

GOLDEN ENERGY AND RESOURCES LIMITED

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

DISPOSAL OF SHARES IN WESTGOLD RESOURCES LIMITED

1. INTRODUCTION

- 1.1 Disposal.** The board of directors (the “**Board**”) of Golden Energy and Resources Limited (“**GEAR**” and together with its subsidiaries, the “**GEAR Group**”) wishes to announce that it had, on 23 April 2020, completed an on-market sale to dispose 10 million ordinary shares (the “**Specified Shares**”) in the capital of Westgold Resources Limited (“**Westgold**”), a company listed on the Australian Securities Exchange (“**ASX**”), for an aggregate cash consideration of A\$21 million (the “**Consideration**”) (the “**Transaction**”). The Specified Shares represent approximately 2.50 per cent. of the total number of ordinary shares in the capital of Westgold (“**Westgold Shares**”).

In connection with the Transaction, GEAR has today filed with ASX a notice of ceasing to be a substantial holder (the “**ASX Notice**”). A copy of the ASX Notice is set out in the Schedule to this Announcement, and is also available on the website of the ASX at <https://www.asx.com.au/>.

- 1.2 Resultant Shareholding.** As a result of the Transaction, GEAR’s aggregate shareholding in Westgold has decreased from approximately 6.49 per cent., comprising 25,971,883 Westgold Shares, to approximately 3.99 per cent., comprising 15,971,883 Westgold Shares. Following the Transaction, GEAR is no longer a substantial holder of Westgold.

2. INFORMATION ON WESTGOLD AND THE TRANSACTION

- 2.1 Westgold and its Principal Activities.** Westgold is a company incorporated in Australia and listed on the ASX. Based on publicly available information, the principal activities of Westgold and its subsidiaries (collectively, the “**Westgold Group**”) are the exploration, development and operation of gold mines, primarily in Western Australia. The Westgold Group currently owns three operating gold projects in Meekatharra, Cue and Fortnum.

Based on the latest unaudited consolidated financial statements of Westgold for the period ended 31 December 2019, Westgold has an issued and paid-up ordinary share capital comprising 399,669,957 Westgold Shares.

- 2.2 Value of the Assets Being Disposed.** The unaudited book value and net tangible asset (“**NTA**”) value of the Specified Shares is approximately A\$11.33 million and A\$11.00 million respectively as at 31 December 2019, and the market value of the Specified Shares is approximately A\$20.70 million as at 22 April 2020 (being the market day preceding the date of the Transaction).

- 2.3 Excess of Proceeds.** The Consideration was arrived at on a willing buyer willing seller basis. Based on the Consideration, the excess of the proceeds from the Transaction over the unaudited book value of the Specified Shares as at 31 December 2019 is approximately A\$9.67 million.

2.4 Net Profit and Loss on Disposal. Based on Westgold’s unaudited consolidated financial statements for the 12 month period ended 31 December 2019 (the “**Westgold FP2019 Results**”), the net profit (including discontinued operations that have not been disposed and before income tax and non-controlling interests) attributable to the Specified Shares is approximately A\$1.95 million.

GEAR will record a gain on disposal of the Specified Shares of approximately A\$2.15 million (calculated based on the selling price of A\$2.10 per Westgold Share over the initial cost of investment of A\$1.885 per Westgold Share), which will be offset by a foreign exchange loss due to movements in the exchange rate of A\$/US\$ between the date of the initial investment and the date of the disposal, thereby resulting in a net loss of approximately US\$1.62 million.

3. RATIONALE AND USE OF PROCEEDS

3.1 Rationale. GEAR is of the view that it should capitalise on opportunities to monetise its investment in Westgold and the sale of the Specified Shares together with the Previous Transactions (as defined below) would enable it to realise returns on its investment in Westgold.

