

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached preliminary supplemental offering memorandum (the “Supplemental Offering Memorandum”) and accompanying offering memorandum dated May 6, 2021 (the “Original Offering Memorandum” and together with the Supplemental Offering Memorandum, the “Offering Memorandum”). The Supplemental Offering Memorandum should only be read together with the Original Offering Memorandum. The information in the Supplemental Offering Memorandum supplements the Original Offering Memorandum and supersedes the information in the Original Offering Memorandum to the extent inconsistent with the information in the Original Offering Memorandum. You are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the Supplemental Offering Memorandum. In accessing the Offering Memorandum, you agree to be bound by the following terms and conditions including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: You have accessed the attached document on the basis that you have confirmed your representation to Mandiri Securities Pte. Ltd. (the “Initial Purchaser”) that (1) you are a person outside the United States (as defined under Regulation S under the U.S. Securities Act of 1933, as amended (the “Securities Act”)) and that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States, (2) if you are an investor in the Republic of Singapore (“Singapore”), you are either an institutional investor as defined under Section 4A(1) of the Securities and Futures Act 2001 of Singapore (the “SFA”), a relevant person as defined under Section 275(2) of the SFA or a person to whom an offer may be made pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, and agree to be bound by the limitations and restrictions described herein, (3) that you consent to delivery of the Offering Memorandum by electronic transmission and (4) that you agree to the foregoing terms and conditions.

The Offering Memorandum has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the issuer of the securities, the Initial Purchaser, The Bank of New York Mellon as trustee, The Bank of New York Mellon, London Branch as paying agent under the indenture governing the notes, The Bank of New York Mellon SA/NV Dublin Branch as registrar and transfer agent with regard to the Notes or The Bank of New York Mellon, Singapore Branch as notes collateral agent or The Bank of New York Mellon, Singapore Branch as the non-Indonesian common collateral agent and PT Bank CIMB Niaga Tbk as the Indonesia common collateral agent as common collateral agents or any person who controls any of them or any of their respective directors, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. The Initial Purchaser will provide a hard copy version to you upon request.

Restrictions: The Offering Memorandum is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described in the Offering Memorandum. The materials relating to this offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. You are reminded that the information in the Offering Memorandum is not complete and may be changed. If you have gained access to this transmission contrary to any of the restrictions herein, you are not authorized and will not be able to purchase any of the securities described in the Offering Memorandum.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE OR LOCAL SECURITIES LAWS.

YOU ARE NOT AUTHORIZED TO AND YOU MAY NOT FORWARD OR DELIVER THE OFFERING MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH OFFERING MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE OFFERING MEMORANDUM, IN WHOLE OR IN PART, IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of either the issuer of the securities or the Initial Purchaser to subscribe for or purchase any of the securities described therein and access has been limited so that it shall not constitute a “general advertisement” or “solicitation” (as those terms are used in Regulation D under the Securities Act) or “directed selling efforts” (within the meaning of Regulation S under the Securities Act) in the United States or elsewhere. If a jurisdiction requires that this offering be made by a licensed broker or dealer and the Initial Purchaser or any affiliate of the Initial Purchaser is a licensed broker or dealer in that jurisdiction, this offering shall be deemed to be made by the Initial Purchaser or affiliate on behalf of the issuer in such jurisdiction.

You are reminded that you have accessed the Offering Memorandum on the basis that you are a person into whose possession it may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorized to deliver or forward this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

Actions That You May Not Take: If you receive this document by e-mail, you should not reply by e-mail to this announcement, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.

