



 **golden energy and resources**

GEAR 1H2021 Results Briefing

16 AUGUST 2021

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Agenda

1. 1H2021 Summary
2. Performance Highlights
3. Q&A



1H2021 Summary

Record Top and Bottom-line leading to Solid Cash Flows

1
Revenue **↑36%**
Net Profits **↑129%**
driven by higher realisations
and efficient operations



- Revenue grew to US\$806.7m, driven by higher ASP of US\$42.56/t (28% increase yoy)
- Tight control over operations, maintaining low production cost of US\$22.53/t
- Above leading to record EBITDA of US\$189.0m (highest since listing) from US\$84.2m yoy and net profit increasing to US\$80.2m, up 129% yoy
- Resultantly operational cash flows increased to US\$139.2m from US\$40.4m yoy

2
Continuing progress on
diversification strategy



- Final approvals secured for Stanmore's Isaac Downs project; Mining commenced at bulk sample pit in 2Q2021
- A\$265.0m financing secured for ramping up Ravenswood production to over 200Koz; completion expected by 1H2022
- Continuing diversification through acquisition of high quality metallurgical coal assets. Minority stake acquired in Allegiance Coal and 50% in Millennium & Mavis Downs mine through Stanmore

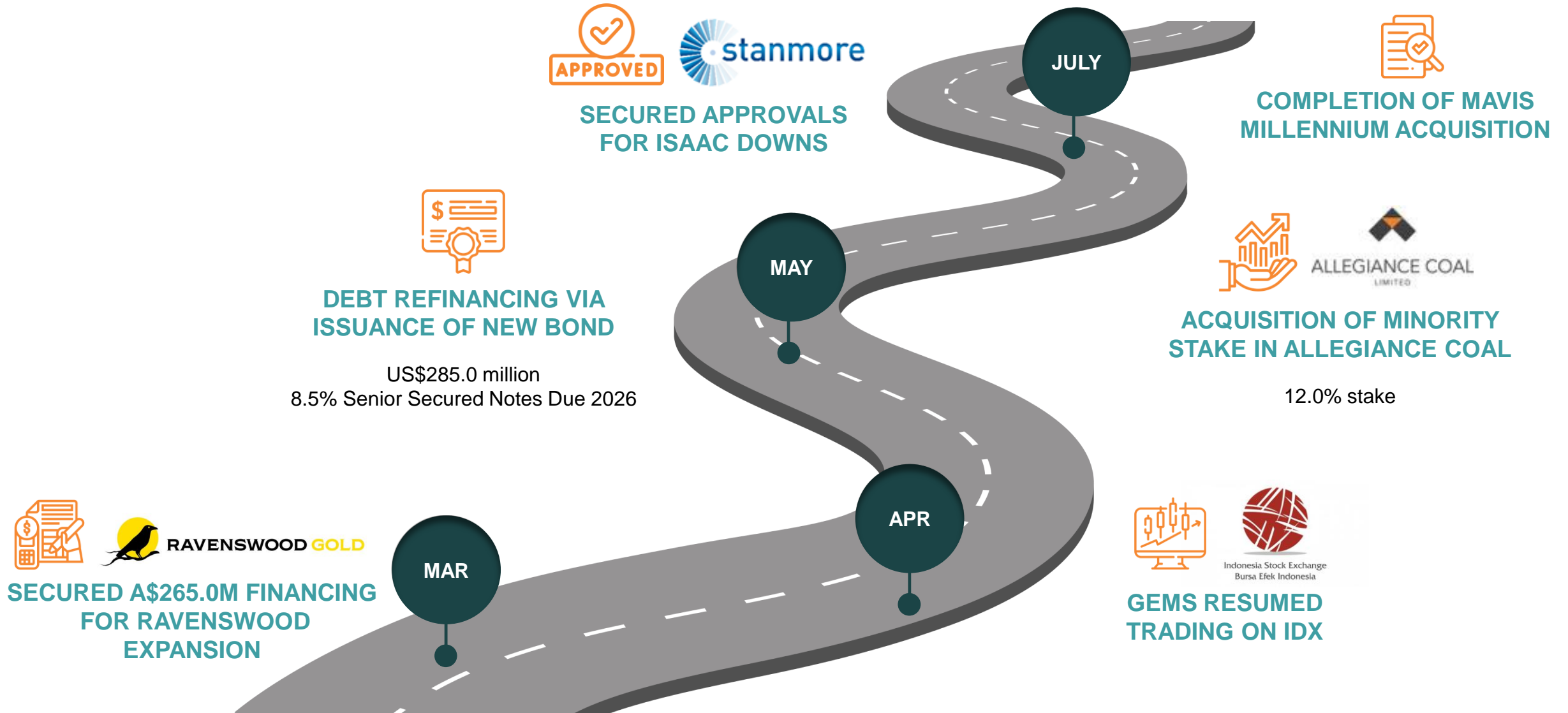
3
Strengthened our Financial
Position



- Extended debt maturity by 5 years via refinancing of existing debt with new bond at a lower coupon of 8.5% p.a. (vs. 9.0% p.a. previously)
- Strong liquidity position of US\$248.3m (US\$262.8m as on 31 December 2020)
- Net Debt stands at US\$160.5m
- Prudent leverage ratio of 1.55x provides financial flexibility