In line with the above rationale, prior to the Transaction, GEAR had decreased its shareholding in Westgold over the past 12 months through the following transactions:

- 3.1.1 on 22 April 2020, GEAR had completed an on-market sale to dispose 2,188,306 Westgold Shares, representing approximately 0.55 per cent. of the total number of Westgold Shares at that time, for an aggregate consideration of A\$4,597,630.91;
- 3.1.2 on 16 April 2020, GEAR had completed an on-market sale to dispose 309,741 Westgold Shares, representing approximately 0.08 per cent. of the total number of Westgold Shares at that time, for an aggregate consideration of A\$654,606.63;
- 3.1.3 on 15 April 2020, GEAR had completed an on-market sale to dispose 158,950 Westgold Shares, representing approximately 0.04 per cent. of the total number of Westgold Shares at that time, for an aggregate consideration of A\$333,969.85;
- 3.1.4 on 14 April 2020, GEAR had completed an on-market sale to dispose 371,120 Westgold Shares, representing approximately 0.09 per cent. of the total number of Westgold Shares at that time, for an aggregate consideration of A\$779,575.21; and
- 3.1.5 on 25 February 2020, GEAR had completed an on-market sale to dispose 7,000,000 Westgold Shares, representing approximately 1.75 per cent. of the total number of Westgold Shares at that time, for an aggregate consideration of A\$16,800,000,

(collectively, the “**Previous Transactions**”).

3.2 Use of Proceeds. GEAR intends to use the proceeds received from the Transaction for future investments as well as for general working capital purposes.

4. DISCLOSEABLE TRANSACTION

4.1 **Rule 1006 Relative Figures.** As the Previous Transactions and the Transaction (collectively, the “**Relevant Transactions**”) all involve disposals of Westgold Shares by GEAR and were completed within the past 12 months prior to the date of the Transaction, the Transaction has been aggregated with the Previous Transactions in determining whether the Transaction falls within Rule 1006 (“**Rule 1006**”) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (the “**Listing Manual**”).

The relative figures for the Transaction aggregated with the Previous Transactions (*i.e.*, the Relevant Transactions) computed on the bases set out in Rule 1006 are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value (“ NAV ”) of the Westgold Shares disposed of pursuant to the Relevant Transactions (collectively, the “ Relevant Shares ”), compared with the NAV of the GEAR Group ⁽¹⁾	3.32%
(b)	Net profits/(losses) attributable to the Relevant Shares, compared with the GEAR Group’s net profits ⁽²⁾	1.95%
(c)	Aggregate consideration received by GEAR in respect of the Relevant Transactions ⁽³⁾ compared with GEAR’s market capitalization ⁽⁴⁾	8.78%
(d)	Number of equity securities issued by GEAR as consideration for the Relevant Transactions, 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) Computed based on the NAV of the Relevant Shares and the GEAR Group, in each case as at 31 December 2019.

(2) The net profits (including discontinued operations that have not been disposed before income tax and non-controlling interests) attributable to the Relevant Shares based on the Westgold FP2019 Results, have been compared with the GEAR Group’s net profits (including discontinued operations that have not been disposed before income tax and non-controlling interests) for its financial year ended 31 December 2019 (“**FY2019**”) (which are based on the latest audited consolidated financial statements of the GEAR Group for the financial year ended 31 December 2019 (the “**GEAR FY2019 Results**”). The figures for the Westgold Group are expressed in US\$ based on an exchange rate of A\$1:US\$0.7006 being the A\$:US\$ exchange rate on 31 December 2019 (Source: Reserve Bank of Australia).

(3) Calculated based on the aggregate consideration received by GEAR in respect of the Relevant Transactions of A\$44.16 million and expressed in S\$ based on an exchange rate of A\$1: S\$0.9036, being the A\$:S\$ exchange rate on 22 April 2020 (Source: Reserve Bank of Australia).

(4) 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 22 April 2020, being the last market day preceding the date of the Transaction on which GEAR Shares were traded on the SGX-ST, at a VWAP of S\$0.1933 for each GEAR Share (Source: S&P Capital IQ).

- 4.2 Discloseable Transaction.** As the relative figure under Rule 1006(c) exceeds 5% but is not more than 20%, the Transaction (aggregated with the Previous Transactions) constitutes a discloseable transaction for GEAR as defined in Chapter 10 of the Listing Manual.

