber (4,731 ha)
License	Valid till 2041



(*) As at 31 December 2016

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Outlook & Growth Strategies



Outlook – Growing demand for GEAR's coal

- GEAR's BIB 4,000 – 4,200 GAR coal enjoys an established branding in the market

- Highly sought after given the versatility of the coal grade
  - ❖ Renders it suitable for both major export markets, such as China and India, as well as for domestic power producers in Indonesia

- Good for blending with higher sulphur coal due to its low sulphur specifications

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Outlook – China & India (2 of the Big 5 Coal Importers)

- 5 Biggest Coal Importers in 2016 comprised India, China, Japan, South Korea and Taiwan, making almost 70% or over 600 million tonnes of global imports

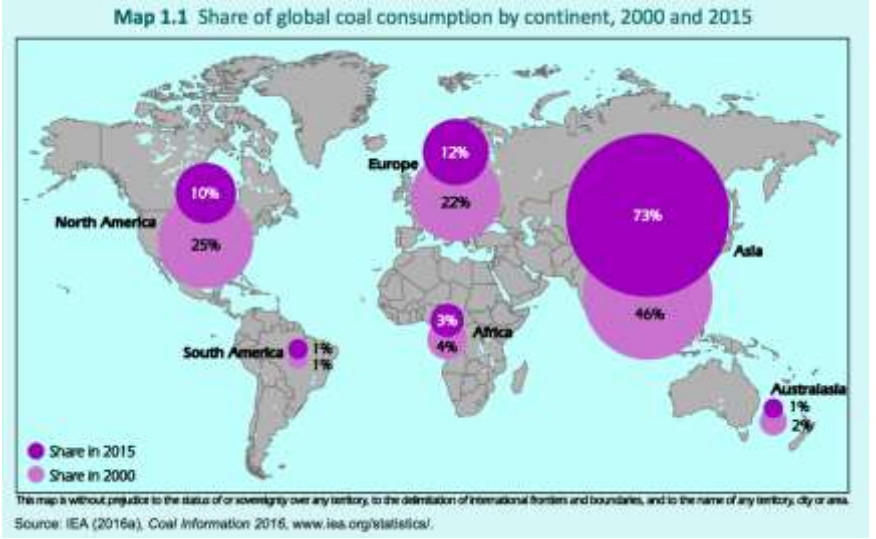
- Expectation of a supply shortfall due to strong demand growth for thermal coal among Asia's emerging markets
  - Power generation in India, which is reliant on coal-fired power to meet soaring domestic energy demand, is expected to increase to around 1,750 Twh by 2020, with coal accounting for more than 1,230 Twh

- China's coal-fired power generation had stayed at a raised level after reaching a high of 423.6 billion kWh in December 2016
  - Country's demand for thermal coal from other sources could also increase further as a result of its recent ban on North Korean coal import

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Outlook – Southeast Asia (A region of coal-fired Powerplants)

- International Energy Agency ("**IEA**") reported "Electricity is increasing its share in total energy consumption and coal is increasing its share in power generation"
- "The vast majority of the 400 GW in power generation capacity to be added in Southeast Asia by 2040 will be coal fired, that will raise coal's share of the South East Asian power market to 50% from the current 32%, while natural gas declines to 26% from 44%
- IEA reported that from 2013, to 2030, the region's primary energy demand will almost double or increase by at least 80%, with electricity demand looking to increase from 790Twh to 2,210Twh from 2013 to 2040. This tripling in electricity demand will be sourced from coal
- Renewables are looking to grow however at a slower pace than thermal coal-fired power generation. Coal, being the cheapest and safest source of power, looks to be the fuel of choice with most major Southeast Asean countries constructing coal-fired power plants in double-quick time



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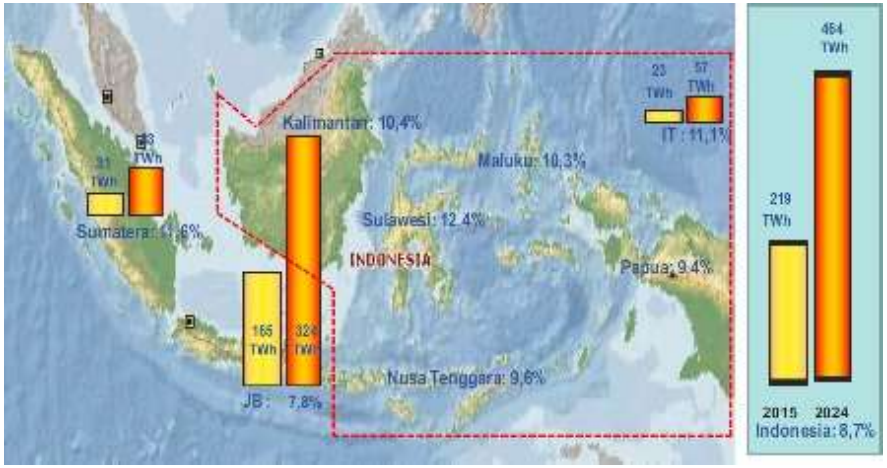
Outlook – Domestic Market