You are responsible for protecting against viruses and other items of a destructive nature. If you receive this document by e-mail, your use of this e-mail is at your own risk, and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Supplemental Offering Memorandum to the Offering Memorandum dated May 6, 2021



(incorporated in the Republic of Singapore)

(Company Registration No: 199508589E)

US\$90,000,000

8.5% SENIOR SECURED NOTES DUE 2026

(to be consolidated and form a single series with the existing US\$285,000,000 8.5% senior secured notes due 2026 issued on May 14, 2021)

This document (the “Supplemental Offering Memorandum”) is a supplement to the offering memorandum dated May 6, 2021 (the “Original Offering Memorandum”) and together with this Supplemental Offering Memorandum, the “Offering Memorandum”) for the US\$90,000,000 aggregate principal amount of 8.5% senior secured notes due 2026 (the “New Notes”) to be issued by Golden Energy and Resources Limited (the “Issuer”), a company incorporated under the laws of Singapore with limited liability. This Supplemental Offering Memorandum should only be read together with the Original Offering Memorandum. The information in this Supplemental Offering Memorandum supplements the Original Offering Memorandum and supersedes the information in the Original Offering Memorandum to the extent inconsistent with the information in the Original Offering Memorandum. Terms defined in the Original Offering Memorandum shall have the same meaning when used in this Supplemental Offering Memorandum unless the context requires otherwise.

The New Notes to be issued by the Issuer will be issued under the indenture dated as of May 14, 2021, as amended and supplemented by a first supplemental indenture dated as of May 21, 2021 and a second supplemental indenture dated as of December 23, 2021 (the “Indenture”), pursuant to which the Issuer issued the US\$285,000,000 aggregate principal amount of 8.5% senior secured notes due 2026 (the “Original Notes”). The New Notes will be consolidated and form a single series with the Original Notes. The New Notes will be issued on the same terms and conditions (other than the issue date, issue price and first interest payment date) as the Original Notes and will vote on any matter submitted to noteholders with holders of the Original Notes. The New Notes will share ISIN numbers and Common Codes and be fungible with the Original Notes. The Original Notes and the New Notes are referred to collectively as the “Notes.” Upon issuance of the New Notes, the aggregate principal amount of the outstanding Notes will be US\$375,000,000.

The New Notes will bear interest at the rate of 8.5% per annum payable semi-annually in arrears on May 14 and November 14 of each year commencing on May 14, 2022. The due and punctual payment of all amounts at any time becoming due and payable in respect of the Notes will be unconditionally and irrevocably guaranteed as set forth in “Description of the Notes — Subsidiary Guarantees” in the Original Offering Memorandum. The obligations of the Issuer and the Subsidiary Guarantors under the Notes and the Subsidiary Guarantees will be secured by (i) a first priority lien over the Interest Reserve Account and all rights, title and interest in and to all amounts on deposit in the Interest Reserve Account at any time and (ii) a pledge of all of the Pledged GEMS Shares, a pledge of all of the Pledged GIAPL Shares, an assignment of the Intercompany Advances, and a pledge of all of the Stanmore Shares, as described in “Description of the Notes — Security” in the Original Offering Memorandum. The Notes will be general obligations of the Issuer and will otherwise rank at least *pari passu* in right of payment with all other unsecured, unsubordinated indebtedness of the Issuer. The Subsidiary Guarantees are general obligations of the Subsidiary Guarantors and will otherwise rank *pari passu* in right of payment with all other unsecured, unsubordinated indebtedness of such Subsidiary Guarantors, but will effectively rank junior to liabilities of the Issuer’s subsidiaries that will not guarantee the Notes. For a more detailed description of the Notes, see “Description of the Notes” in the Original Offering Memorandum.

Unless previously redeemed or purchased and cancelled, the Notes will mature on May 14, 2026. Not later than 30 days following a Change of Control, the Issuer must offer to purchase the Notes at a price equal to 101% of their principal amount plus unpaid and accrued interest, if any, to (but not including) the offer to purchase payment date. The Issuer may redeem all but not less than all of the Notes at the principal amount plus accrued interest upon certain changes in tax law. At any time on or after May 14, 2024, the Issuer may redeem the Notes, in whole or in part, at the redemption prices specified under “Description of the Notes — Optional Redemption” in the Original Offering Memorandum plus accrued and unpaid interest, if any, to (but not including) the redemption date. At any time prior to May 14, 2024, the Issuer may at its option redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium and accrued and unpaid interest, if any, to (but not including) the redemption date. At any time prior to May 14, 2024, the Issuer may redeem up to 35% of the aggregate principal amount of the Notes with proceeds from certain equity offerings at a redemption price of 108.5% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date. In addition, if (a) the Issuer ceases to own a majority of the capital stock of PT Golden Energy Mines Tbk (“GEMS”) or Stanmore Resources Limited (“Stanmore”) or (b) GEMS or Stanmore otherwise ceases to be a Restricted Subsidiary, the Issuer shall redeem all outstanding Notes on a date that is no later than 30 days after the date of such occurrence (the “Mandatory Redemption Date”) at (i) if the Mandatory Redemption Date occurs before May 14, 2024, a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) such Mandatory Redemption Date; or (ii) if the Mandatory Redemption Date occurs on or after May 14, 2024, at a redemption price equal to the applicable redemption price on such Mandatory Redemption Date specified under “Description of the Notes — Optional Redemption” in the Original Offering Memorandum plus accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) such Mandatory Redemption Date.