5. PRO FORMA FINANCIAL EFFECTS OF THE RELEVANT TRANSACTIONS

- 5.1 Bases and Assumptions.** The pro forma financial effects of the Relevant Transactions set out below are for illustrative purposes only, and are neither indicative of the actual financial effects of the Relevant Transactions 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 the completion of the Relevant Transactions.

The pro forma financial effects of the Relevant Transactions set out below have been prepared based on the Westgold FP2019 Results and the GEAR FY2019 Results.

- 5.2 Effect on NTA per GEAR Share.** For illustrative purposes only and assuming that the Relevant Transactions had been completed on 31 December 2019, being the end of FY2019, the pro forma financial effects of the Relevant Transactions on the consolidated NTA of the GEAR Group are set out below:

	Before completion of the Relevant Transactions	After completion of the Relevant Transactions
NTA (US\$ million)	199.73	197.86
Number of issued GEAR Shares	2,353,100,380	2,353,100,380
NTA per GEAR Share (United States cents)	8.49	8.41

- 5.3 Effect on Earnings per Share.** For illustrative purposes only and assuming that the Relevant Transactions had been completed on 1 January 2019, being the beginning of FY2019, the pro forma financial effects of the Relevant Transactions on the consolidated earnings of the GEAR Group are set out below:

	Before completion of the Relevant Transactions	After completion of the Relevant Transactions
Profit after tax and minority interests (US\$ million)	9.95	8.07
Number of issued GEAR Shares	2,353,100,380	2,353,100,380
Earnings per GEAR Share ⁽¹⁾ (United States cents)	0.423	0.343

Note:

(1) The gain on disposal of the Relevant Shares is approximately A\$6.41 million (calculated based on the average selling price of A\$2.21 per Westgold Share over the initial cost of investment of A\$1.885 per Westgold Share), will be offset by a foreign exchange loss due to movements in the exchange rate of A\$/US\$ between the date of the initial investment and the date of the disposal, thereby resulting in a net loss of approximately US\$1.90 million.

5.4 Effect on Net Gearing. For illustrative purposes only and assuming that the Relevant Transactions had been completed on 31 December 2019, being the end of FY2019, the pro forma financial effects of the Relevant Transactions on the net gearing of the GEAR Group are set out below:

	Before completion of the Relevant Transactions	After completion of the Relevant Transactions
Net Gearing Ratio ⁽¹⁾	0.54	0.52

Note:

(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).

5.5 Effect on Share Capital. The Relevant Transactions will not have any impact on the issued and paid-up share capital of GEAR.

6. RULE 704(18)(B) OF THE LISTING MANUAL

6.1 Pursuant to Rule 704(18)(b) of the Listing Manual, the Board further wishes to announce that the GEAR Group's aggregate cost of investment in quoted securities is:

	Before the Relevant Transactions	After the Relevant Transactions
The GEAR Group's aggregate cost of investment in quoted securities ⁽¹⁾ (US\$' million)	104.89	75.09
The GEAR Group's aggregate cost of investment in quoted securities, as a percentage of the latest audited consolidated NTA of GEAR as at 31 December 2019 ⁽²⁾	52.52%	37.60% ⁽³⁾
Total market value of the GEAR Group's investment in quoted securities ⁽⁴⁾ (US\$' million)	95.66	68.56
Amount of any provision for diminution in value of investment in quoted securities (US\$' million)	Nil	Nil

Notes:

(1) Based on the cost of investment as at 31 December 2019.

- (2) The audited consolidated NTA of GEAR as at 31 December 2019 was US\$199.73 million.
- (3) The GEAR Group's aggregate cost of investment in quoted securities has fallen by 14.92% of the latest audited consolidated NTA of GEAR as at 31 December 2019, being the difference between the pre-transaction aggregate cost of investment in quoted securities and the post-transaction aggregate cost of investment in quoted securities of 52.52% and 37.60%, respectively.
- (4) Based on the market value as at 23 April 2020.

7. FURTHER INFORMATION

7.1 Interests of Directors and Controlling Shareholders. None of the directors and controlling shareholders of GEAR has any interest, direct or indirect, in the Transaction.

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

8. 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 Westgold) 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 Westgold) 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
24 April 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.

**Schedule
ASX Notice**

(see attached)