

GOLDEN ENERGY AND RESOURCES LIMITED

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

ON-MARKET TAKEOVER BID FOR STANMORE COAL LIMITED

1. INTRODUCTION

- 1.1 **Offer.** The board of directors (the “**Board**”) of Golden Energy and Resources Limited (“**GEAR**”) wishes to announce that its subsidiary, Golden Investments (Australia) Pte. Ltd. (“**Golden Investments**”), has today made an unconditional on-market takeover bid under Chapter 6 of the *Corporations Act 2001* (Cth) (“**Corporations Act**”) to acquire all the fully paid ordinary shares that it already does not own or control in Stanmore Coal Limited (“**Stanmore Coal**” and the ordinary shares in Stanmore Coal, “**Stanmore Coal Shares**”), a company listed on the Australian Securities Exchange (“**ASX**”), for A\$1.00 in cash per Stanmore Coal Share (the “**Offer**”).
- 1.2 **Bidder’s Statement.** Further details of the Offer (including its terms) are contained in the bidder’s statement given by Golden Investments under Part 6.5 of the Corporations Act in relation to the Offer and lodged with the Australian Securities & Investments Commission and the ASX today (“**Bidder’s Statement**”). Copies of the Offer announcement and the Bidder’s Statement are set out in Schedules 1 and 2 to this Announcement respectively, and are also available on the website of the ASX at <https://www.asx.com.au/>. References to the Offer and its terms and conditions in this Announcement should be read together with, and are subject to, the Bidder’s Statement.

2. INFORMATION ON GOLDEN INVESTMENTS

- 2.1 **Golden Investments.** As at the date of this Announcement, Golden Investments, a private limited company incorporated in Singapore, is 99.9999% owned by GEAR and 0.0001% of which are owned by Ascend Global (further details on which are set out in paragraph 2.2 below).

Golden Investments was incorporated on 1 November 2018 for the sole purpose of acquiring Stanmore Coal Shares. Golden Investments currently holds 80,291,962 Stanmore Coal Shares, representing approximately 31.35% of the total issued share capital of Stanmore Coal.

- 2.2 **Ascend Global and its Principal Activities.** Ascend Global is an exempted company incorporated with limited liability and registered as a segregated portfolio company in Cayman Islands. It is an investment fund with assets under management of US\$52.6 million and is managed by Ascend Capital Advisors (S) Pte. Ltd. (“**Ascend Capital**”), a Singapore-incorporated company registered with the Monetary Authority of Singapore as a Licensed Fund Management Company.

Ascend Global will invest in Golden Investments through its sub fund Asian Distressed Segregated Portfolio (“**ADSP**”). The investment objective of ADSP is long-term capital appreciation via investment in various asset classes and across capital structures.

- 2.3 Subscription in Golden Investments.** Golden Investments, GEAR and Ascend Global have entered into a share subscription agreement (the “**Subscription Agreement**”), pursuant to which each of GEAR and Ascend Global has agreed to subscribe for additional shares in Golden Investments, for the purpose of funding the total consideration payable under the Offer *plus* all transaction costs, expenses and fees incurred by Golden Investments under or in connection with the Offer.

Pursuant to the terms of the Subscription Agreement,

- 2.3.1 GEAR has agreed to subscribe for shares in Golden Investments for an aggregate cash consideration of up to approximately A\$78.37 million (the “**Assumed GEAR Offer Contribution**”); and
- 2.3.2 Ascend Global is only obliged to subscribe for shares in Golden Investments for an aggregate cash consideration of up to approximately A\$107.47 million, if the Offer is accepted by such number of shareholders of Stanmore Coal so as to result in Golden Investments holding at least 60% of Stanmore Coal Shares (including Golden Investments’ current shareholding in Stanmore Coal) (the “**Ascend Subscription Condition**”).
- 2.4** If the Ascend Subscription Condition is satisfied:
- 2.4.1 and assuming that Golden Investments owns all of the shares of Stanmore Coal after the close of the Offer, GEAR will own approximately 60%, and Ascend Global will own approximately 40%, of all of the shares of Golden Investments;
- 2.4.2 but Golden Investments owns less than all of the shares in Stanmore Coal, GEAR’s ownership of shares in Golden Investments will be greater than 60% and will depend on the number of shares in Stanmore Coal owned by Golden Investments after the close of the Offer.