Each of the Issuer and the Subsidiary Guarantor accepts responsibility for the information contained in this Supplemental Offering Memorandum. To the best of the knowledge of the Issuer and the Subsidiary Guarantor (each of whom have taken all reasonable care to ensure that such is the case), the information contained in this Supplemental Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. Prospective investors should have regard to the risk factors described under the sections headed “Risk Factors” beginning on page 30 of the Original Offering Memorandum and “Additional Risk Factors” on page S-14 of this Supplemental Offering Memorandum.

None of Mandiri Securities Pte. Ltd. (the “Initial Purchaser”), the Trustee or any of the Agents have independently verified the information in this Supplemental Offering Memorandum. To the fullest extent permitted by law, none of the Initial Purchaser, the Trustee or any of the Agents accepts any responsibility or liability for the contents of this Supplemental Offering Memorandum, for the information incorporated by reference into this Supplemental Offering Memorandum, or for any other statement, made or purported to be made by the Initial Purchaser, the Trustee or any of the Agents or on their behalf in connection with the Issuer, the Subsidiary Guarantor or the issue and offering of any New Notes. Each of the Initial Purchaser, the Trustee and the Agents accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Supplemental Offering Memorandum or any such statement. None of the Initial Purchaser, the Trustee or any of the Agents undertakes to review the Issuer’s or the Subsidiary Guarantor’s financial condition or affairs during the life of the arrangements contemplated by this Supplemental Offering Memorandum nor to advise any investor of any information coming to the attention of any of them.

The Notes are expected to be rated “B1” by Moody’s Investors Services, Inc. (“Moody’s”) and “B+” by Fitch Ratings Ltd. (“Fitch”). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, or withdrawal at any time by the assigning rating agency.

Issue Price 100%

plus accrued interest from, and including, November 14, 2021 to, but not including, the issue date of the New Notes

Approval in-principle has been obtained from the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for the listing of and quotation of the New Notes on the Official List of the SGX-ST. The SGX-ST takes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Supplemental Offering Memorandum. Approval in-principle for the listing and quotation on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Subsidiary Guarantors, their respective subsidiaries, this offering or the New Notes. The New Notes will be traded on the SGX-ST in a minimum board lot size of US\$200,000 as long as any of the Notes are listed on the SGX-ST.

It is expected that delivery of the New Notes will be made on or about March 9, 2022. The New Notes will be evidenced by a global note (the “Global Note”) in registered form, which will be registered in the name of a nominee of, and deposited with a common depositary for, Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream”). Beneficial interests in the Global Note will be shown on, and transfers thereof will be effected only through, the records maintained by Euroclear and Clearstream and their respective accountholders.

The New Notes and the Subsidiary Guarantees have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the New Notes and the Subsidiary Guarantees are being offered and sold in offshore transactions in reliance on Regulation S under the Securities Act. For a description of certain restrictions on resale or transfer, see “Transfer Restrictions” in this Supplemental Offering Memorandum. This offering does not constitute a public offering or private placement in Indonesia under Law No. 8 of 1995 on Capital Market and its implementing regulation (the “Indonesian Capital Market Law”), and Financial Services Authority (*Otoritas Jasa Keuangan* or “OJK”) Regulation No. 30 of 2019 on the Issuance of Debt-Linked Securities and/or Sukuk by way of Private Placement (“OJK Regulation No. 30”). The New Notes may not be offered or sold: (i) in Indonesia, to Indonesian residents and institutions or foreign citizens and institutions or other form of legal entity domiciled or currently in Indonesia; and (ii) outside Indonesia, to Indonesian citizens and institutions or other form of Indonesian legal entity; in a manner which constitutes a public offering or private placement under the Indonesian Capital Market Law, including OJK Regulation No. 30..