- Indonesia's own power consumption is expected to reach 334 TWh in 2020, up from about 174 TWh in 2012, which is likely to drive demand for coal in the coming decades

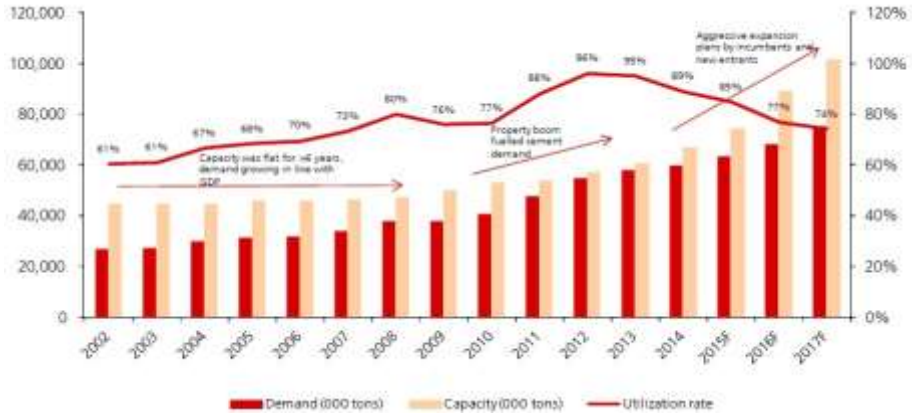
- Indonesian government under President Jokowi's administration has implemented an electrification programme to add 35,000 megawatts (MW) in power generation capacity across the country by 2019
  - Of which, almost 20,000 MW will come from coal-fired plants

- Increasing budget allocated to infrastructure development to a record of US$22 billion
  - Under the current Indonesia Government, major infrastructure projects underway including toll roads, mass housing, ports and railways
  - Demand for cement will thrive as cement is a key component used in infrastructures development
  - Coal is used intensively in the cement manufacturing processing plant

Map of Power Demand Growth in Indonesia through Year 2024



Domestic coal demand for infrastruture



Source: PLN

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Growth Strategies



Increase existing coal production and exploration activities

- Secured Indonesian governmental approval to raise coal production in BIB concession to 7.5 MT per annum in 2016
- Produced 3.0 MT from BIB and KIM in 1Q2017, optimistic in gaining Governmental approval to raise BIB‘s output to 12 MT in 2017
- Plans to further expand key logistics infrastructure in Kusan-Girimulya and Sebamban blocks to facilitate the planned increase in coal production
- Increase exploration activities, drilling programmes and enhance exploration efforts to source for equivalent grade of coal or higher grade coal



Development customer and marketing distribution network

- Develop long term relationships with existing customers by entering into long term coal sales agreements
- Establish a customer base with an optimal mix of long term and spot contracts ie. at least 50% long term contract
- Expand marketing network domestically and internationally, including sourcing of clients/end users
- Establish representative offices in key export markets such as China

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Growth Strategies

Opportunities for inorganic growth

- On 12 May 2017, GEAR announced that it plans to acquire BSL, a coal concession in South Sumatra, for US$65.6 million in total, as part of its plans to increase its coal reserves and production levels. BSL has a JORC probable and proven coal reserve of 393 MT and coal resources of 195MT

- In FY2016, GEAR acquired entire share capital issue in PT Era Mitra Selaras ("**EMS**") with concession rights to PT Wahana Rimba Lestari ("**WRL**"), which has a JORC probable and proven coal reserve of 68 MT and coal resources of 183MT

- Remains well-poised to look for additional strategic earnings accretive acquisitions with current net cash position





[1]based on independent JORC Report as at 16 May 2016

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1Q2017 Transaction Highlights

Proposed acquisition of PT Barasentosa Lestari ("BSL")

Transaction Rationale	• In line with GEAR's strategic plans to expand its business operations and increase its reserves and production levels • Acquisition would increase the GEAR's quantity of high calorific value coal resources available for production ❖ BSL has estimated coal resources of 393 MT and reserves of 195MT in one of its two blocks ❖ Valued at US$258.5 million as at 1 April 2017, based on IQPR reports
Consideration	• Aggregate consideration payable by GEMS is US$65.64 million, comprising ❖ US$59.27 million for Sales Shares* ❖ US$6.37 million for all the mandatory convertible bonds issued by DSU and held by the GMR vendors **include shares in BSL, PT Unsoco ("UNS"), PT Duta Sarena Intermusa ("DSI") and DSU, which comprise the entire effective shareholding interest in BSL*
Financing	• Funded by GEMS' internal resources

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Q & A