YTD 2021 Key Milestones

Solid operational performance while progressing steadily on diversification





Performance Highlights

Group 1H2021 Performance at a Glance



Operating Statistics

ENERGY COAL PRODUCTION

16.6Mt

Stable production volume

AVERAGE SELLING PRICE

US\$42.56/t

↑ 28% from 1H2020

CASH COST

US\$22.53/t

One of the lowest production cost
among Indonesian peers



Financial Performance

REVENUE

US\$806.7M

Record half-yearly figure
since listing in 2016

EBITDA

US\$189.0M

↑ 125% from 1H2020
Record figure since listing in 2016

CASH FLOW FROM OPERATIONS

US\$139.2M

Compared to US\$40.4m
in 1H2020



Financial Strength

ROBUST BALANCE SHEET

US\$248.3M

In Cash and Cash Equivalents

PRUDENT LEVERAGE RATIO

1.55x

As at 30 June 2021

CREDIT RATINGS

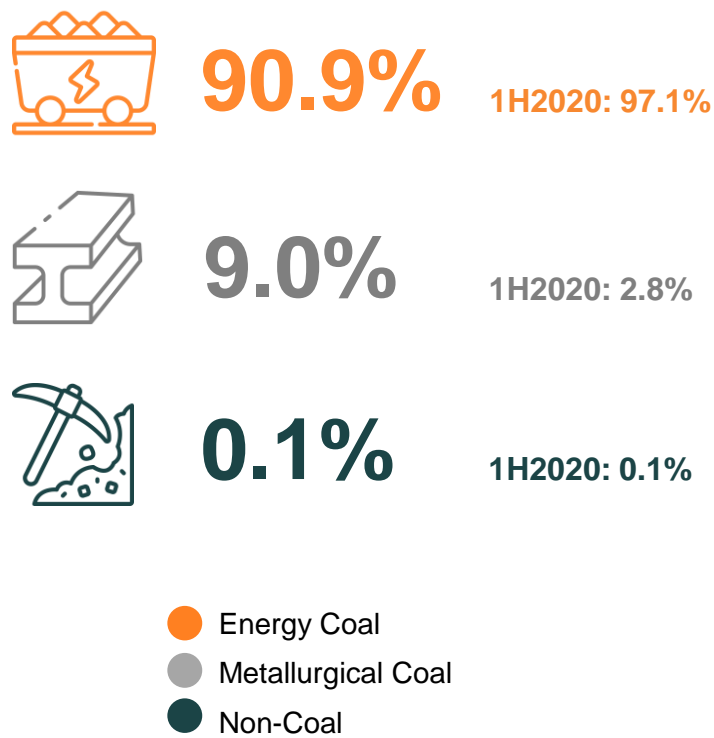
B1 & B+

Affirmed by Moody's and Fitch
Ratings in April 2021

Group Performance Highlights

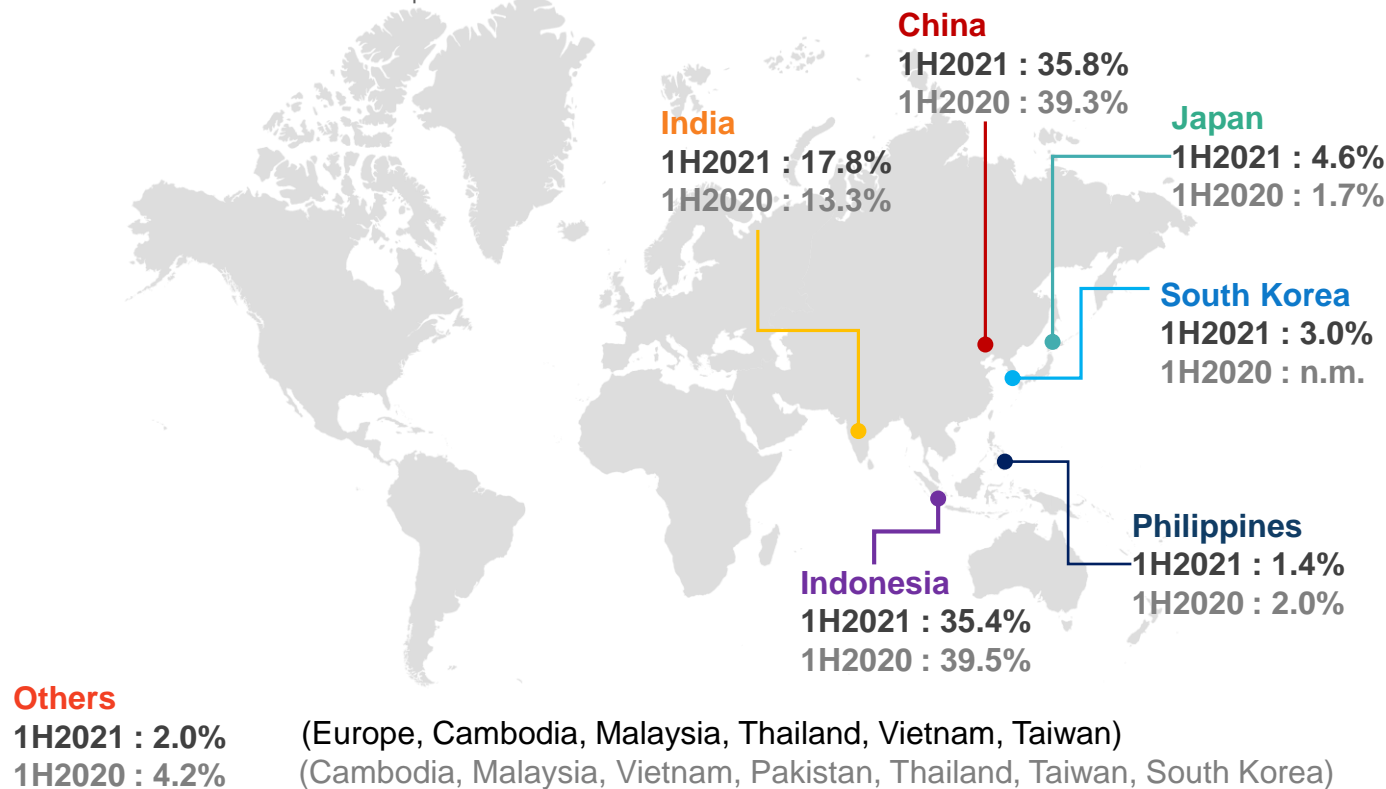
Revenue Breakdown

Revenue breakdown by segment (1H2021)



Revenue breakdown by geography

1H2021 Revenue : US\$806.7m
1H2020 Revenue⁽¹⁾ : US\$592.0m



Group denotes GEAR and its subsidiaries including GEMS and Stanmore.
(1) Includes consolidation of Stanmore results. Stanmore was consolidated in GEAR financials from 18 May 2020

Group Performance Highlights

Strong financial performance underpinned by higher average selling prices



Revenue

Historic high half-yearly revenue of US\$806.7m

driven by higher ASP of energy coal and increased contribution from metallurgical coal segment

