

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

- (A) **PROPOSED DISTRIBUTION *IN SPECIE* OF SHARES IN PT GOLDEN ENERGY MINES TBK BY THE COMPANY;**
 - (B) **PROPOSED VOLUNTARY DELISTING OF THE COMPANY; AND**
 - (C) **CONDITIONAL EXIT OFFER**
 - **RESPONSE TO BUSINESS TIMES AND STRAITS TIMES ARTICLES ON 30 & 31 MAY 2023, TITLED “SIAS RECOMMENDS GOLDEN ENERGY AND RESOURCES SHAREHOLDERS REJECT EXIT OFFER”**
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1. INTRODUCTION

The Board of Directors of the Company (“**Board**” or “**Directors**”) refers to a letter from the Securities Investors Association (Singapore) (“**SIAS**”) to the Chairman of the Company and the Board on 30 May 2023 (the “**SIAS Letter**”), which has been reproduced on SIAS’ website and the contents of which have been reported in the abovenamed articles.

The Company has observed that there are some inaccuracies and omissions in the SIAS Letter that need further explanation, in particular, SIAS’ commentaries on:

- (i) the scope of the Independent Financial Adviser’s (“**IFA**”) opinion, the IFA “*conflating the two corporate actions*”, and the IFA’s utilisation of methodologies in its opinion; and
- (ii) the framing of the Company’s corporate actions to Shareholders as being two simple decisions.

*Unless otherwise defined, capitalised terms used in this Announcement shall bear the same meanings as set out in the circular dated 18 May 2023 (“**Circular**”) issued by the Company in relation to (a) the Proposed Distribution by way of the Dividend in Specie (subject to the Capital Reduction becoming effective) and the Capital Reduction and (b) the voluntary delisting of the Company from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual.*

2. IFA OPINION

The Company draws Shareholders’ attention to paragraphs 9 and 10 of the SGX-ST’s letter of 24 February 2023 to the Board providing the guidance that:

- (i) the “GEMS Share Consideration and Cash” and the “All Cash Consideration” will be treated as the exit offer for the purpose of Rule 1309 of the SGX-ST Listing Manual; and
- (ii) the Company is to ensure that the IFA’s opinion states, *inter alia*, whether the terms of the Proposed Distribution and the Conditional Exit Offer (***when taken together as a single transaction***) are fair and reasonable (*emphasis added*).

Statements that the IFA “*has conflated the two corporate actions*” are a mischaracterisation as the IFA has sought to address the directions referred to above.

3. OPTIONS AVAILABLE TO SHAREHOLDERS

The SIAS Letter had simplified the transaction to “*two simple decisions*” for Shareholders to make and stated that: “*Unfortunately, the company has chosen to make the two resolutions inter-conditional on each other. Should minority shareholders reject the exit offer, GEAR will remain*

on SGX holding on to its valuable Stanmore stake along with GEMS. After months of hard work, shareholders go back to square one”.

These comments are inaccurate with respect to the resolutions put forward by the Company to Shareholders for approval, and do not adequately explain the options available to Shareholders.

The two resolutions to be approved by Shareholders at the EGM are (i) the Distribution Resolution and (ii) the Delisting Resolution, which are inter-conditional on each other. If any of the Distribution Resolution and the Delisting Resolution are not approved at the EGM, Shareholders **will not be able to receive any of** the Revised GEMS Cash Consideration, the GEMS Shares Consideration and the Revised Exit Offer Price.

It is important for Shareholders to note that the Distribution Resolution and the Delisting Resolution **must first be approved** before Shareholders have an opportunity to receive (a) the Revised GEMS Cash Consideration or the GEMS Shares Consideration; and (b) the Revised Exit Offer Price.

The Exit Offer is **not** a resolution put forth to Shareholders at the EGM.

If both the Distribution Resolution and the Delisting Resolution are approved, Shareholders will have up to four options available to them, which are summarised in the explanatory notes to the upcoming corporate actions found in the first 16 pages of the Circular, in particular, on page (vii). These options allow Shareholders to elect to receive the Revised GEMS Cash Consideration or GEMS Shares Consideration, and accept or reject the Revised Exit Offer Price.

