golden energy and resources

PRESS RELEASE - FOR IMMEDIATE RELEASE

GEAR's FY2022 Profits Attributable to Shareholders Rose To US$712M Mainly Due to Higher Sales Volume, Coal Prices and Consolidation of SMC's Results Following its Acquisition in May 2022; Cautions Coal Demand May Soften Amid Uncertainty About Global Outlook and China's Economic Recovery

- **Higher turnover in both Energy Coal and Metallurgical Coal segments lifted total revenue to US$5.6 billion in FY2022 from US$1.9 billion in FY2021**
- **Improved performance driven by higher sales volume, ASP and consolidation of SMC's results upon acquisition in May 2022**
- **Cautions that coal prices may soften amid weaker demand in many regions, adequate inventory levels, easing of earlier coal supply disruptions and uncertainty about global outlook and China's economic recovery**
- **Coal industry continues to see elevated pressure on costs, driving rising input prices on diesel, explosives, tyres, parts as well as labour and general services**

SINGAPORE – 27 February 2023 – SGX Mainboard-listed Golden Energy and Resources Limited ("GEAR" or the "Group") announced today that its profits attributable to shareholders rose to US$711.6 million for the financial year ended 31 December 2022 ("FY2022"), from US$114.3 million in FY2021, due to increase in sales volumes, higher coal prices and inclusion of results of the recently acquired Stanmore SMC Pty Ltd (previously known as BHP Mitsui Coal Pty Ltd) (''SMC''). However, it cautioned that coal demand may soften as coal supply bottlenecks are expected to ease amid an uncertain global outlook and China's economic recovery.

FY2022 net profit was achieved on the back of US$5.6 billion revenue, almost triple that of FY2021's US$1.9 billion. In May 2022, GEAR's ASX-listed subsidiary Stanmore Resources Limited (''Stanmore'') completed its acquisition of the 80% stake in SMC from BHP, and in October 2022, it completed the acquisition of the remaining 20% stake in SMC from Mitsui.

Financial Highlights	**2H2022**	2H2021	Change	**FY2022**	FY2021	Change
	US$'000	US$'000	%	**US$'000**	US$'000	%
Revenue	**3,185,164**	1,067,384	198.4	**5,616,803**	1,874,097	199.7
Gross Profit	**1,482,462**	483,449	203.7	**2,552,686**	817,145	212.4
Gross Profit Margin (%)	**46.1**	45.3	0.8 ppt[1]	**45.4**	43.6	1.8 ppt
Net Profit	**777,862**	171,028	354.8	**1,280,847**	251,260	409.8
Profit attributable to Owners of the Company	**432,588**	85,234	407.5	**711,575**	114,323	522.4
Basic Earnings Per Share (US cents)	**16.72**	3.62	361.9	**27.50**	4.86	465.8

FY2022 Financial Performance

Revenue from the Energy Coal segment increased 84.1% to US$2.9 billion in FY2022, from US$1.6 billion in FY2021, as sales volume increased to 38.87 million tonnes (''mt'') in FY2022 (FY2021: 29.49 mt) and higher average selling price ("ASP") of energy coal of US$75.13 per metric tonne ("Mt") FY2022 (FY2021: US$53.77/Mt).

For the Metallurgical Coal segment, turnover rose almost ten-fold to US$2.7 billion in FY2022, from US$286.6 million in FY2021. The improved performance in this segment was contributed by the inclusion of SMC's results since May 2022 that mainly resulted in higher sales volume to 9.29 mt in FY2022, from 2.17 mt in FY2021, as well as an increase in realised ASP of US$290.04/Mt in FY2022, compared to US$130.96/Mt a year ago.

Costs of sales in FY2022 rose 189.9% year-on-year to US$3.1 billion, due to higher production volumes, higher royalty as a result of increased selling prices and higher royalty rates under the new royalty regime in Queensland where the Metallurgical Coal segment is based, increased costs due to inflation and cash cost linked to movement in the ICI4 index for the Energy Coal segment, partially offset by lower strip ratio.

Selling and distribution expenses increased to US$469.7 million for FY2022 from US$225.8 million a year ago, mainly due to the inclusion of SMC's results, as well as higher sales volume in the Energy Coal segment. Administrative expenses increased to US$324.3 million (FY2021: USS$113.5 million) mainly due to the inclusion of SMC's results and one-off transaction cost incurred in relation to the SMC acquisition; other operating expenses increased 39.0% to US$39.1 million, mainly due to higher provision of impairment loss on goodwill, partially offset by foreign exchange gain as the US Dollar strengthened against the Australian Dollar.

Earnings per share for FY2022 increased to 27.50 US cents, compared to 4.86 US cents for FY2021. The Group recorded net cash inflows of US$598.8 million in FY2022 (FY2021: US$121.3 million), mainly due to net cash inflow

[1] Ppts: Percentage points (rounded)

from operations and financing activities of US$1.8 billion and US$308.7 million, respectively, partially offset by net cash flow used in investing activities of US$1.5 billion which was largely attributable to the acquisition of SMC.