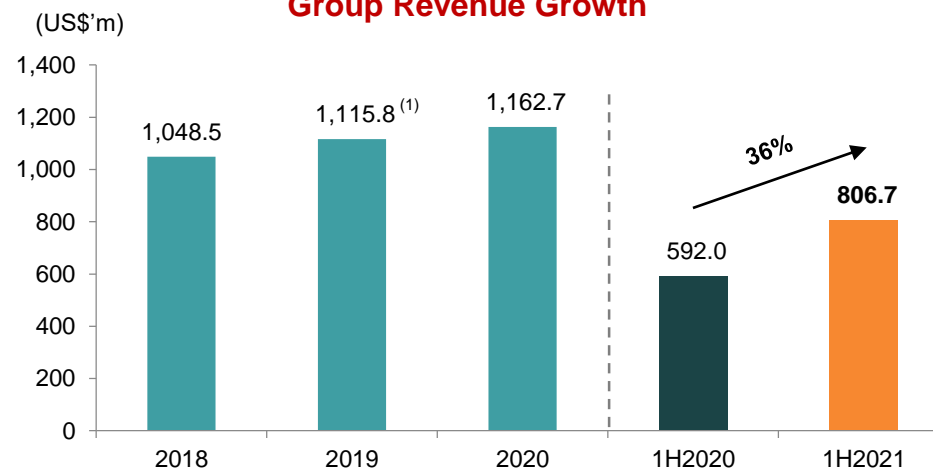


EBITDA

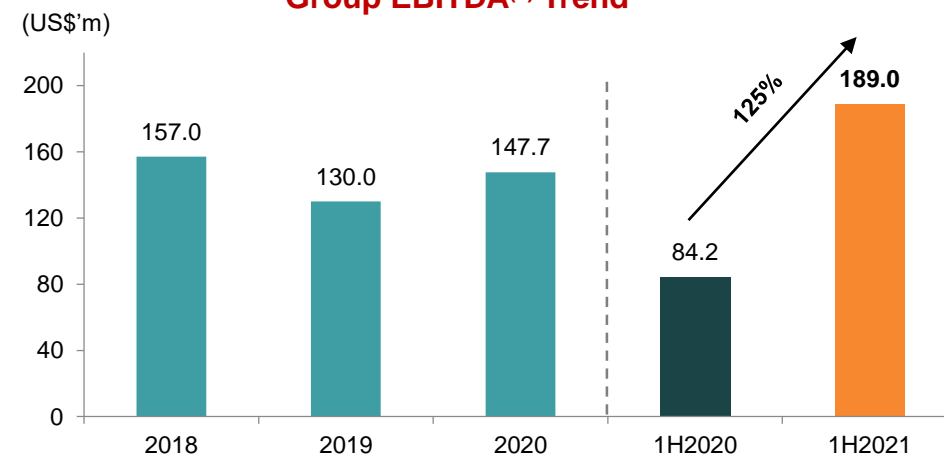
Highest EBITDA of US\$189.0m since listing

Increase mainly attributable to higher margins (23.4% vs. 14.2% yoy) on the back of higher ASP, while keeping production cost low

Group Revenue Growth



Group EBITDA⁽²⁾ Trend



Group denotes GEAR and its subsidiaries including GEMS and Stanmore. Stanmore is consolidated in GEAR financials from 18 May 2020
GEAR financial year ending is 31 December

(1) Previously stated at US\$1,121.2m. US\$1,115.8m due to reclassification of dividend income to other income

(2) EBITDA = Profit for the year + finance costs + income tax expense + depreciation and amortisation + impairment loss

Group Performance Highlights



Cash Flow from Operations

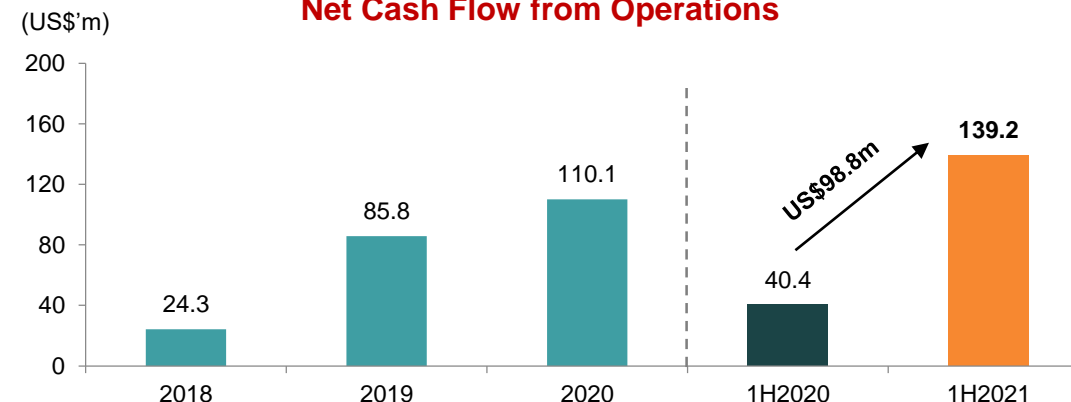
Operational cash flows increased by ~US\$100m yoy
Highest CFO since listing



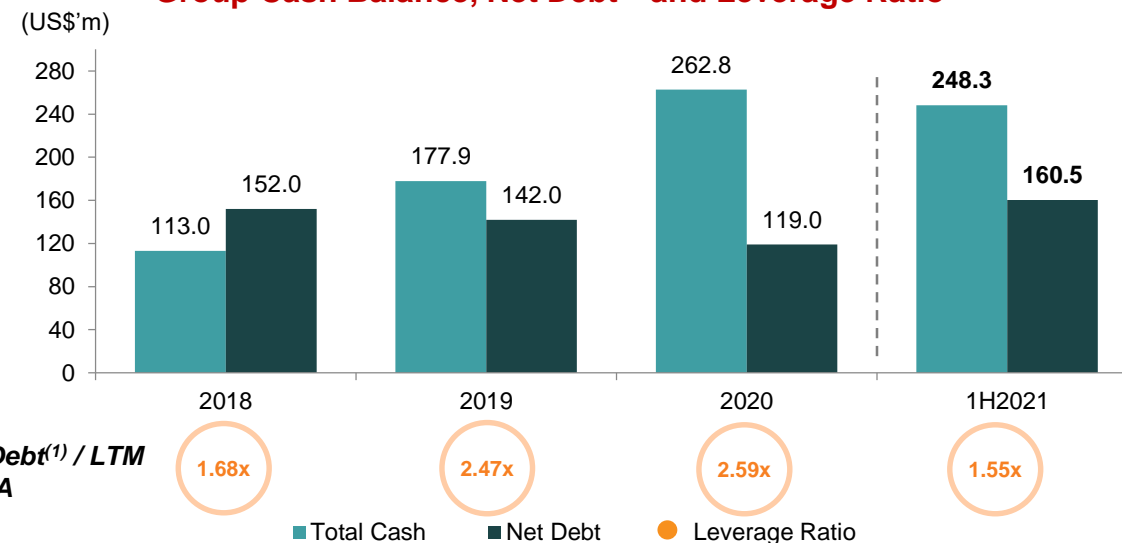
Cash Balance

Strong cash balance of US\$248.3m while maintaining a **prudent leverage of 1.55x** post refinancing

Net Cash Flow from Operations



Group Cash Balance, Net Debt⁽²⁾ and Leverage Ratio⁽³⁾



Group denotes GEAR and its subsidiaries including GEMS and Stanmore. Stanmore is consolidated in GEAR financials from 18 May 2020.

