GOLDEN ENERGY AND RESOURCES LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 199508589E
(the "Company")

RESPONSES TO SGX QUERIES IN RESPECT OF UNAUDITED HALF-YEAR FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022 ("1H2022")

The Board of Directors (the "**Board**") of Golden Energy and Resources Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce the following in response to the queries raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in relation to the 1H2022 results announced by the Company on 12 August 2022.

SGX Query 1

It is disclosed on page 21 of the unaudited financial statements that, an amount of US$11,100,000 was recognised as impairment losses on goodwill for the period ended 30 June 2022. In this regard, please disclose the following information:

(i) how the amount of impairment was determined;

(ii) whether any valuation was conducted; the value placed on the assets; the basis and the date of such valuation;

(iii) the Board's confirmation as to whether it is satisfied with the reasonableness of the methodologies used to determine amount of impairment; and

(iv) *the reasons for the impairment losses.*

Company's response

(i) The impairment loss on goodwill for 1H2022 of US$11.1 million was determined based on the difference between the carrying amount and the recoverable amount of the forestry and pulp cash generating unit ("**Forestry CGU**").

(ii) No external valuation was conducted. The recoverable amount has been determined based on value-in-use ("**VIU**") calculations using cash flow projections from financial budgets pertaining to the Forestry CGU that have been reviewed and approved by Management.

Key assumptions used in the VIU calculations are as follows:

Projected prices	US$42/$m^3$ – US$75/$m^3$
Discount rate	15.2%
Average plantations yield, in metre cube per hectare (m^3/ha)	16.8 m^3/ha to 166.7 m^3/ha
Valuation date	30 June 2022

(iii) SFRS(I) 1-36 requires an impairment test to be performed at least annually for the cash generating unit to which goodwill with an indefinite useful life has been allocated or when indicators of impairment exist. As at 30 June 2022, Management performed an internal impairment analysis on the goodwill allocated to the Forestry CGU, arising from indicators of potential impairment. The methodologies applied for impairment assessment for goodwill in respect of 1H2022 were consistent with that applied in previous financial periods. In respect of the Group's previous financial year ended 31 December 2021, the Board noted that the external auditor had carried out a review of the methodologies used by Management in determining the value of the impairment, and reported that the methodologies applied were reasonable. The same set of methodologies were used by Management for the impairment analysis relating to 1H2022.

(iv) The impairment loss on goodwill for 1H2022 arose due to lower recoverable amount of the Forestry CGU, as compared to its carrying amount. This was mainly due to higher discount rates applied in view of an increase in borrowing costs in 1H2022.

SGX Query 2

It is disclosed in the unaudited financial results that, the Company reported non-current other receivables of US$12,136,000 and current trade and other receivables of US$695,201,000 for the period ended 30 June 2022.
Please disclose:

(i) the breakdown of the Group's trade and other receivables as at 31 December 2021 and 30 June 2022;
(ii) the nature of the Group's other receivables and details of the Group's underlying transactions of its other receivables and the terms of the transactions;
(iii) whether the trade receivables are from major customer(s) and whether the Group continues to transact with these customer(s);
(iv) How long are the debts outstanding and in which period the sales were reported;
(v) the ageing profile of the Group's trade and other receivables in bands of 3 months;
(vi) whether these outstanding amounts are owing from related parties. If yes, to provide details and quantify;
(vii) the Board's assessment on the recoverability of the Group's trade and other receivables, and the basis for such an assessment.

Company's response

(i) Details of trade and other receivables are as follows:

	30 June 2022 US$'000	31 December 2021 US$'000
Current		
Trade receivables		
- Related parties	65,740	11,143
- Third parties	541,281	160,754
Other receivables		
- Third parties[(1)]	8,539	5,335
Tax recoverable[(2)]	79,589	29,094
Loan to a joint venture	52	7,420
	695,201	213,746
Non-current		
Other receivables		
- Related parties[(3)]	5,836	4,353
- Third parties	789	799
Loan to a joint venture	5,511	10,873
	12,136	16,025

Notes:

(1) Included an amount of US$4.2 million due from the former shareholder of Stanmore SMC Pty Ltd, a subsidiary of the Company acquired in May 2022.

(2) Relates to withholding and indirect taxes recoverable from tax authorities.

(3) Relates to interest receivable from Redeemable Preference Shares issued by a joint venture.

(ii) Refer to response to SGX Query 2 (i) above.