4. IMPLICATIONS OF DELISTING FOR SHAREHOLDERS

Shareholders should note that even if the Distribution Resolution and the Delisting Resolution are approved at the EGM, and Shareholders become entitled to receive either the Revised GEMS Cash Consideration or GEMS Shares Consideration, they can **still choose to reject the Exit Offer**. In this scenario, Shareholders who reject the Exit Offer should note that they will continue to be a shareholder of the Company (where the GEMS Group will no longer be a subsidiary of the Company and part of the Group) which will be an unlisted entity.

Shareholders should refer to Section 18.1 of the Circular for the implications of delisting for Shareholders, including the lack of marketability of shares of an unlisted company. Shareholders should also note that if the Offeror decides to exercise its rights of compulsory acquisition (when entitled to do so), the Offeror will be entitled to compulsorily acquire all of the Shares of Shareholders who have not accepted the Exit Offer at the Revised Exit Offer Price.

5. RECOMMENDATIONS OF THE NON-CONFLICTED DIRECTORS

The Company notes that the IFA has issued two responses earlier today (“**IFA Statements**”) that addresses, amongst others:

- (i) some of the material inaccuracies and omissions in the SIAS Letter; and
- (ii) the Business Times article on 29 May 2023 titled “*Golden Energy’s delisting: IFA opinion is faulty*”.

The IFA Statements are set as an Appendix to this Announcement.

The Non-Conflicted Directors concur with the IFA’s responses in the IFA Statements with respect to the IFA’s approach for the valuation of the GEMS Shares and the valuation methodologies adopted in respect of the assessment of the Proposed Distribution and Exit Offer.

The Non-Conflicted Directors maintain their recommendation to Shareholders to vote in favour of the Distribution Resolution and the Delisting Resolution, and to accept the Exit Offer.

Shareholders are advised to:

- (a) read and consider carefully the Directors' Recommendations as set out in Section 22.3 of the Circular, and the advice of the IFA contained in the IFA Letter as reproduced in Appendix I to the Circular in its entirety; and
- (b) read and consider carefully the IFA Statements which responds to the SIAS Letter and articles referred to in this Announcement.

6. RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of the preparation of this Announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Announcement are fair and accurate and that no material facts have been omitted from this Announcement, the omission of which would make any statement in this Announcement misleading.

Where any information in this Announcement has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors 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 in its proper form and context. The Directors jointly and severally accept full responsibility accordingly.

By Order of the Board
GOLDEN ENERGY AND RESOURCES LIMITED

Lai Kuan Loong, Victor
Company Secretary
31 May 2023

Appendix
IFA Statements

Press Release

31 May 2023

Response to SIAS Press Release of 30 May 2023

For ease of reference, all capitalised terms used herein shall bear the same meaning as used in the circular to shareholders dated 18 May 2023 (the “Circular”) issued by Golden Energy and Resources Limited (the “Company” or “GEAR”).

We refer to the press release published by SIAS on its website on 30 May 2023 titled “SIAS calls on minority shareholders of GEAR to reject the 2nd offer” (“**SIAS Letter**”), in which it was alleged, *inter alia*, that “Disappointingly, the IFA has conflated the two corporate actions despite SIAS’ highlighting this specific concern at the meeting with GEAR”, “Clearly, SGX RegCo’s reminder to the IFA regarding the utilization of appropriate valuation methodologies and the necessity for analysis supported by reasonable grounds and assumptions capable of withstanding scrutiny has seemingly fallen on deaf ears” and that “SIAS feels that the IFA has not met the expectations set specifically by SGX RegCo”.

With regard to the above, W Capital Markets Pte. Ltd. (“**W Capital Markets**”), being the IFA appointed by GEAR to provide an opinion in respect of the Proposed Distribution and Exit Offer, wish to categorically refute the above allegations which we view to be misconceived and injurious, and to respond on the salient points below mentioned in the SIAS Letter to address certain factual inaccuracies:-

1. Scope of the IFA's opinion and allegation of conflating of two corporate actions

As set out in paragraph 10 to SGX-ST's letter of 24 February 2023 to GEAR's Board, SGX-ST required the Company to ensure that the IFA's opinion states, *inter alia*, whether the terms of the Proposed Distribution and the Conditional Exit Offer (***when taken together as a single transaction***) are fair and reasonable. As the Proposed Distribution and the Proposed Delisting are inter-conditional, shareholders would be entitled to receive either the “Revised GEMS Share Consideration and Cash” or “Revised All Cash Consideration” ***both of which will be treated as the exit offer for the purpose of Rule 1309 of the SGX-ST Listing Manual***.