GEAR financial year ending is 31 December

(1) Total Debt = Loans and borrowings

(2) Net Debt = Loans and borrowings – cash and cash equivalents

(3) Leverage ratio = Total debt / LTM EBITDA

GEAR Group Performance Highlights



Production

Production of **0.8Mt** in 1H2021 compared to 1.2Mt in 1H2020



Financials

Average FOB Cost of A\$122.8/t vs. ASP of A\$115.2/t leading to EBITDA loss of A\$14.2m



Operational

Received **environment and mining lease approvals for Isaac Downs Project**, mining commenced at bulk sample pit in 2Q2021

50/50 JV completed acquisition of Millennium and Mavis Downs Mine, a high quality coking coal mine. Mining expected to commence from August 2021



Gold production of **31.3Koz** in 1H2021

AISC of A\$2,541.8/oz and realised gold price of A\$2,346.6/oz
Net loss of US\$6.5m (GEAR 50% share)
Losses were partly attributable to sub-optimal cost structure as the mine undergoes capacity expansion

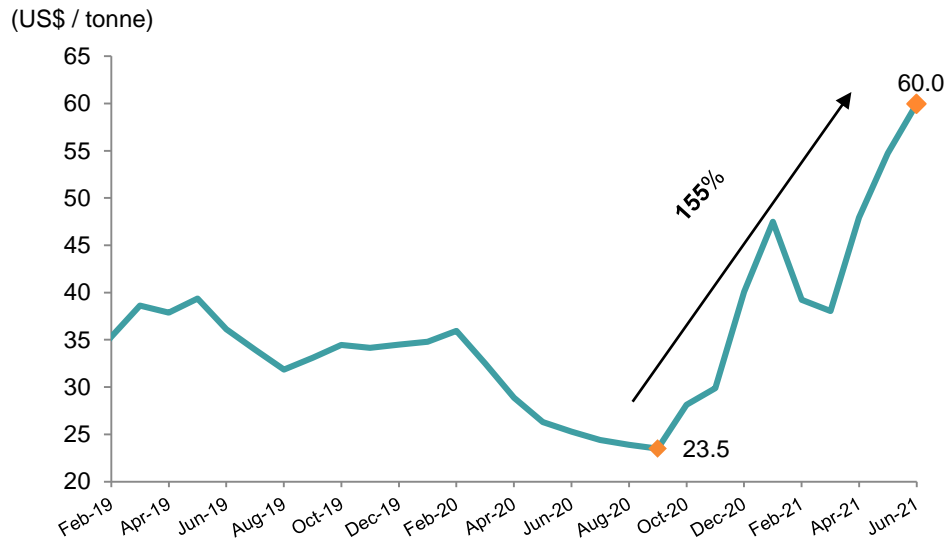
Secured external non-recourse financing aggregating A\$265.0m in 1H2021. GEAR and EMR Capital also invested A\$60.0m each as equity during this period

Ravenswood to **increase production capacity to 7.2Mtpa by 1H2022** and produce **over 200,000 ounces p.a.**, to become the **leading gold producer in Queensland**

Operational Performance

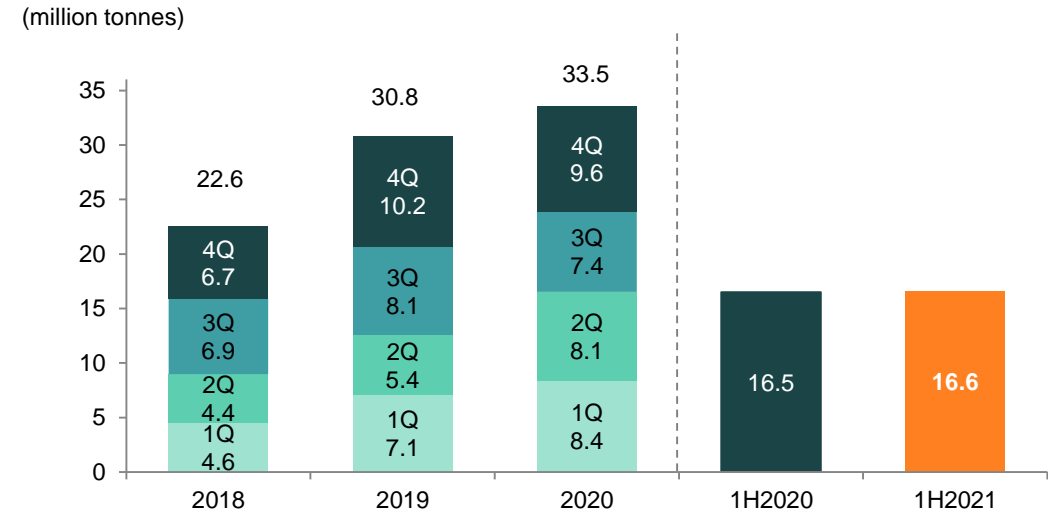
GEMS

ICI 4 Price Trend⁽¹⁾



ICI4 surged 155% from its low of US\$23.5/t in September 2020 to US\$60.0/t in June 2021 amidst **strong China demand** due to Chinese ban on Australian coal

Production Volume Trend



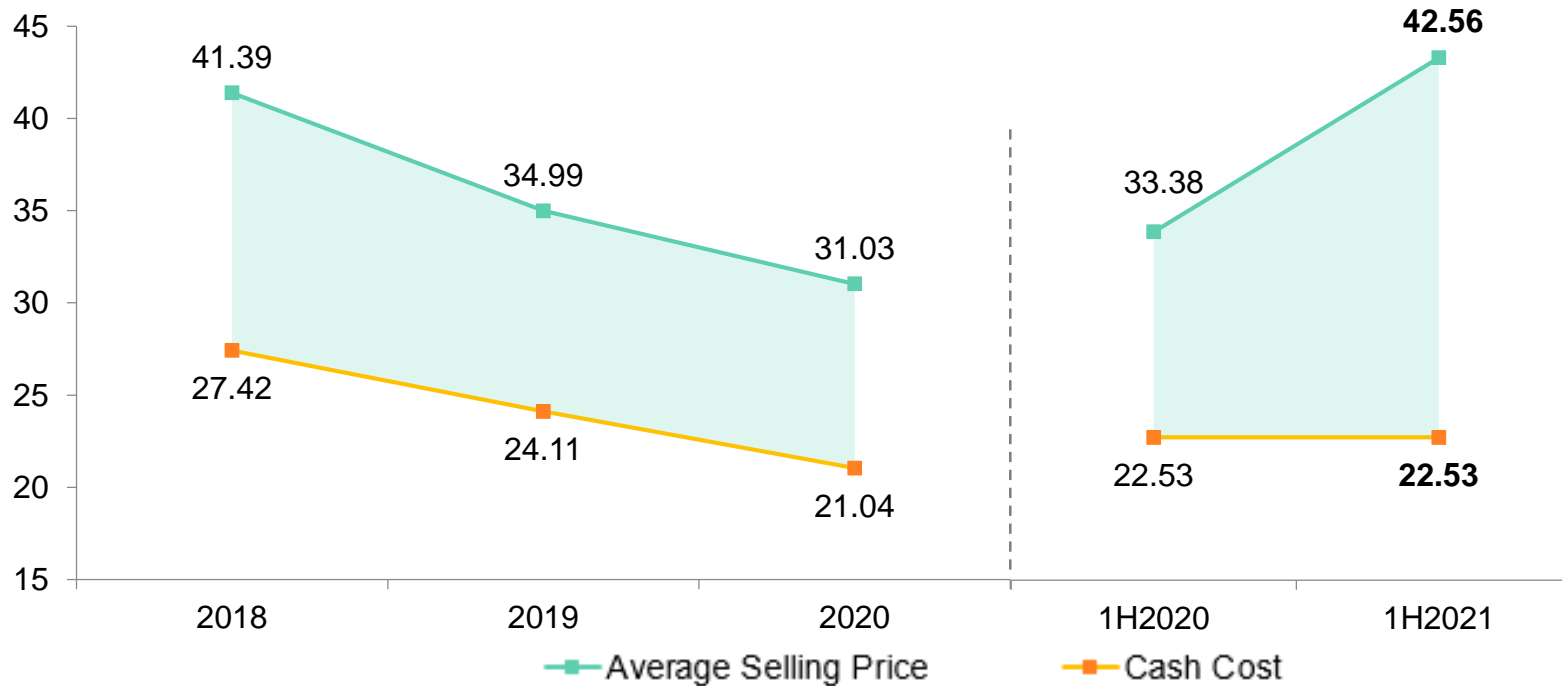
In spite of weather conditions and Covid safety measures, achieved stable production of 16.6Mt