For illustrative purposes only, if Golden Investments receives such number of acceptances of the Offer resulting in its overall shareholding in Stanmore Coal reaching 70% of the Total Stanmore Coal Shares (as defined in paragraph 5.1.1 below), Ascend Global will contribute an amount equivalent to the Offer consideration payable for 10% of the Total Stanmore Coal Shares.

- 2.5** If the Ascend Subscription Condition is not satisfied, Ascend Global will not be obliged to subscribe for any additional shares in Golden Investments and GEAR will hold approximately all of the shares in Golden Investments.

3. INFORMATION ON STANMORE COAL

- 3.1 Stanmore Coal and its Principal Activities.** Stanmore Coal is a company incorporated in Australia and listed on the ASX. Based on publicly available information, the principal activities of Stanmore Coal and its subsidiaries (collectively, the “**Stanmore Coal Group**”) are the exploration, development, production and sale of metallurgical and thermal coal. The Stanmore Coal Group has an interest in the following coal mines and projects in Queensland, Australia: (i) Isaac Plains;

(ii) Isaac Plains East Open Cut; (iii) Isaac Downs (Wotonga); (iv) Isaac South; (v) Clifford; (vi) The Range; (vii) Mackenzie; (viii) Belview; (ix) Tennyson; and (x) Lilyvale.

Based on the latest audited consolidated financial statements of the Stanmore Coal Group for the financial year ended 30 June 2019 (the “**Stanmore Coal FY2019 Results**”), Stanmore Coal has an issued and paid-up ordinary share capital of A\$120.96 million, comprising 256,094,238 Stanmore Coal Shares.

3.2 Value of the Assets Being Acquired. The market value of the portion of the Maximum Offer Shares (as defined in paragraph 5.1.1 below) that is attributable to GEAR on account of the Assumed GEAR Offer Contribution used to acquire such shares (being the “**Assumed GEAR Offer Shares**”), which amounts to approximately 29.17%¹ of the Total Stanmore Coal Shares, is approximately A\$63.12 million, calculated based on the volume weighted average price (“**VWAP**”) of approximately A\$0.8054 per Stanmore Coal Share for all the trades done on 1 April 2020 (being the last full day of trading in the Stanmore Coal Shares on the ASX immediately prior to the date of this Announcement).

The unaudited net asset value (“**NAV**”) and the net tangible assets (“**NTA**”) of the Assumed GEAR Offer Shares as at 31 December 2019 are approximately A\$47.40 million and approximately A\$25.99 million, respectively.

3.3 Net Profit. Based on the Stanmore Coal FY2019 Results, the net profit before income tax, minority interests and extraordinary items attributable to the Assumed GEAR Offer Shares is approximately A\$37.49 million.

4. THE OFFER

4.1 Unconditional Offer. The Offer is not subject to any conditions.

4.2 Rationale for the Offer. GEAR is a significant thermal coal producer in Indonesia. By increasing its interest (through its subsidiary, Golden Investments) in Stanmore Coal, a primarily coking coal focused company, GEAR hopes to enhance its overall asset portfolio in the current commodity price environment by diversifying and expanding its coal product suite and geographical presence into Australia.

This strategy is also consistent with GEAR’s strategic and long-term investment in Stanmore Coal. Prior to the Offer, Golden Investments had increased its shareholding in Stanmore Coal over the past 12 months through the following transactions:

4.2.1 Pursuant to the Dividend Reinvestment Plan of Stanmore Coal in respect of the dividend paid by Stanmore Coal on 30 April 2019, Golden Investments had acquired approximately 1.79 million Stanmore Coal Shares, representing approximately 0.70 per cent. of the total number of Stanmore Coal Shares at that time, for an aggregate consideration of A\$1.93 million (the “**Scrip Dividend**”).

¹ The portion of the Maximum Offer Shares attributable to GEAR is calculated to be 29.17% of the Total Stanmore Coal Shares, because GEAR will provide funding for the Offer until Golden Investments acquires a 60% shareholding in Stanmore Coal (including the existing shareholding held by Golden Investments). GEAR’s existing shareholding interest in Stanmore Coal based on the Total Stanmore Coal Shares (*i.e.*, calculated on a fully diluted basis) is 30.83%, and 29.17% is therefore the remaining percentage for Golden Investments to reach a 60% shareholding in Stanmore Coal.