The IFA Letter as contained in the Circular, **complies with SGX-ST's directions**, and there has therefore been no deliberate attempt to conflate the two corporate actions as alleged.

2. Approach taken by IFA for the valuation of GEMS Shares

As set out under Section 10.1.3 of the IFA Letter, W Capital Markets has considered the historical share price performance and trading liquidity of the GEMS Shares and has noted, *inter alia*, that:

- (a) the trading liquidity of the GEMS Shares during the 12-month period up to and including the Last Undisturbed Trading Day has been very low with daily trading volume of between approximately 4,600 GEMS Shares and 2,088,700 GEMS Shares and average daily trading volume of only 127,500 GEMS Shares representing 0.029% of the free float of GEMS;
- (b) for the period from the Update Announcement Date up to and including the Latest Practicable Date, trading liquidity of the GEMS Shares decreased further to an average daily trading volume of only 34,285 GEMS Shares, representing approximately 0.008% of the free float of GEMS Shares; and
- (c) the free float and average daily trading volume of GEMS Shares is significantly lower than the average free float and the mean and median average daily trading volume-to-free float respectively of the top 15 companies in the Indonesia SE Energy Index for the same time period.

Accordingly, we are of the view that the market prices of GEMS Shares may not necessarily serve as a meaningful reference point or indication of its fair value. This is also evident and clearly demonstrated from the value of the GEMS Shares pursuant to the GMR Transaction (as set out under Section 10.1.4 of the IFA Letter) where 30% of equity interest in GEMS was transacted between independent parties on 31 August 2022 with a transacted value of IDR3,737 per GEMS Share (which was at a 41.8% discount to its then closing share price of IDR6,425).

Given the low free float and low liquidity of the GEMS Shares, we have therefore adopted the market approach instead to value the GEMS Shares based on the mean and median EV/EBITDA multiples of the Selected GEMS Comparable Companies as set out under Section 10.1.6 of the IFA Letter, which translates to a fair value range of IDR3,773 to IDR4,277 for the GEMS Shares.

3. Valuation methodologies adopted in respect of the assessment of the Proposed Distribution and Exit Offer

The allegation by SIAS that the IFA seems to have placed too much emphasis on EV/EBITDA which set the lower bound is grossly inaccurate. In arriving at its opinion on the Proposed Distribution and Exit Offer, W Capital Markets has given due consideration to various key factors and assessments which includes, *inter alia*, the following:-

- (i) Historical share price performance and trading liquidity of the Shares;
- (ii) Valuation ratios of selected listed companies broadly comparable to the Group (i.e. market approach valuation);
- (iii) Sum-of-the-parts (SOTP) valuation analysis;
- (iv) Estimated range of values of the Shares;
- (v) Precedent Privatisation Transactions in Singapore; and
- (vi) Other relevant considerations as set out in the IFA Letter.

In arriving at its estimated range of values, W Capital Markets has adopted a blended approach using the market approach (based on the mean EV/TTM EBITDA¹ multiple of the Selected GEAR Comparable Companies) for the lower bound and the Mid-point SOTP Value for the higher bound. SIAS questioned the approach of using the EV/TTM EBITDA methodology to set the lower bound in the IFA's estimate of the range of values of GEAR as companies are too different to be generalized this way. We disagree with SIAS's view as we are of the opinion that using the EV/TTM EBITDA methodology is appropriate given that the market approach using ratios of publicly traded guideline companies, such as EV/TTM EBITDA, is one of the most commonly used and acceptable valuation methodologies.

As set out under Section 10.2.5 of the IFA Letter, we have relied on the mean EV/TTM EBITDA multiples of the Selected GEAR Comparable Companies as the primary measure of value for the lower bound of the estimated range of values as it takes a more holistic picture of the value of an enterprise by considering both the equity and debt components of the capital structure and excludes non-cash expenses. For the upper bound of the estimated range of values, as GEAR's business comprise of various different segments and investments as detailed under Section 10.2.4 of the IFA Letter, we have adopted the SOTP valuation which takes into account, *inter alia*, the Group's portfolio of businesses/investments and other factors which may impact the intrinsic or theoretical net realisable values of the businesses and investments held by the Group. Accordingly, we are of the opinion that a combination of the EV/TTM EBITDA and SOTP methodologies is the most appropriate approach to be adopted in arriving at the estimated range of values of the Shares.