BUSINESS OUTLOOK

Energy Coal

On the outlook, price premiums for benchmark energy coal have fallen amid lower-than-expected demand in many regions and adequate inventory levels. In Europe, demand for coal was weaker than originally anticipated, resulting in a convergence in coal prices.

Indonesian 4,200 kcal/kg GAR price is expected to decline to an average of US$68.0[2] per tonne in 2023 compared to an average of US$85.9 per tonne in 2022. As of 24 February 2023, the Indonesia Coal Index 4 (ICI4) was US$73.42[3] per tonne.

On the demand side, Chinese imports have not shown the anticipated levels of recovery even after the recent lifting of COVID-related restrictions. Weaker-than-expected economic growth momentum after the Lunar New Year and the potential to increase hydropower generation may mute inventory build-up in the near-term.

Expected dissipation of earlier supply disruptions of Australian coal due to wet weather conditions, softer consumption and adequate stocks will likely keep the pressure on pricing of energy coal in the short term.

Metallurgical Coal

Metallurgical coal prices recovered partially in 4Q2022 on the back of stronger demand and constrained supply with the Platts Premium Low Vol ("PLV") standing at an average of US$278.25 per tonne for 4Q2022 versus US$249.43 per tonne for 3Q2022. This was however significantly lower than the average PLV for 4Q2021 which stood at US$369.1 per tonne.

Despite near-term recovery, prices will likely be impacted by stronger supply from Australia as the wet season risk abates through 2Q2023, after the supply-driven headwinds witnessed in early 2023.

While China dominated the metallurgical coal market in Asia in the immediate weeks after lifting of Zero-COVID policies in December 2022 and the easing of import restrictions on Australian coal in January 2023, the impact on demand will depend on the supply and pricing of domestic metallurgical coal, recovery of its domestic construction/real estate sector and the global growth outlook.

Globally steel demand is expected to remain prone to downstream supply chain disruptions or subdued end-user demand as a result of global inflationary pressures and weakening economic conditions in some regions.

[2] Source: Argus Seaborne Coal Outlook: February 2023
[3] Source: Argus Indonesian Coal Index Report: 24 February 2023

Installation of blast furnaces continues, primarily in South East Asia and India, supporting a net increase in seaborne demand for metallurgical coal in the long term.

As highlighted in the Company's announcement on 12 August 2022, the Queensland Government in Australia announced in June 2022 significant changes to the coal royalty regime[4], making the royalties paid by coal producers in Queensland the highest in the world.

The new coal royalty regime has already started to impact the Group's results in 2H2022 and will continue in the full year of 2023 and thereafter.

Amid continued economic and political uncertainty, the Group is cautiously optimistic about the potential for global recovery in the short to medium-term and will continue to monitor the situation closely for opportunities.

General Coal Industry

The coal industry is expected to continue to see elevated pressure on costs, driven by rising input prices on diesel, explosives, tyres, parts as well as labour and general services.

In particular, the energy coal sector, is facing increasing environmental, social and governance ("ESG") pressures. As large financial institutions phase out energy coal financing and pledge to "go green", coal miners will continue to face financing squeeze with limited alternative options.

On 9 November 2022, GEAR proposed to undertake a distribution in-specie, subject to certain conditions, of all of its shares in the capital of PT Golden Energy Mines Tbk to its shareholders. The Proposed Distribution is in line with GEAR's efforts to advance its strategy to reduce exposure to energy coal which is currently facing ESG pressures, while giving shareholders an opportunity to unlock value. In connection with the Proposed Distribution, GEAR has proposed to seek the voluntary delisting of all its Shares from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual ("Proposed Transactions").

GEAR, together with parties to the Proposed Transactions, is working closely with advisers on the Proposed Transactions. GEAR will update shareholders as appropriate when there are material developments to the Proposed Transactions.

—The End—

[4] With effect from 1 July 2022, the new progressive royalty tiers have been introduced in addition to the current structure, with the new regime as follows:

- As per existing regime for prices below A$175 per tonne
- 20% for prices above A$175 per tonne
- 30% for prices above A$225 per tonne
- 40% for prices above A$300 per tonne

Company Profile

Golden Energy and Resources Limited ("GEAR", together with its subsidiaries, "Group") is an international energy and resources company with geographical presence in Australia, Indonesia and Singapore. Our business in Australia includes metallurgical coal and gold mining. In Australia, we are a leading seaborne metallurgical coal producer through our subsidiary, Stanmore and its subsidiaries, and our gold mining business is conducted through our joint venture investment in Ravenswood. In Indonesia, we are a leading energy coal producer operating through our subsidiary, GEMS, and its subsidiaries. Our operations cover exploration, development, mining, processing and marketing of (a) metallurgical coal, sourced from our coal mining concession areas and tenements of Stanmore Group in Australia, (b) energy coal, sourced from coal mining concession areas and tenements of GEMS Group in Indonesia and through coal trading, and (c) non-coal businesses, including gold sourced from gold mining tenements of Ravenswood in Australia through our joint venture.

The Group has a credit rating of B1 and B+ affirmed by Moody's and Fitch Ratings as at November 2022.

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