4.2.2 As announced by GEAR on 21 August 2019 and 18 March 2020, respectively, Golden Investments had made the following additional acquisitions of Stanmore Coal Shares:

(i) on 19 August 2019, Golden Investments purchased 6.60 million Stanmore Coal Shares, representing approximately 2.58 per cent. of the total number of Stanmore Coal Shares at that time, for an aggregate consideration of A\$9.70 million; and

(ii) on 18 March 2020, Golden Investments purchased 7.5 million Stanmore Coal Shares, representing approximately 2.93 per cent. of the total number of Stanmore Coal Shares at that time, for an aggregate consideration of A\$6 million,

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

5. CONSIDERATION FOR THE OFFER

5.1 **Consideration.** As stated in section 2.2 of the Bidder’s Statement, the consideration offered to each holder of Stanmore Coal Shares will be A\$1.00 in cash for each Stanmore Coal Share (“**Offer Price**”). The Offer Price has been arrived at after taking into account, among other things, the financial performance of Stanmore Coal and the historical trading prices of the Stanmore Coal Shares.

Assuming that:

5.1.1 the total number of Stanmore Coal Shares (on a fully diluted basis²) is estimated to be 268,668,615 Stanmore Coal Shares (the “**Total Stanmore Coal Shares**”);

5.1.2 of the above, the total number of Stanmore Coal Shares that are the subject of the Offer as at the date hereof is 185,841,118 Stanmore Coal Shares (the “**Maximum Offer Shares**”); and

5.1.3 there is full acceptance of the Offer in respect of the Maximum Offer Shares,

the maximum aggregate consideration payable by Golden Investments for the acquisition of the Maximum Offer Shares pursuant to the Offer would be A\$185.84 million.

5.2 **Source of Funding for the Offer.** The Offer will be funded through cash to be provided by GEAR and Ascend Global. Please refer to paragraph 2.3 above for further details on the respective amounts to be contributed by GEAR and Ascend Global to Golden Investments.

The shareholders of Golden Investments will fund their respective subscriptions in Golden Investments through a combination of:

5.2.1 GEAR’s existing cash reserves; and

² Including the Stanmore Coal Shares which would be in issue if all performance rights issued to senior managers under the terms of the Stanmore Coal Rights Plan are vested and the Stanmore Coal Shares assumed to be issued under the Dividend Reinvestment Plan of Stanmore Coal in connection with the dividend announced by Stanmore Coal on 26 February 2020.

5.2.2 Ascend Global’s undrawn capital commitments of US\$75 million from investors in ADSP.

6. DISCLOSEABLE TRANSACTION

6.1 **Rule 1005.** Rule 1005 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (the “Listing Manual”) states that, in determining whether a transaction is a non-discloseable transaction, discloseable transaction, major transaction, very substantial acquisition or reverse takeover, the SGX-ST may aggregate separate transactions completed within the last 12 months and treat them as if they were one transaction.

As the Scrip Dividend and the Previous Acquisitions (collectively, the “Relevant Transactions”) all involve acquisitions of Stanmore Coal Shares by Golden Investments and were completed within the past 12 months prior to the date of the Offer, the Offer has been aggregated with the Relevant Transactions in determining whether the Offer falls within Rule 1006 of the Listing Manual.

6.2 **Rule 1006 Relative Figures.** Assuming:

6.2.1 all holders of the Maximum Offer Shares validly accept the Offer, with the result that Golden Investments holds all of the Stanmore Coal Shares; and