Taking into consideration that we have not applied any conglomerate discount in the SOTP valuation and that the Shares have been trading at VWAP for the 1-month period prior to and including the Last Undisturbed Trading Day that is higher than the fair value implied by the market approach and as the range of values is rather wide, we have accordingly narrowed the range and derived our final estimated range of values of the Shares using the interquartile range of the Estimated Market Value of S\$0.640 per Share and the Mid-point SOTP Value of S\$1.072 per Share to arrive at the final estimated range of values of the Shares based on the values between the 1st and 3rd quartile of the Estimated Market Value of S\$0.640 and the Mid-point SOTP Value of S\$1.072 i.e. between S\$0.748 per Share ("**Lower Value**") (based on the 1st quartile) and S\$0.964 per Share ("**Higher Value**") (based on the 3rd quartile) which is where the middle 50% of the value lies.

¹ As set out in Section 10.2.3 of the IFA Letter, TTM EBITDA refers to the consolidated earnings before interest, taxes, depreciation and amortisation expenses, inclusive of the share of associates' and joint ventures' income for the trailing twelve months and was calculated based on the financial information obtained from Bloomberg L.P. and the respective companies' latest financial results announcements or annual reports available as at the Latest Practicable Date ("**LPD**"). In addition, if only those Selected GEAR Comparable Companies with market capitalisation as at LPD of at least US\$1.0 billion are included for the computation of the mean and median EV/TTM EBITDA, the resultant mean and median EV/TTM EBITDA (at 1.20 times and 1.22 times respectively, compared to 1.16 times and 1.22 times respectively in our IFA Letter) will not have been significantly different.

In relation to the comment on the reason and basis for the selection of the three of the Indonesian comparable companies (out of the eight Selected GEMS Comparable Companies), W Capital Markets did not include the entire list of Indonesian comparable companies from the GEMS Comparable Companies list as the weightage of the GEAR Comparable Companies list will then be too skewed towards Indonesian listed thermal coal producers' trading multiples instead of being a more comprehensive list comprising of Singapore-listed, Australia-listed and Indonesia-listed thermal and metallurgical coal mining companies to better reflect GEAR's business profile which involves substantially exploration, development, mining, processing and marketing of (a) metallurgical coal, sourced from its coal mining concession areas and tenements of the Stanmore Group in Australia; and (b) energy coal, sourced from coal mining concession areas and tenements of the GEMS Group in Indonesia and through coal trading. The basis for the selection of the three Indonesia-listed comparable companies has also been provided under footnote (4) to the table on page I-80 of the IFA Letter which states *"We have selected these Indonesia-listed comparable companies from the list of the GEMS Comparable Companies whose EV/TTM EBITDA falls within the first and third quartile of the range of EV/TTM EBITDA ratios of the GEMS Comparable Companies"* and which should form a representative sample of the Indonesian listed coal producers.

In relation to the comment on the reason why the *"comparable company with 0.44x EV/TTM EBITDA was then included by the IFA. The latter, being one-fifth the size of GEAR, was selected by the IFA which resulted in lowering the EV/TTM EBITDA ratio"*, the mentioned comparable company refers to Geo Energy Resources Ltd and we disagree with SIAS's comment as Geo Energy Resources Ltd was included because it is the only SGX-listed coal producer that is broadly comparable to GEAR.

All the salient factors for and against the Revised All Cash Consideration and the Revised GEMS Shares Consideration and Cash have been summarised under Section 11.2 of the IFA Letter and the IFA has considered all the salient considerations and information set out in the IFA Letter in arriving at its opinion on the Proposed Distribution and Exit Offer and accordingly Shareholders should also read the IFA Letter carefully in its entirety.

Whilst we acknowledge that no single method of valuation will be met with universal acceptance and we humbly respect differences in views and opinions, the Board of W Capital Markets would like to put on record that we have always been mindful and use our best endeavours to ensure that we exercise due care, skill and professional judgement in all advisory engagements and firmly believe that our IFA opinion in respect of the Proposed Distribution and Exit Offer is based on appropriate valuation methodologies and supported by reasonable grounds and assumptions.

Yours sincerely,
For and on behalf of
W Capital Markets Pte. Ltd.

Wayne Lee
Chairman and CEO

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Press Release

31 May 2023

Response to The Business Times Article of 29 May 2023

For ease of reference, all capitalised terms used herein shall bear the same meaning as used in the circular to shareholders dated 18 May 2023 (the “Circular”) issued by Golden Energy and Resources Limited (the “Company” or “GEAR”).