This Supplemental Offering Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore (“MAS”). Accordingly, this Supplemental Offering Memorandum and any other document or material in connection with this offer or sale, or invitation for subscription or purchase, of the New Notes may not be circulated or distributed, nor may the New Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act 2001 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Sole Bookrunner and Lead Manager

Mandiri Securities

The date of this Supplemental Offering Memorandum is March 3, 2022

NOTICE TO INVESTORS

THIS SUPPLEMENTAL OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY NOTE OFFERED HEREBY BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH AN OFFER, SOLICITATION OR SALE. NEITHER THE DELIVERY OF THIS SUPPLEMENTAL OFFERING MEMORANDUM NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THERE HAS BEEN NO CHANGE IN OUR AFFAIRS OR THAT THE INFORMATION SET FORTH IN THIS SUPPLEMENTAL OFFERING MEMORANDUM IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE HEREOF.

This Supplemental Offering Memorandum has been prepared by us on a confidential basis solely for use in connection with this proposed offering of the Securities (as defined below). This Supplemental Offering Memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire securities. You are authorized to use this Supplemental Offering Memorandum solely for the purpose of considering the purchase of the Securities. Distribution of this Supplemental Offering Memorandum to any other person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorized, and any disclosure of any of its contents, without our prior written consent, is prohibited. Each prospective investor, by accepting delivery of this Supplemental Offering Memorandum, agrees to the foregoing and to make no photocopies of this Supplemental Offering Memorandum or any documents referred to in this Supplemental Offering Memorandum.

In making an investment decision, prospective investors must rely on their own examination of us, and the terms of this offering and the New Notes and Subsidiary Guarantees (the “Securities”), including the merits and risks involved. Prospective investors should not construe anything in this Supplemental Offering Memorandum as legal, business or tax advice. Each prospective investor should consult its own advisers as needed to make its investment decision and to determine whether it is legally permitted to purchase the Securities under applicable legal investment or similar laws or regulations.

We have furnished the information in this Supplemental Offering Memorandum. You acknowledge and agree that none of Mandiri Securities Pte. Ltd. (the “Initial Purchaser”), The Bank of New York Mellon as trustee (the “Trustee”), The Bank of New York Mellon, London Branch as paying agent (the “Paying Agent”) under the indenture governing the Notes (the “Indenture”), The Bank of New York Mellon SA/NV Dublin Branch as registrar and transfer agent (the “Registrar and Transfer Agent” and together with the Paying Agent, the “Agents”) with regard to the Securities or The Bank of New York Mellon, Singapore Branch as notes collateral agent (the “Notes Collateral Agent”) or The Bank of New York Mellon, Singapore Branch as the non-Indonesian common collateral agent (the “Non-Indonesian Common Collateral Agent”) make any representation or warranty, express or implied, as to the accuracy or completeness of such information, and nothing contained in this Supplemental Offering Memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchaser, the Trustee, the Agents, the Notes Collateral Agent or the Non-Indonesian Common Collateral Agent. By accepting delivery of this Supplemental Offering Memorandum, you acknowledge that you have not relied on the Initial Purchaser, the Trustee, the Agents, the Notes Collateral Agent, the Non-Indonesian Common Collateral Agent and PT Bank CIMB Niaga Tbk as the Indonesia common collateral agent as common collateral agents (the “Indonesian Common Collateral Agent” and together with the Non-Indonesian Common Collateral Agent, the “Common Collateral Agents”) or any of their respective affiliates in connection with your investigation of the information in this Supplemental Offering Memorandum or your investment decision. Each person contemplating making an investment in the Securities must make its own investigation and analysis of our creditworthiness and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience and any other factors which may be relevant to it in connection with such investment. No person should construe the contents of this Supplemental Offering Memorandum as legal, business or tax advice. Each person should consult its own counsel, accountant and other advisers as to legal, tax, business, financial and related aspects of an investment in the Securities. The Initial Purchaser, the Trustee, the Agents, the Notes Collateral Agent and the Common Collateral Agents have not independently verified any of the information contained herein (financial, legal or otherwise) and, to the fullest extent permitted by law, assume no responsibility for the accuracy or completeness of any such information, or any information referred to or incorporated by reference in this Supplemental Offering Memorandum or for any other statement made or purported to be made by any Initial Purchaser or on its behalf in connection with the Issuer, the Subsidiary Guarantor, or the issue and offering of the Securities. In connection with the offering, the Agents are not acting for anyone other than the Issuer and will not be responsible to anyone other than the Issuer for providing the protections afforded to their clients nor for providing advice in relation to this offering of the Securities. The Initial Purchaser, the Trustee, the Agents, the Notes Collateral Agent and the Common Collateral Agents accordingly disclaim all and any liability