Obtained **government approval** to increase coal production to **39.6Mt for FY2021**, compared to production of 33.5Mt in FY2020 (**↑18% yoy**)

Operational Performance

GEMS

(US\$ / tonne)



Higher realisations on the back of favourable energy coal price environment (▲ **28% yoy**)

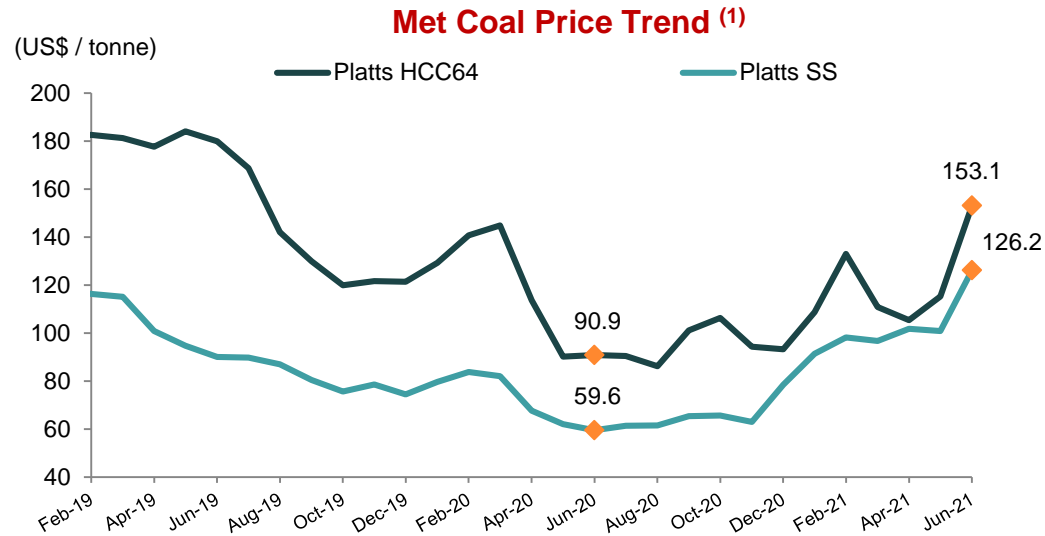
Average cash cost ⁽¹⁾ remained stable at US\$22.53/t due to continuous cost optimisation efforts and stringent control on operations

Reiterates our position as one of the **lowest production cost** among Indonesian peers

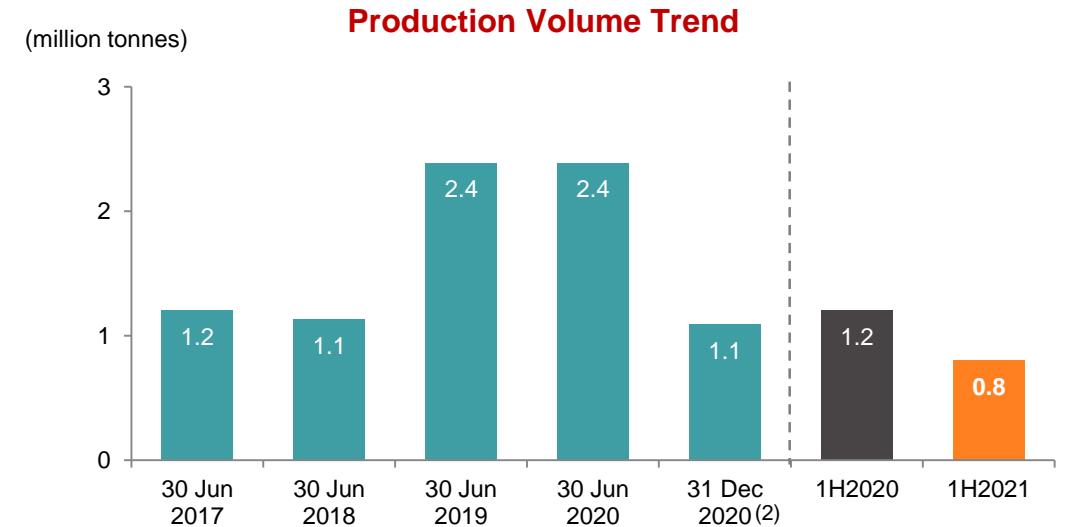
(1) Includes COGS and selling expenses, excludes royalty and non cash items such as depreciation and amortization (D&A)

Operational Performance

Stanmore



Metallurgical coal prices remained largely **subdued in 1H2021** due to continued Chinese trade restrictions on Australian coal. Prices picked up **steadily from mid May 2021 onwards** underpinned by **strong demand from ex-China buyers and tightening supply**



Production in 1H2021 was lower as Stanmore continued to operate with reduced fleet capacity **focusing on higher productivity and lower cost mining equipment** and on minimizing strip ratios and cost