We refer to the article “Golden Energy’s delisting: IFA opinion is faulty” (The Business Times, 29 May 2023), in which the author, Mr. Ben Paul (whom we noted has a shareholding interest in GEAR), has alleged that the IFA opinion is faulty for the reasons that (i) the IFA has valued the stake of GEAR in its Indonesia-listed thermal coal arm (“GEMS”) inappropriately in its sum-of-the-parts (SOTP) model; and (ii) the IFA has not provided any analysis on whether the exit offer for GEAR (which takes place after its Indonesian arm has been separated) is fair and reasonable.

With regard to the above, W Capital Markets Pte. Ltd. (“W Capital Markets”), being the IFA appointed by GEAR to provide an opinion in respect of the Proposed Distribution and Exit Offer, wish to categorically refute the allegation that our IFA opinion is faulty and to respond to the above-mentioned points as follows:-

1. Approach taken for the valuation of GEMS Shares

As set out under Section 10.1.3 of the IFA Letter, W Capital Markets has considered the historical share price performance and trading liquidity of the GEMS Shares and has noted, *inter alia*, that:

- (a) the trading liquidity of the GEMS Shares during the 12-month period up to and including the Last Undisturbed Trading Day has been very low with daily trading volume of between approximately 4,600 GEMS Shares and 2,088,700 GEMS Shares and average daily trading volume of only 127,500 GEMS Shares representing 0.029% of the free float of GEMS;
- (b) for the period from the Update Announcement Date up to and including the Latest Practicable Date, trading liquidity of the GEMS Shares decreased further to an average daily trading volume of only 34,285 GEMS Shares, representing approximately 0.008% of the free float of GEMS Shares; and
- (c) the free float and average daily trading volume of GEMS Shares is significantly lower than the average free float and the mean and median average daily trading volume-to-free float respectively of the top 15 companies in the Indonesia SE Energy Index for the same time period.

Accordingly, we are of the view that the market prices of GEMS Shares may not necessarily serve as a meaningful reference point or indication of its fair value. This is also evident and clearly demonstrated from the value of the GEMS Shares pursuant to the GMR Transaction (as set out under Section 10.1.4 of the IFA Letter) where 30% of equity interest in GEMS was transacted between independent parties on 31 August 2022 with a transacted value of IDR3,737 per GEMS Share (which was at a 41.8% discount to its then closing share price of IDR6,425).

Given the low free float and low liquidity of the GEMS Shares, we have therefore adopted the market approach instead to value the GEMS Shares based on the mean and median EV/EBITDA multiples of the Selected GEMS Comparable Companies as set out under Section 10.1.6 of the IFA Letter, which translates to a fair value range of IDR3,773 to IDR4,277 for the GEMS Shares.

2. IFA opinion in respect of the Proposed Distribution and Exit Offer

As set out in the Circular, as the Proposed Distribution and the Proposed Delisting are inter-conditional, shareholders would be entitled to receive either the "Revised GEMS Share Consideration and Cash" or "Revised All Cash Consideration" **both of which will be treated as the exit offer for the purpose of Rule 1309 of the SGX-ST Listing Manual**. Accordingly, W Capital Markets was appointed as the IFA to opine, *inter alia*, on whether the terms of the Proposed Distribution and Exit Offer, **when taken as a single transaction**, are fair and reasonable, and have performed our assessments based on the "Revised GEMS Share Consideration and Cash" or "Revised All Cash Consideration" respectively for the purpose of arriving at our opinion in respect of the Proposed Distribution and Exit Offer, rather than considering the Exit Offer Price of S\$0.181 on a standalone basis. The IFA Letter as contained in the Circular **complies with SGX-ST's directions**, which is to provide an opinion on whether the terms of the Proposed Distribution and Exit Offer, **when taken as a single transaction**, are fair and reasonable.

Whilst we acknowledge that no single method of valuation will be met with universal acceptance and we humbly respect differences in views and opinions, the Board of W Capital Markets would like to put on record that we have always been mindful and use our best endeavours to ensure that we exercise due care, skill and professional judgement in all advisory engagements and firmly believe that our IFA opinion in respect of the Proposed Distribution and Exit Offer is supported by reasonable grounds and assumptions.

Yours sincerely,
For and on behalf of
W Capital Markets Pte. Ltd.

Wayne Lee
Chairman and CEO