GOLDEN ENERGY AND RESOURCES LIMITED
(Incorporated in the Republic of Singapore)
Company Registration Number: 199508589E

THE PROPOSED CAPITAL REDUCTION TO REDUCE THE SHARE CAPITAL OF THE COMPANY

RHB Securities Singapore Pte. Ltd. (formerly known as DMG & Partners Securities Pte Ltd) (the "Financial Adviser") was the financial adviser to the Company (as defined below) for the acquisition of 66.9998% of the issued and paid-up share capital of PT Golden Energy Mines Tbk. The Financial Adviser has not reviewed this announcement and assumes no responsibility for the contents of this announcement.

1. INTRODUCTION

The Board of Directors (the "**Board**" or "**Directors**") of Golden Energy and Resources Limited (the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce that the Company is proposing to undertake a capital reduction exercise pursuant to Section 78A read with Section 78C of the Companies Act (Chapter 50) of Singapore ("**Companies Act**") by reducing and cancelling the share capital of the Company, which is unrepresented by available assets to the extent of US$401,245,403 (equivalent to approximately S$543,185,441[1]) (the "**Proposed Capital Reduction**"). The purpose of the Proposed Capital Reduction is to write off accumulated losses of the Company up to 31 December 2015 amounting to US$401,245,403 (equivalent to approximately S$543,185,441[2]) ("**Accumulated Losses**").

2. DETAILS OF THE PROPOSED CAPITAL REDUCTION

2.1 The Proposed Capital Reduction will be effected in the following manner:

(a) by reducing the share capital of the Company from US$1,631,352,433 to US$1,230,107,030 by the cancellation of the share capital of the Company that has been lost or is unrepresented by the available assets to the extent of US$401,245,403 ; and

(b) thereafter by applying an amount equal to US$401,245,403 being the credit arising from the cancellation of the share capital of the Company towards the writing off of the Accumulated Losses.

The Accumulated Losses arose mainly from (a) impairment losses for subsidiaries and doubtful debts due from subsidiaries; (b) loss on disposal of subsidiaries and bad debts written off; (c) the mandatory convertible bonds issued by United Fiber System Limited (being the previous name of the Company) to its unsecured creditors as announced on 13 February 2015; and (d) finance costs, legal and professional fees for various past corporate exercises, withholding taxes and losses incurred and accumulated in the Company's operations since incorporation.

2.2 The Proposed Capital Reduction will reduce the Company's Accumulated Losses by the cancellation of the share capital of the Company to the extent of US$401,245,403.

2.3 There will be no change in the total number of issued ordinary shares in the Company held by

[1] Based on the exchange rate of US$1:S$1.3537.
[2] Based on the exchange rate of US$1:S$1.3537.

the shareholders of the Company ("**Shareholders**") immediately after the Proposed Capital Reduction. The Proposed Capital Reduction will not involve the payment to any Shareholders of any paid-up share capital of the Company.

3. RATIONALE

The purpose of the Proposed Capital Reduction is to write off the Accumulated Losses in order to restructure the finances of the Company. This serves to rationalise the balance sheet of the Company for it to be an accurate reflection of the value of its underlying assets, and thus the financial position of the Company. In addition, the Proposed Capital Reduction will facilitate future equity-related fund raising exercises to recapitalise and strengthen the balance sheet of the Company. The Company would be in a better position to retain profits and enhance its ability to pay future dividends when appropriate if the Accumulated Losses are written off. The Directors will consider present and future funding needs of the Company and Group before declaring any dividends.

4. FINANCIAL EFFECTS

The Proposed Capital Reduction is an accounting procedure that reduces the existing share capital of the Company to write off the Accumulated Losses. The Proposed Capital Reduction represents merely a change in the composition of reserves and does not entail any reduction or distribution of cash or other assets of the Company.

The financial effects of the Proposed Capital Reduction have been prepared based on: (a) the latest audited financial statements of the Group for the financial year ended 31 December 2016 and the unaudited financial statements of the Group for the six (6) month financial period ended 30 June 2017; and (b) assuming that, *inter alia*, the Proposed Capital Reduction was completed on 31 December 2016 and 30 June 2017.