(iii) Of the total trade receivables of US$607.0 million, only US$72.7 million (or approximately 12.0%) were due from major customers and the Group continues to transact with these customers. The remaining balance of US$535.3 million was contributed by many customers.

(iv) Trade receivables as of 30 June 2022 were mostly aged below 90 days (approximately 99.1%) and the sales were reported during 1H2022.

(v) Ageing profile of the trade receivables as at 30 June 2022

(US$'000)	Amount	Current to 90 days	91 days to 180 days	More than 180 days
Trade receivables – third parties	541,281	535,803	857	4,621
Trade receivables – related parties	65,740	65,740	–	–
	607,021	601,543	857	4,621

(vi) Please refer to the table below for details of the outstanding amounts owed by related parties as at 30 June 2022.

	Details	**30 June 2022 (US$'000)**
Trade receivables – related parties (current)	Coal sales	65,740
Other receivables – related parties (non-current)	Interest receivables from Redeemable Preference Shares issued by a joint venture	5,836
Total		71,576

(vii) The Board has reviewed Management's assessment on the recoverability of the trade and other receivables under SFRS(I) 9 Financial Instruments and concurs with Management's view that there are no impairment indicators which would warrant impairment on the trade and other receivables as at 30 June 2022.

SGX Query 3

Please provide information on the Group's inventory turnover days.

Company's response

The Group's inventory turnover days were 11 and 19 days for 1H2022 and financial year ended 31 December 2021 respectively.

SGX Query 4

Please disclose the nature of the Group's other current assets of US$75,698,000 and other non-current assets of US$65,097,000 as at 30 June 2022.

Company's response

	30 June 2022 US$'000
Current	
Advances[(1)]	38,194
Prepayments[(2)]	34,529
Deposits	2,061
Others	914
Other Current Assets	75,698
Non-current	
Land exploitation[(3)]	32,676
Estimated tax refund	5,862
Deposits [(4)]	18,701
Prepayment	604
Advances	6,014
Software	56
Others	1,184
Other Non-current Assets	65,097
Total other assets	140,795

Notes:

(1) Advances mainly consist of advances for purchase of coal and other advances to third parties.

(2) Prepayment relate mainly to insurance and royalties prepaid.

(3) Land exploitation mainly consists of prepayment to third parties for the clearance of the mine concession areas.

(4) Deposits (non-current) are refundable and mainly consists of deposits paid to third parties to secure reclamation guarantee and mining services, and deposits for the holding of exploration and mining leases in connection with the Group's mining activities.

SGX Query 5

Please disclose a breakdown of

(i) current trade and other payables amounting to US$836,744,000 and non-current payables of US$144,776,000 as at 30 June 2022; and

(ii) current trade and other payables amounting to US$308,029,000 and non-current payables of US$4,931,000 as at 31 December 2021.

For other payables, please disclose the aging and nature of these other payables and whether the counterparties are related parties.

Company's response

Trade and other payables breakdown:

	30 June 2022 US$'000	31 December 2021 US$'000
Current		
Trade payables: (1)		
- Related parties	8,974	2,037
- Third parties	329,120	176,730
Other payables:		
- Dividend payable (2)	–	42,297
- Related parties (3)	25	10
- Third parties (4)	747	1,376
Accrued expenses (5)	472,397	62,071
Tax payables (6)	21,362	17,606
Advances received (7)	2,741	3,875
Contingent consideration – vendor royalties (8)	1,302	1,961
Others	76	66
	836,744	308,029
Non-current		
Guarantee deposits	101	105
Contingent consideration – vendor royalties (8)	144,034	4,352
Others	641	474
	144,776	4,931
Total trade and other payables	981,520	312,960

Notes:

(1) Trade payables are non-interest bearing and normally settled on 30 to 120 days' terms.

(2) Dividend payable to non-controlling interests.

(3) Other payables to related parties mainly consist of insurance payable.

(5) Other payables to third parties comprise property tax payable of US$463,000 (ageing of more than 1 year) and others (including insurance and professional fees) of US$173,000 (current), which are generally non-interest bearing and repayable on demand.

(6) Accrued expenses to third parties are mainly relate to mining services, bond and loan interest, professional fees, rental and royalty.

(7) Tax payables comprise withholding and indirect taxes payable to tax authority.

(8) Advances received from third parties are mainly relate to plywood, logs and coal sales.

(9) Contingent consideration relates to the follow-up payment for SMC acquisition.

By Order of the Board
GOLDEN ENERGY AND RESOURCES LIMITED

Lai Kuan Loong, Victor
Company Secretary
21 October 2022