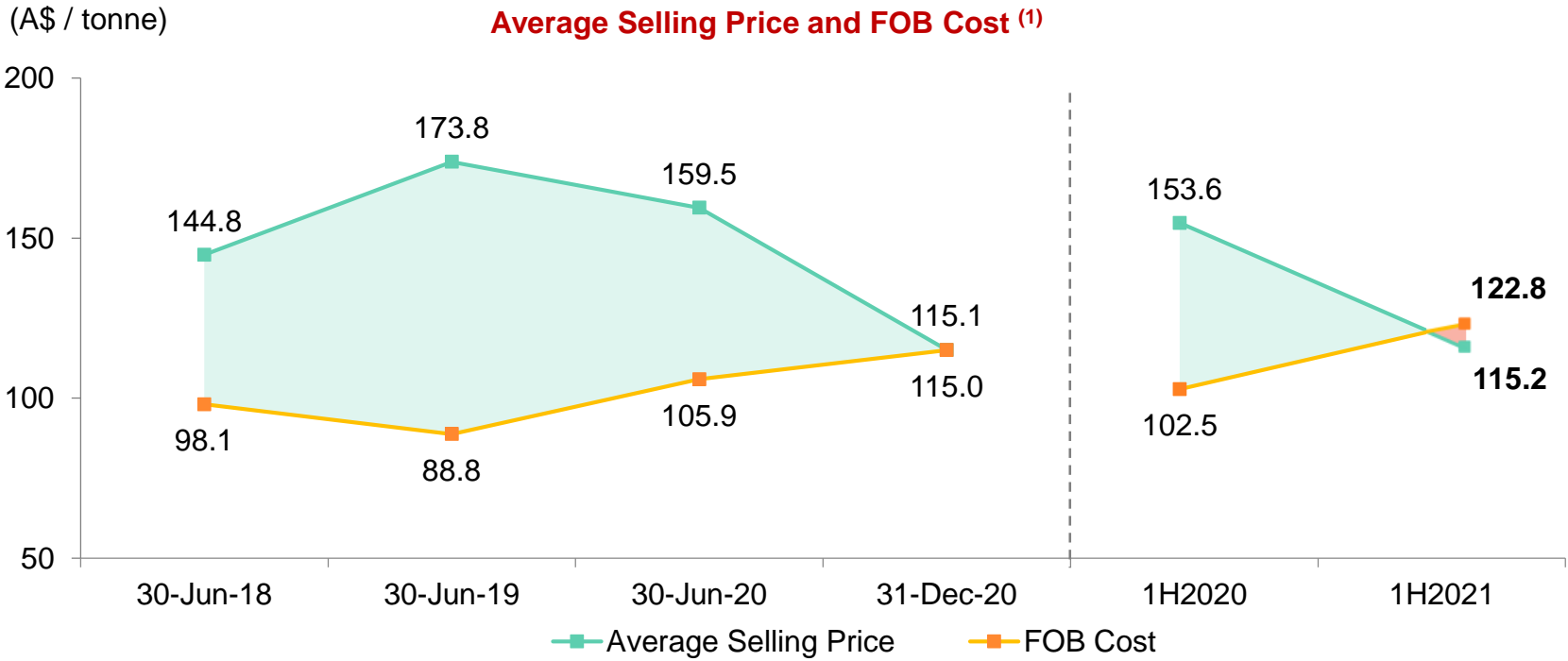
Source: Company, Platts. Stanmore historical financial year end is 30 June

(1) Platts HCC64 and SS prices represent average of the month

(2) 6 months period (1 July to 31 December 2020)

Operational Performance

Stanmore



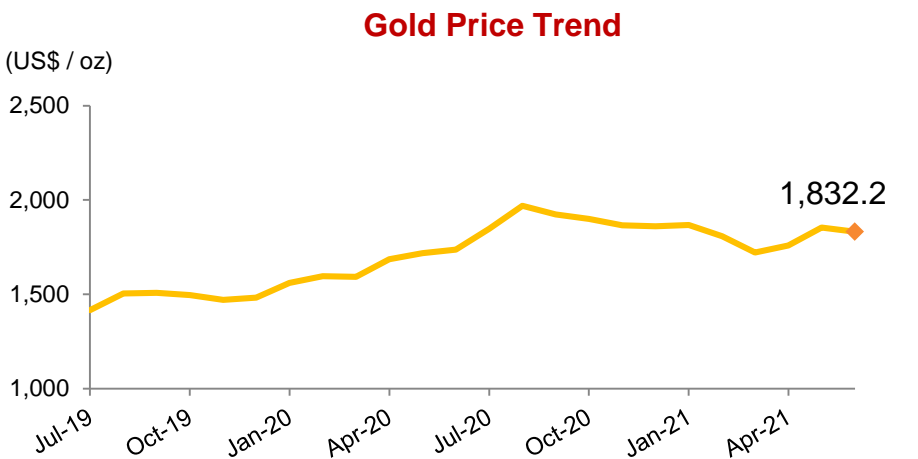
Lower realisations in 1H2021 as prices were negatively impacted by continued **Chinese trade restrictions** on Australian coal

Higher FOB cost due to lower sales volumes

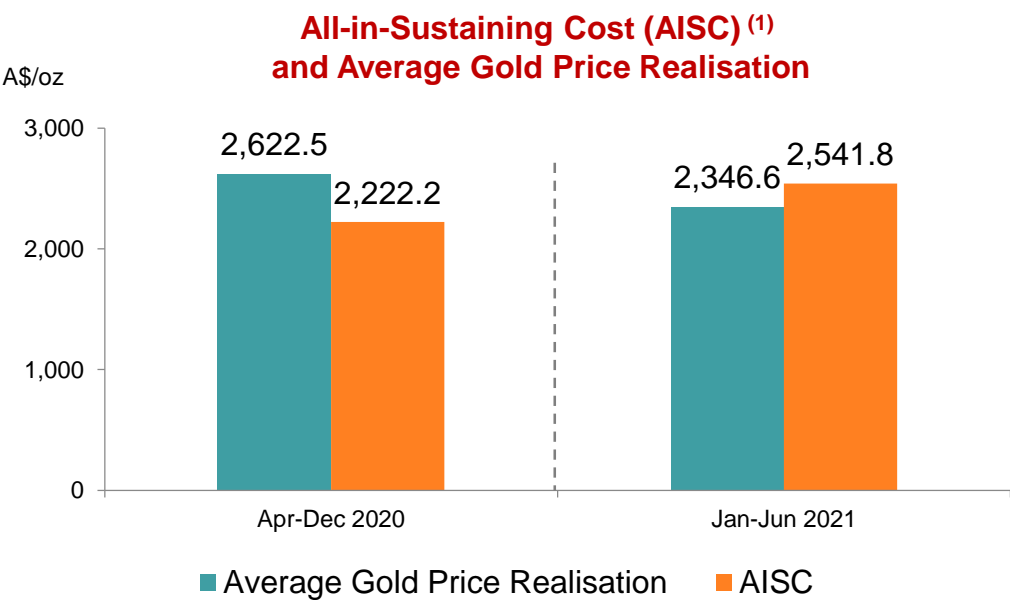
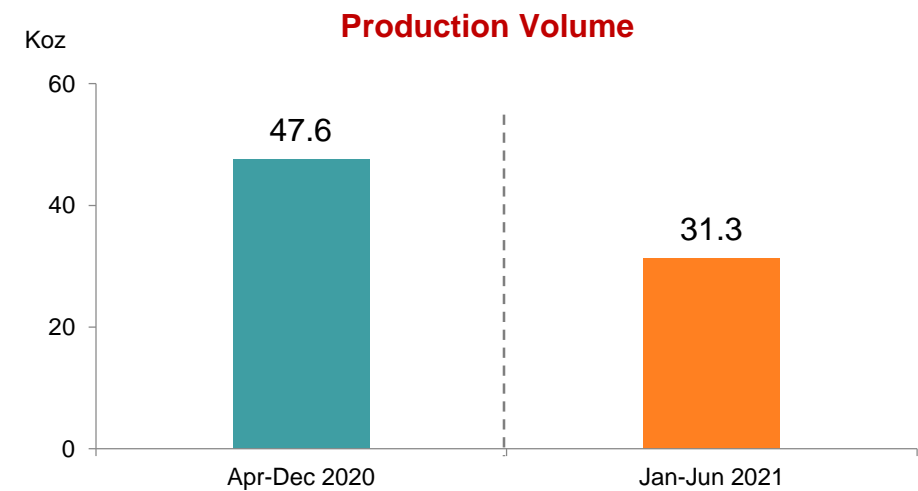
(1) Includes COGS and selling expenses, excludes royalty and non cash items such as depreciation and amortization (D&A)