whether arising in tort or contract or otherwise which they might otherwise have in respect of this Supplemental Offering Memorandum or any such statement.

The distribution of this Supplemental Offering Memorandum and this offering and sale of the Securities in certain jurisdictions may be restricted by law. No representation is made by us or the Initial Purchaser that this Supplemental Offering Memorandum may be lawfully distributed or that the Securities may be lawfully offered in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, and neither we nor the Initial Purchaser assume responsibility for facilitating any such distribution or offering or for a purchaser's failure to comply with applicable laws and regulations. We and the Initial Purchaser require persons into whose possession this Supplemental Offering Memorandum comes to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers and sales of the Securities, and distribution of this Supplemental Offering Memorandum, see "Transfer Restrictions" and "Plan of Distribution."

We and the Initial Purchaser reserve the right to reject any offer to purchase any Securities, in whole or in part, for any reason, or to sell less than the aggregate principal amount of Securities offered by this Supplemental Offering Memorandum.

The Securities have not been and will not be registered under the Securities Act or any state securities laws in the United States. Any purported sale or transfer of a Security (or beneficial interest therein) which is not made in compliance with the restrictions set forth herein shall be void and will not be honored by the Issuer. See "Transfer Restrictions."

Neither the U.S. Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of the Securities or determined if this Supplemental Offering Memorandum is truthful or complete. Any representation to the contrary is a criminal offense in the United States.

The Securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and the applicable state securities laws pursuant to registration or exemption therefrom. As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment until the maturity of the Securities.

By purchasing the Securities, you will be deemed to have made the acknowledgments, representations, warranties and agreements described in the section entitled "Transfer Restrictions" in this Supplemental Offering Memorandum.

Each investor, by accepting delivery of this Supplemental Offering Memorandum, will be deemed to have represented, agreed and acknowledged that neither the Initial Purchaser nor any of its affiliates (i) has provided any information with respect to the Issuer, the Guarantor, the Securities or this offering other than the information contained in this Supplemental Offering Memorandum, which was prepared by the Issuer, (ii) makes any representation or warranty, express or implied, as to, or assume any responsibility for, the accuracy, reliability or completeness of any information contained in this Supplemental Offering Memorandum or the assumptions on which it is based, (iii) shall be under any obligation to update or correct any inaccuracy in any information in Supplemental Offering Memorandum, (iv) makes any representation as to the credit quality of the Issuer or the Guarantor or the merits of an investment on the Securities, (v) has provided any legal, business, tax or other advice in connection with the Offering or the purchase of the Securities. Each investor, by accepting delivery of this Supplemental Offering Memorandum will also be deemed to have represented, agreed and acknowledged that it has conducted its own investigation with respect to the Securities and have not relied upon the Initial Purchaser or any of its affiliates to conduct any due diligence investigation on its behalf.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

This Supplemental Offering Memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Financial Promotion Order”), (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc”) of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (“FSMA”)) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This Supplemental Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Supplemental Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

UK MIFIR PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET

Any distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “UK MiFIR Product Governance Rules”) subsequently offering, selling or recommending the quotas is responsible for undertaking its own target market assessment in respect of the quotas and determining appropriate distribution channels. Neither the Issuer nor the Initial Purchaser make any representations or warranties as to a distributor’s compliance with the UK MiFIR Product Governance Rules.

