

GOLDEN ENERGY AND RESOURCES LIMITED

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

DISPOSAL OF SHARES IN WESTGOLD RESOURCES LIMITED

1. INTRODUCTION

- 1.1 Disposal.** The board of directors (the “**Board**”) of Golden Energy and Resources Limited (“**GEAR**” and together with its subsidiaries, the “**GEAR Group**”) wishes to announce that it had, on 3 July 2020, completed an on-market sale to dispose 4 million ordinary shares (the “**Specified Shares**”) in the capital of Westgold Resources Limited (“**Westgold**”), a company listed on the Australian Securities Exchange (“**ASX**”), for an aggregate cash consideration of A\$9 million (the “**Consideration**”) (the “**Transaction**”). The Specified Shares represent approximately 0.95 per cent. of the total number of ordinary shares in the capital of Westgold (“**Westgold Shares**”).
- 1.2 Resultant Shareholding.** As a result of the Transaction, GEAR’s aggregate shareholding in Westgold has decreased from approximately 2.54 per cent., comprising 10,662,967 Westgold Shares, to approximately 1.59 per cent., comprising 6,662,967 Westgold Shares.

2. INFORMATION ON WESTGOLD AND THE TRANSACTION

- 2.1 Westgold and its Principal Activities.** Westgold is a company incorporated in Australia and listed on the ASX. Based on publicly available information, the principal activities of Westgold and its subsidiaries (collectively, the “**Westgold Group**”) are the exploration, development and operation of gold mines, primarily in Western Australia. The Westgold Group currently owns three operating gold projects in Meekatharra, Cue and Fortnum.

As at the date of this Announcement, Westgold has an issued and paid-up ordinary share capital comprising 420,230,270 Westgold Shares.

- 2.2 Value of the Assets Being Disposed.** The unaudited book value and net tangible asset (“**NTA**”) value of the Specified Shares is approximately A\$4.53 million and A\$4.40 million respectively as at 31 December 2019, and the market value of the Specified Shares is approximately A\$8.88 million as at 2 July 2020 (being the market day preceding the date of the Transaction).
- 2.3 Excess of Proceeds.** The Consideration was arrived at on a willing buyer willing seller basis. Based on the Consideration, the excess of the proceeds from the Transaction over the unaudited book value of the Specified Shares as at 31 December 2019 is approximately A\$4.47 million.
- 2.4 Net Profit and Gain on Disposal.** Based on Westgold’s unaudited consolidated financial statements for the 12-month period ended 31 December 2019 (the “**Westgold FP2019 Results**”), the net profit (including discontinued operations that have not been disposed and before income tax and non-controlling interests) attributable to the Specified Shares is approximately A\$0.39 million.

GEAR will record a gain on disposal of the Specified Shares of approximately A\$1.46 million (calculated based on the selling price of A\$2.25 per Westgold Share over the initial cost of investment of A\$1.885 per Westgold Share), which will be partly offset by a foreign exchange loss due to movements in the exchange rate of A\$/US\$ between the date of the initial investment and the date of the disposal, thereby resulting in a net gain of approximately US\$0.27 million.

3. RATIONALE AND USE OF PROCEEDS

3.1 Rationale. GEAR is of the view that it should capitalise on opportunities to monetise its investment in Westgold and that the sale of the Specified Shares together with the Previous Transactions (as defined below) would enable it to realise returns on its investment in Westgold.

In line with the above rationale, over the past 12 months prior to the Transaction, GEAR had (i) completed a series of on-market sales of Westgold Shares from 25 February 2020 to 23 April 2020, as detailed in its announcement dated 24 April 2020 (such transactions, collectively being the “**First Quarter Transactions**”), and (ii) further, decreased its shareholding in Westgold through the following transactions:

- 3.1.1 on 26 June 2020, GEAR had completed an on-market sale to dispose 4,000,000 Westgold Shares, representing approximately 0.95 per cent. of the total number of Westgold Shares currently outstanding, for an aggregate consideration of A\$8,800,000;
- 3.1.2 on 29 May 2020, GEAR had completed an on-market sale to dispose 72,000 Westgold Shares, representing approximately 0.02 per cent. of the total number of Westgold Shares currently outstanding, for an aggregate consideration of A\$172,900.80;
- 3.1.3 on 26 May 2020, GEAR had completed an on-market sale to dispose 137,209 Westgold Shares, representing approximately 0.03 per cent. of the total number of Westgold Shares currently outstanding, for an aggregate consideration of A\$329,356.48;
- 3.1.4 on 22 May 2020, GEAR had completed an on-market sale to dispose 71,254 Westgold Shares, representing approximately 0.02 per cent. of the total number of Westgold Shares currently outstanding, for an aggregate consideration of A\$171,123.61;
- 3.1.5 on 18 May 2020, GEAR had completed an on-market sale to dispose 253,882 Westgold Shares, representing approximately 0.06 per cent. of the total number of Westgold Shares currently outstanding, for an aggregate consideration of A\$601,624.18;
- 3.1.6 on 15 May 2020, GEAR had completed an on-market sale to dispose 684,146 Westgold Shares, representing approximately 0.16 per cent. of the total number of Westgold Shares currently outstanding, for an aggregate consideration of A\$1,559,510.81;
- 3.1.7 on 14 May 2020, GEAR had completed an on-market sale to dispose 42,425 Westgold Shares, representing approximately 0.01 per cent. of the total number of Westgold Shares currently outstanding, for an aggregate consideration of A\$95,456.25; and
- 3.1.8 on 11 May 2020, GEAR had completed an on-market sale to dispose 48,000 Westgold Shares, representing approximately 0.01 per cent. of the total number of Westgold Shares currently outstanding, for an aggregate consideration of A\$108,288.00,

(the transactions under paragraphs 3.1.1 to 3.1.8, collectively being the “**Previous Transactions**”).

3.2 Use of Proceeds. GEAR intends to use the proceeds received from the Transaction (as well as the Previous Transactions) for future investments as well as for general working capital purposes.

4. DISCLOSEABLE TRANSACTION

4.1 Rule 1006 Relative Figures. As the First Quarter Transactions, the Previous Transactions and the Transaction (collectively, the “**Relevant Transactions**”) all involve disposals of Westgold Shares by GEAR and were completed within the past 12 months prior to the date of the Transaction, the table below sets forth the relative figures for the Transaction when aggregated with:

4.1.1 the First Quarter Transactions and the Previous Transactions (*i.e.*, the Relevant Transactions); and

4.1.2 for comparative purposes, the Previous Transactions only,

computed on the bases set out in Rule 1006 (“**Rule 1006**”) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (the “**Listing Manual**”):

Rule 1006	Bases	Relative Figures (%) for the Relevant Transactions	Relative Figures (%) for the Transaction aggregated with the Previous Transactions only
(a)	Net asset value (“ NAV ”) of the Westgold Shares disposed of, compared with the NAV of the GEAR Group ⁽¹⁾	4.86%	1.54%
(b)	Net profits/(losses) attributable to the Westgold Shares disposed of, compared with the GEAR Group’s net profits ⁽²⁾	2.85%	0.90%
(c)	Aggregate consideration received by GEAR for the Westgold Shares disposed of, ⁽³⁾ compared with GEAR’s market capitalization ⁽⁴⁾	16.36%	5.24%
(d)	Number of equity securities issued by GEAR as consideration for the Westgold Shares disposed of, compared with the number of equity securities previously in issue	Not applicable.	Not applicable.
(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.	Not applicable.

Notes:

- (1) Computed, respectively, based on the NAV as at 31 December 2019 of the Westgold Shares disposed of pursuant to:
- (i) the Relevant Transactions (collectively, the “**Relevant Shares**”) of approximately A\$33.21 million (or approximately US\$23.27 million); or
 - (ii) the Transaction and the Previous Transactions only, of approximately A\$10.54 million (or approximately US\$7.38 million),

in each case, compared with the NAV of the GEAR Group of approximately US\$479.12 million) as at 31 December 2019.

- (2) Computed, respectively, based on the net profits (including discontinued operations that have not been disposed before income tax and non-controlling interests) (which are based on the Westgold FP2019 Results) attributable to:
- (i) the Relevant Shares of approximately A\$2.86 million (or approximately US\$2.00 million); or
 - (ii) the Westgold Shares disposed of pursuant to the Transaction and the Previous Transactions only, of approximately A\$0.91 million (or approximately US\$0.64 million),

in each case, compared with the GEAR Group’s net profits (including discontinued operations that have not been disposed before income tax and non-controlling interests) for its financial year ended 31 December 2019 (“**FY2019**”) of approximately US\$70.32 million (which are based on the latest audited consolidated financial statements of the GEAR Group for the financial year ended 31 December 2019 (the “**GEAR FY2019 Results**”)).