Operational Performance

Ravenswood



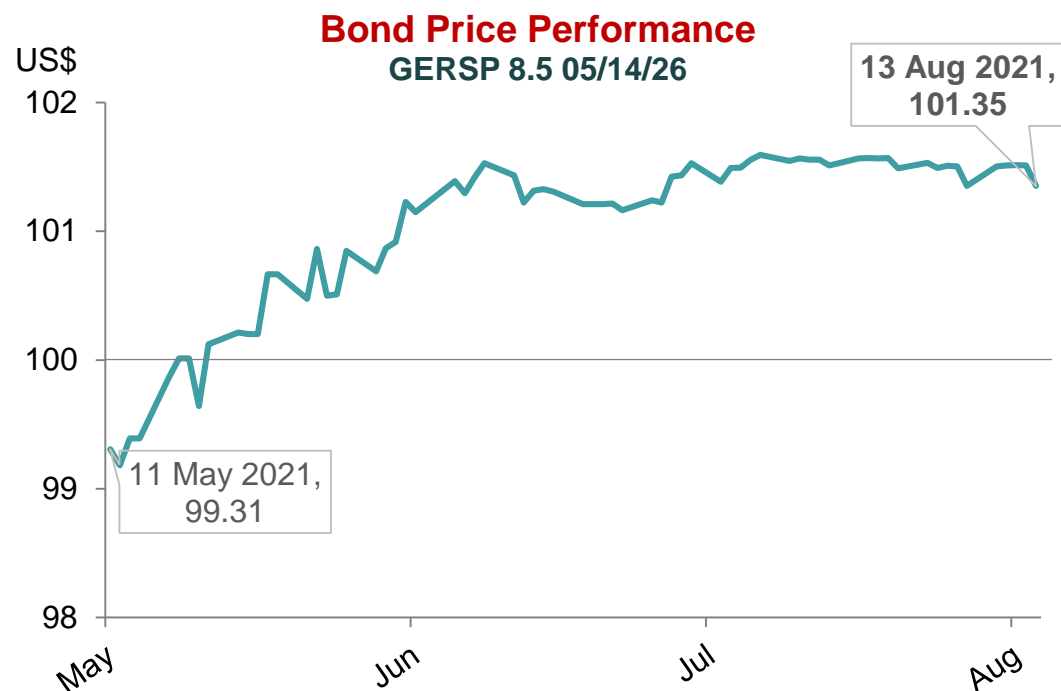
AISC not fully optimized due to ongoing expansion plan for increase in production capacity



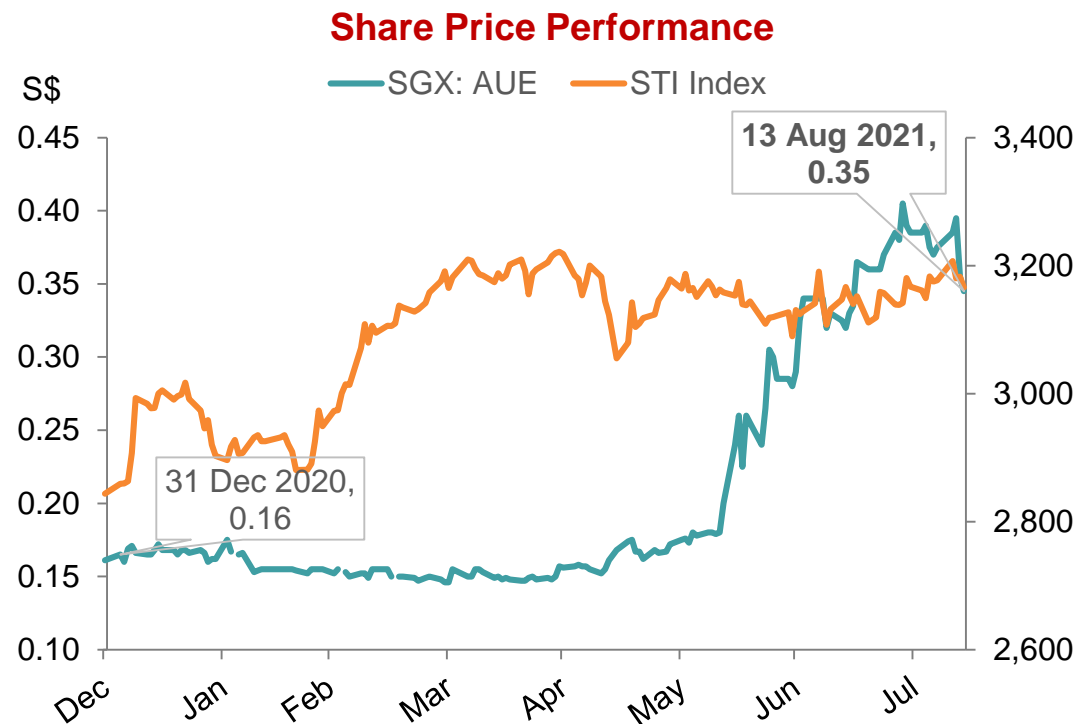
Source: Bloomberg. Ravenswood financial year end is 31 December
(1) AISC includes mining, processing, site admin, royalties and sustaining capital expenditure (excl. infill drilling)

YTD 2021 Bond & Share Price Performance

Significant improvement in market performance



Bond price has increased by **2.1%** since its listing price of US\$99.31 on 11 May 2021 to **US\$101.35** as of announcement date.