6.2.2 the Assumed GEAR Offer Shares amount to approximately 29.17% of the Total Stanmore Coal Shares,

the relative figures for the Offer aggregated with the Relevant Transactions computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006	Bases	Offer and Relevant Transactions	GEAR Group	Relative Figures (%)
(a)	NAV of assets to be disposed of, compared with the NAV of GEAR and its subsidiaries (collectively, the “GEAR Group”)		Not applicable.	
(b)	Net profits/(losses) attributable to (i) the Assumed GEAR Offer Shares and (ii) the Stanmore Coal Shares acquired pursuant to the Relevant Transactions (collectively, the “Relevant Shares”), compared with the GEAR Group’s net profits ⁽¹⁾ (US\$ million)	32.99	70.32	46.92%
(c)	Aggregate consideration (i) payable by GEAR in respect of the Offer (<i>i.e.</i> , the Assumed GEAR Offer Contribution) and (ii) paid by Golden Investments in respect of the Relevant Transactions, ⁽²⁾ compared with GEAR’s market capitalization ⁽³⁾ (S\$ million)	83.42	447.32	18.65%
(d)	Number of equity securities issued by GEAR as consideration for the Offer and the Relevant Transactions, compared with the number of		Not applicable.	

equity securities previously in issue

- (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) The net profits or losses before income tax, minority interests and exceptional items attributable to (i) the Assumed GEAR Offer Shares and (ii) the Relevant Shares based on the Stanmore Coal results for the 12-month period ended 31 December 2019, have been compared with the GEAR Group's net profits or losses before income tax, minority interests and exceptional items for its financial year ended 31 December 2019 ("FY2019") (which are based on the latest unaudited consolidated financial statements of the GEAR Group for the financial year ended 31 December 2019 (the "GEAR FY2019 Results")). The figures for Stanmore Coal Group are expressed in US\$ based on an exchange rate of A\$1:US\$0.7021 being the A\$:US\$ exchange rate on 31 December 2019 (Source: BloombergLP).
- (2) Calculated based on the aggregate of (i) the Assumed GEAR Offer Contribution of A\$78.37 million and (ii) the aggregate consideration for the Relevant Transactions of A\$17.63 million, in each case expressed in S\$ based on an exchange rate of A\$1.00:S\$0.8689, being the A\$:S\$ exchange rate on 1 April 2020 (Source: BloombergLP).
- (3) 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 1 April 2020, being the last market day preceding the date of the Offer on which GEAR Shares were traded on the SGX-ST, at a VWAP of S\$0.1901 for each GEAR Share (Source: BloombergLP).

6.3 Discloseable Transaction. As the relative figure under 1006(c) exceeds 5% but is not more than 20%, the Offer (aggregated with the Relevant Transactions) constitutes a discloseable transaction for GEAR as defined in Chapter 10 of the Listing Manual. Pursuant to Rule 1014(2) of the Listing Manual, the requirement for shareholders' approval does not apply in the case of an acquisition of profitable assets if the only limit breached in Rule 1006(b).

7. PRO FORMA FINANCIAL EFFECTS OF THE OFFER AND THE RELEVANT TRANSACTIONS

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

The pro forma financial effects of the Offer and the Relevant Transactions set out below have been prepared based on the Stanmore Coal FY2019 Results and the GEAR FY2019 Results, and on the following bases and assumptions:

- 7.1.1 all holders of the Maximum Offer Shares validly accept the Offer;
- 7.1.2 Golden Investments holds 100 per cent. of the Stanmore Coal Shares as a result of

the Offer;

7.1.3 GEAR holds approximately 60% of all of the shares of Golden Investments; and

7.1.4 the investment in Stanmore Coal is consolidated in the financial statements of GEAR (through Golden Investments).

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

	Before close of the Offer and completion of the Relevant Transactions	After close of the Offer and completion of the Relevant Transactions
NTA (US\$ million)	199.73	157.22
Number of issued GEAR Shares	2,353,100,380	2,353,100,380
NTA per GEAR Share (United States cents)	8.49	6.68

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

	Before close of the Offer and completion of the Relevant Transactions	After close of the Offer and completion of the Relevant Transactions
Profit after tax and minority interests (US\$ million)	9.95	48.54
Number of issued GEAR Shares	2,353,100,380	2,353,100,380
Earnings per GEAR Share (United States cents)	0.423	2.063

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

	Before close of the Offer and completion of the Relevant Transactions	After close of the Offer and completion of the Relevant Transactions
Net Gearing Ratio ⁽¹⁾	0.54	0.58

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).

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

8. FURTHER INFORMATION

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

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

9. 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 Ascend Global and Stanmore Coal) 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 Ascend Global and Stanmore Coal) 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
2 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 1
Offer Announcement

(see attached)

Schedule 2
Bidder's Statement

(see attached)