(a) Share Capital

	As at 31 December 2016 and 30 June 2017	
	No. of Shares	**US$ '000**
Before the Proposed Capital Reduction	2,353,100,380	1,631,352
After the Proposed Capital Reduction	2,353,100,380	1,230,107

The Proposed Capital Reduction will reduce the paid-up share capital of the Company by US$401,245,403 to write off the Accumulated Losses. **The number of issued Shares and the percentage of Shares held by Shareholders will remain unchanged immediately after the Proposed Capital Reduction. No capital will be returned to the Shareholders.**

(b) Shareholders' Fund

	As at 31 December 2016			
	Group		Company	
	Before the Proposed Capital Reduction (US$'000)	After the Proposed Capital Reduction (US$'000)	Before the Proposed Capital Reduction (US$'000)	After the Proposed Capital Reduction (US$'000)
Share Capital	316,253	305,528	1,631,352	1,230,107
Foreign Currency Translation	(50,256)	(50,256)	(33,615)	(33,615)
Reserves	1,281	1,281	5,826	5,826
Accumulated Earnings / (Losses)	29,781	40,506	(389,422)	11,823
Shareholders' Fund	**297,059**	**297,059**	**1,214,141**	**1,214,141**

	As at 30 June 2017			
	Group		Company	
	Before the Proposed Capital Reduction (US$'000)	After the Proposed Capital Reduction (US$'000)	Before the Proposed Capital Reduction (US$'000)	After the Proposed Capital Reduction (US$'000
Share Capital	316,253	305,528	1,631,352	1,230,107
Foreign Currency Translation	(47,209)	(47,209)	15,585	15,585
Reserves	1,368	1,368	5,826	5,826
Accumulated Earnings / (Losses)	60,584	71,309	(380,698)	20,547
Shareholders' Fund	**330,996**	**330,996**	**1,272,065**	**1,272,065**

(c) Net tangible assets ("**NTA**"), earnings per share ("**EPS**") and gearing

The Proposed Capital Reduction will not have any impact on the NTA, EPS or gearing of the Company and the Group.

5. CONDITIONS OF THE PROPOSED CAPITAL REDUCTION

The Proposed Capital Reduction is subject to, *inter alia*, the following:

(a) the clearance of the circular to Shareholders on the Proposed Capital Reduction by the Singapore Exchange Securities Trading Limited;

(b) the approval of Shareholders by way of special resolution ("**Capital Reduction Resolution**") at the extraordinary general meeting ("**EGM**");

(c) compliance with the relevant publicity requirements as prescribed in the Companies Act;

(d) no application having been made for the cancellation of the Capital Reduction Resolution by any creditor of the Company within the timeframe prescribed in the Companies Act; and

(e) lodgement of the relevant documents with the Registrar of Companies ("**Registrar**") after the end of six (6) weeks (but before the end of eight (8) weeks) beginning with the date of the Capital Reduction Resolution.

In the event that during the six (6) weeks beginning with the Capital Reduction Resolution date, one or more applications for the cancellation of the Capital Reduction Resolution has been made under Section 78D(2) of the Companies Act, for the Proposed Capital Reduction to take effect, the following conditions must be satisfied:

(i) the Company must give the Registrar notice of the application(s) for the cancellation of the Capital Reduction Resolution as soon as possible after such application(s) have been served on the company by the creditor(s);

(ii) the proceedings in relation to each application for the cancellation of the Capital Reduction Resolution must be brought to an end by either (A) the dismissal of the application under Section 78F of the Companies Act or (B) without determination (for example, because the application has been withdrawn); and

(iii) lodgement of the relevant documents with the Registrar within 15 days beginning with the date on which the last such proceedings were brought to an end in accordance with paragraph (ii) above.

6. CIRCULAR

A circular containing, *inter alia*, the notice of EGM and the details of the Proposed Capital Reduction will be despatched to the Shareholders in due course.

7. RESPONSIBILITY STATEMENT

The Directors (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 and confirm, after making all reasonable enquiries that to the best of their knowledge and belief, the facts stated and opinions expressed herein 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 respectively 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
Company Secretary
15 September 2017