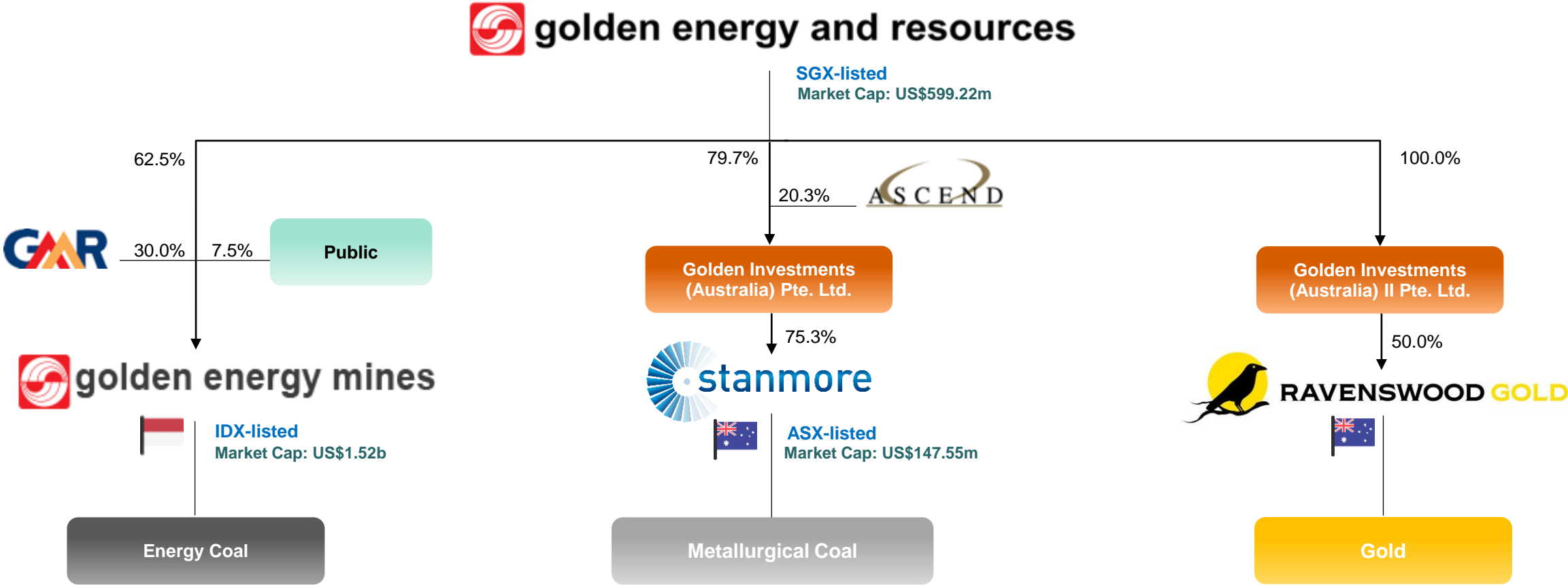
As of announcement date, GEAR's share price has returned **114.3%*** YTD, outperforming the broader market. YTD, the STI index returned **11.3%**.

Source: Bloomberg. Price data as at 13 August 2021

* Calculated using actual share price at 3 decimal places

GEAR Group Simplified Corporate Structure

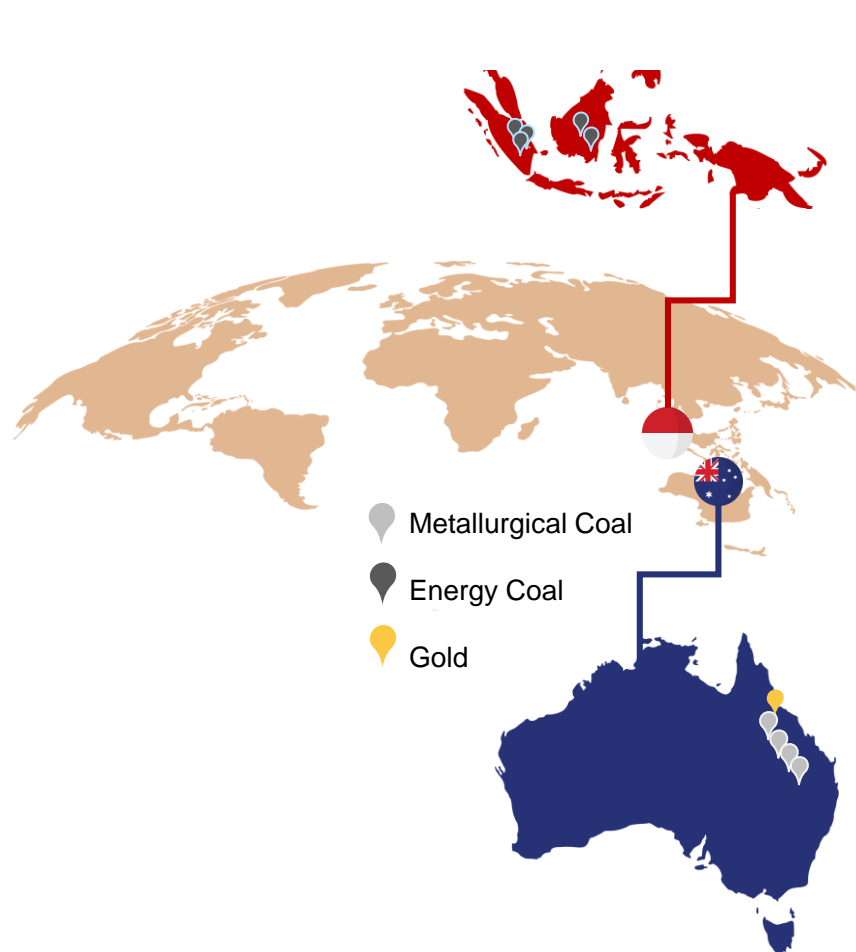
as on June 2021



Source: Bloomberg. Market cap data as at 13 August 2021
Note: For illustration purposes only and not exhaustive. Only key subsidiaries shown.

GEAR Geographical Presence

Product suite includes Metallurgical Coal and Gold in Australia



GEMS



Ownership
62.5%



5 Mining concessions
Covering an aggregate area of approximately

66,204
hectares



Owens the right to mine more than
2.9
b tonnes



Coal Reserved over
1.0
b tonnes



Average Calorific Value
2,835-6,528
Kcal/kg (arb)

STANMORE



Ownership
75.3%*



6 development mines
1 Operating project



Coal Resource
1,716
m tonnes



Coal Reserves (Marketable)
130
m tonnes



Coal Processing Facilities up to
3.5
mtpa

RAVENSWOOD



Ownership
50.0%



Gold Resources
3.9
m ounces



Gold Reserves
2.6
m ounces



Gold Processing Facilities up to
5.0
mtpa

* GEAR's effective interest in Stanmore Resources is 60% through its approximately 80% shareholding in its subsidiary Golden Investments which holds 75.3% in Stanmore Resources.



Q & A



Thank You

“Never let a good crisis go to waste.”

– Winston Churchill

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