PROHIBITION OF SALES TO UK RETAIL INVESTORS

The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Securities or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

This Supplemental Offering Memorandum has been prepared on the basis that any offer of the Securities in the UK will be made pursuant to exemptions under the Financial Services and Markets Act 2000 (the “FSMA”) and Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the “UK Prospectus Regulation”) from a requirement to publish a prospectus for offers of Securities. This Supplemental Offering Memorandum is not a prospectus for the purpose of the UK Prospectus Regulation.

MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET

Any distributor subject to MiFID II subsequently offering, selling or recommending the Securities is responsible for undertaking its own target market assessment in respect of the Securities and determining the appropriate distribution channels for the purposes of the MiFID II product governance rules under Commission Delegated Directive (EU) 2017/593 (the “Delegated Directive”). Neither the Issuer nor the Initial Purchaser make any representations or warranties as to a distributor’s compliance with the Delegated Directive.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Securities are not intended to be offered or sold to and should not be offered or sold to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution

Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Securities or otherwise making the Securities available to retail investors in the EEA has been prepared. Offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

This Supplemental Offering Memorandum has been prepared on the basis that any offer of Securities in any Member State of the EEA will be made pursuant to an exemption under Regulation (EU) 2017/1129 (the “Prospectus Regulation”) from the obligation to publish a prospectus for offers of Securities. This Supplemental Offering Memorandum is not a prospectus for the purposes of Prospectus Regulation.

NOTIFICATION UNDER SECTION 309B(1) OF THE SFA

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the New Notes are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

SUMMARY OF THE OFFERING

The following is a brief summary of the terms of the offering and is qualified in its entirety by the remainder of this Supplemental Offering Memorandum. The provisions of the Indenture and the Notes prevail to the extent of any inconsistency with the summary set forth in this section. This summary is not intended to be complete and does not contain all of the information that is important to an investor.

Issuer	Golden Energy and Resources Limited.
Initial Subsidiary Guarantor	Golden Investments (Australia) Pte. Ltd.
New Notes.....	US\$90,000,000 aggregate principal amount of 8.5% senior secured notes due 2026, which will constitute a further issue of, and be consolidated and form a single series and class with, and rank <i>pari passu</i> with, the Issuer's US\$285,000,000 8.5% Senior Notes due 2026 issued on May 14, 2021.
Issue Price.....	100% of the principal amount of the New Notes, plus accrued interest from, and including, November 14, 2021 to, but not including, March 9, 2022.
Maturity Date	May 14, 2026.
Interest	The New Notes will bear interest at the rate of 8.5% per annum, payable semi-annually in arrears.
Interest Payment Dates	May 14 and November 14 of each year, commencing May 14, 2022.
Ranking of the New Notes	<p>The New Notes will:</p> <ul style="list-style-type: none"> • be general obligations of the Issuer; • be senior in right of payment to any obligations of the Issuer expressly subordinated in right of payment to the New Notes; • rank <i>pari passu</i> in right of payment with all unsecured, unsubordinated Indebtedness of the Issuer (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law); • be guaranteed by the Subsidiary Guarantors on an unsubordinated basis, subject to certain limitations; • be effectively subordinated to the secured obligations of the Issuer and the Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor (other than the Collateral, to the extent applicable); • be effectively subordinated to all existing and future obligations of any Subsidiaries other than Subsidiary Guarantors; and • be secured by the Collateral (subject to Permitted Liens).
Subsidiary Guarantee.....	Golden Investments (Australia) Pte. Ltd. will guarantee the due and punctual payment of the principal of, premium (if any) and interest on, and all other amounts payable under, the New Notes

and the Indenture. None of the Issuer's other Subsidiaries, including GEMS and Stanmore and their respective subsidiaries, will provide a Subsidiary Guarantee.

The Subsidiary Guarantee may be released in certain circumstances.

