

# GOLDEN ENERGY AND RESOURCES LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No. 199508589E

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## RESPONSES TO QUESTIONS RECEIVED FROM SHAREHOLDERS IN RESPECT OF ANNUAL GENERAL MEETING TO BE HELD ON 29 APRIL 2022

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The Board of Directors (“**Board**”) of Golden Energy and Resources Limited (the “**Company**” or “**GEAR**” and together with its subsidiaries, the “**Group**”) wishes to thank shareholders for submitting their questions in advance of the Company’s Annual General Meeting (“**AGM**”) to be held on 29 April 2022 by electronic means.

The Company’s responses to the questions received from shareholders as of 19 April 2022 that are substantial and relevant to the AGM resolutions are as follows:

**Q1. As Stanmore Resources Limited (“Stanmore”) has announced that cash flow will increase a lot and will payout high ratio to dividend. PT Golden Energy Mines Tbk (“GEMS”) is already paying high dividend. What do we plan to do with those cash? What are the covenants to our bond specific to dividend payout? When can we meet those requirements? Do we plan to pay dividend then?**

Generally speaking, under the 2026 Notes, the Company can pay a maximum of up to 50% of the aggregated Consolidated Net Income. For the purpose of this calculation, the Consolidated Net Income is based on GEAR’s pro rata share of net income in its non-wholly owned subsidiaries.

As mentioned in Stanmore’s investor presentation dated 3 March 2022, Stanmore intends to target certain distributions of available free cash based on net cashflow from operating activities and after considering capital expenditure, debt servicing (including interest and principal repayments) of the consolidated Stanmore group and after allowing sufficient liquidity required by the business. Note that Stanmore has outstanding debt of US\$75 million (as of 31 December 2021) and will draw the acquisition debt facility of US\$625 million to fund the BMC transaction.

The Board considers various factors in arriving at its decision with respect to dividend declaration to be made by the Company. These factors include the Company’s consolidated financial performance and results, expansion plans and strategic objectives, liquidity position and working capital requirements including debt servicing and covenant restrictions under the Group’s finance facilities.

While the Company was permitted to declare and pay dividends under its 2026 Notes, the Company decided not to declare dividends for the financial year ended 31 December 2021 as the Company sought to maintain its liquidity profile and retain sufficient cash to participate in Stanmore’s entitlement offer to fund the BMC acquisition.

**Q2. Given that we are a holding company of various operating companies, what is our total number of employees?**

GEAR (on a standalone basis) has 29 employees (including Management and Executive Directors).

At the Group level (which includes GEAR’s subsidiaries in Indonesia and Australia), there are approximately 700 employees, largely comprising personnel involved in operations on the sites.

**Q3. It is a matter of time that clean energy will replace fossil fuel. When does the Company expect that to come? What are we doing to mitigate this risk?**

In the long term, renewable energy's contribution to overall energy mix is expected to grow but demand for energy coal is expected to be stable (though growing at a much slower pace) mainly driven by Asia which constitutes approximately 90% of energy coal consumption. In Asia, the base load continues to be coal-fired generation due to cheaper fuel cost and stable output.

In the short to medium term, demand from Asia is expected to remain strong, more particularly India and China which are the biggest consumers of energy coal. Both these countries witnessed power outages in 2021 and are ramping up domestic coal production and adding coal fired power plant capacities to ensure energy security. As per the IEA 2021 report, China is increasing its net coal-fired generation capacity at a pace of approximately 30 GW per year. Recently in the first 6 weeks of 2022, China approved five new coal power plants with a combined capacity of 7.3 GW. In India, in early 2021, coal-fired generation climbed to a monthly share of 79% of the power mix, the highest level since early 2019, as hydropower and wind availabilities were low and demand growth was met by coal-fired generation.

Nonetheless, Management has identified strategies to diversify away from energy coal and accordingly made new investments in metallurgical coal and gold segments. Metallurgical coal is an essential input in steel production and currently no substitutes are available on a commercial scale that are cost effective. On the other hand, gold is a counter-cyclical commodity and provides an overall hedge to our portfolio.

To further focus on decarbonisation, the Company continues to seek new opportunities in precious metals, base metals and minerals. Precious metals include, among others, gold and silver, and base metals and minerals include, among others, copper, cobalt, zinc, nickel and ferroalloys.

**Q4. There is a very large gap between our valuation, and the sum of our portions of our listed subsidiaries. What causes this gap? What can we do to close this gap?**

The market performance of the Company or its listed subsidiaries is beyond the Board and Management's control.

The Company continues to regularly update shareholders via SGXNet on information that is expected to have a material impact on the Company's share price. In addition, the Company hosts equity analysts' briefings and releases presentations covering the Group to keep investors apprised of the Group's developments.

BY ORDER OF THE BOARD

Dwi Prasetyo Suseno  
Executive Director & Group CEO  
22 April 2022