The figures for the Westgold Group are expressed in US\$ based on an exchange rate of A\$1:US\$0.7006 being the A\$:US\$ exchange rate on 31 December 2019 (Source: Reserve Bank of Australia).

- (3) Calculated, respectively, based on the aggregate consideration received by GEAR in respect of (i) the Relevant Transactions of approximately A\$65.00 million (or approximately S\$62.70 million) or (ii) the Transaction and the Previous Transactions only, of approximately A\$20.84 million (or approximately S\$20.10 million), in each case expressed in S\$ based on an exchange rate of A\$1: S\$0.9645, being the A\$:S\$ exchange rate on 2 July 2020 (Source: Reserve Bank of Australia).
- (4) 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 July 2020, being the last market day preceding the date of the Transaction on which GEAR Shares were traded on the SGX-ST, at a VWAP of S\$0.1629 for each GEAR Share (Source: S&P Capital IQ).

4.2 Discloseable Transaction. As the relative figure under Rule 1006(c) exceeds 5% but is not more than 20%, the Transaction (aggregated with the Previous Transactions) constitutes a discloseable transaction for GEAR as defined in Chapter 10 of the Listing Manual.

5. PRO FORMA FINANCIAL EFFECTS OF THE RELEVANT TRANSACTIONS

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

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 completion of the Relevant Transactions.

The pro forma financial effects of the Relevant Transactions set out below have been prepared based on the Westgold FP2019 Results and the GEAR FY2019 Results.

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

	Before completion of the Relevant Transactions	After completion of the Relevant Transactions
NTA (US\$ million)	199.73	198.72
Number of issued GEAR Shares	2,353,100,380	2,353,100,380
NTA per GEAR Share (United States cents)	8.49	8.45

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

	Before completion of the Relevant Transactions	After completion of the Relevant Transactions
Profit after tax and minority interests (US\$ million)	9.95	8.94
Number of issued GEAR Shares	2,353,100,380	2,353,100,380
Earnings per GEAR Share ⁽¹⁾ (United States cents)	0.423	0.380

Note:

- (1) The gain on disposal of the Relevant Shares is approximately A\$9.70 million (calculated based on the average selling price of A\$2.22 per Westgold Share over the initial cost of investment of A\$1.885 per Westgold Share), which will be offset by a foreign exchange loss due to movements in the exchange rate of A\$/US\$ between the date of the initial investment and the date of the disposal, thereby resulting in a net loss of approximately US\$1.01 million.

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

	Before completion of the Relevant Transactions	After completion of the Relevant Transactions
Net Gearing Ratio ⁽¹⁾	0.54	0.51

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).

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

6. RULE 704(18)(B) OF THE LISTING MANUAL

6.1 Pursuant to Rule 704(18)(b) of the Listing Manual, the Board further wishes to announce that the GEAR Group's aggregate cost of investment in quoted securities is:

	Before the Previous Transactions and the Transaction	After the Previous Transactions and the Transaction
The GEAR Group's aggregate cost of investment in quoted securities ⁽¹⁾ (US\$' million)	75.09	61.24
The GEAR Group's aggregate cost of investment in quoted securities, as a percentage of the latest audited consolidated NTA of GEAR as at 31 December 2019 ⁽²⁾	37.60%	30.66% ⁽³⁾
Total market value of the GEAR Group's investment in quoted securities ⁽⁴⁾ (US\$' million)	60.30	45.87
Amount of any provision for diminution in value of investment in quoted securities (US\$' million)	Nil	Nil

Notes:

- (1) Based on the cost of investment as at 31 December 2019.
- (2) The audited consolidated NTA of GEAR as at 31 December 2019 was US\$199.73 million.
- (3) The GEAR Group's aggregate cost of investment in quoted securities has compared to its aggregate cost of investment in quoted securities immediately prior to the Previous Transactions

and the Transaction, fallen by 6.94% of the latest audited consolidated NTA of GEAR as at 31 December 2019, being the difference between the pre-transaction aggregate cost of investment in quoted securities and the post-transaction aggregate cost of investment in quoted securities of 37.60% and 30.66%, respectively.

(4) Based on the market value as at 3 July 2020.

7. FURTHER INFORMATION

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

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

8. 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 Westgold) 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 Westgold) 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
6 July 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.