Ranking of the Subsidiary Guarantee

The Subsidiary Guarantee of the Subsidiary Guarantor will:

- be a general obligation of such Subsidiary Guarantor;
- be senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee;
- rank at least pari passu in right of payment with all other unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law); and
- be effectively subordinated to secured obligations of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor.

Security.....

As security for the payment and performance by the Issuer of its obligations under the New Notes and the Indenture, the Issuer has granted the Notes Collateral Agent, for the benefit of the Holders, a first priority Lien over the Interest Reserve Account and all rights, title and interest in and to all amounts on deposit in the Interest Reserve Account at any time (the "Notes Collateral").

The obligations of the Issuer with respect to the New Notes and of the Initial Subsidiary Guarantor with respect to its Subsidiary Guarantee and the performance of all other obligations of the Issuer and the Initial Subsidiary Guarantor under the Indenture, the New Notes and the Subsidiary Guarantee (as the case may be) will be secured (subject to Permitted Liens) by the following:

- a pledge of all of the Pledged GEMS Shares (as defined in the Indenture);
- a pledge of all of the Pledged GIAPL Shares (as defined in the Indenture);
- an assignment of the Intercompany Advances (as defined in the Indenture); and
- a pledge of all of the Stanmore Shares (as defined in the Indenture).

Interest Reserve Account.....

The Issuer has established the Interest Reserve Account in Singapore with Credit Suisse AG, Singapore Branch. On or as soon as practicable after the issue date of the New Notes, the Issuer will deposit into the Interest Reserve Account an amount in cash equal to the amount of one (1) semi-annual interest payment under the New Notes. The Issuer will at all times maintain an amount in cash equal to the amount of one (1) semi-annual interest payment with respect to the outstanding Notes.

Funds remaining on deposit in the Interest Reserve Account on the maturity date of the Notes shall be applied to the payment of interest on the Notes and any remaining balance shall be applied to the payment and premium and Additional Amounts, if any, due on the Notes.

Use of Proceeds

We estimate that the aggregate net proceeds we will receive from this offering will be approximately US\$85.0 million, after deducting underwriting fees, commissions and other estimated transaction expenses relating to this offering and amounts used to fund the Interest Reserve Account.

The Issuer will contribute the net proceeds of this offering to GIAPL by way of a subscription for additional ordinary shares in, and/or a shareholder loan to, GIAPL. GIAPL will in turn use the proceeds of such transfer to subscribe in part for its entitlement in the Entitlement Offer for the purpose of partially funding the BMC Acquisition. If the BMC Acquisition is not consummated, the Issuer will utilize the net proceeds of this offering for general corporate purposes, including for other investments to implement its growth strategy.

Optional Redemption.....

At any time on or after May 14, 2024, the Issuer may at its option redeem the Notes, in whole or in part, at the redemption prices set forth in the Indenture, plus accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) the redemption date. At any time and from time to time prior to May 14, 2024, the Issuer may at its option redeem the Notes, in whole or in part, at a redemption price equal to 100% of their principal amount plus the Applicable Premium as of, and accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) the redemption date. In addition, at any time prior to May 14, 2024, the Issuer may at its option redeem up to 35% of the aggregate principal amount of the Notes with the proceeds from certain equity offerings at a redemption price of 108.5% of the principal amount of the Notes, plus accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the Notes issued on the Original Issue Date (excluding Notes held by the Issuer and its Restricted Subsidiaries) remains outstanding after each such redemption and any such redemption takes place within 60 days of the closing of such equity offering.

Mandatory Redemption

If (a) the Issuer ceases to own a majority of the Capital Stock of GEMS or Stanmore or (b) GEMS or Stanmore otherwise ceases to be a Restricted Subsidiary, the Issuer shall redeem all outstanding Notes on a date that is no later than 30 days after the date of such occurrence (the “Mandatory Redemption Date”) at the following redemption price.

- if the Mandatory Redemption Date occurs before May 14, 2024, the Notes shall be redeemed at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) such Mandatory Redemption Date; or

	<ul style="list-style-type: none"> if the Mandatory Redemption Date occurs on or after May 14, 2024, the Notes shall be redeemed at a redemption price equal to the applicable redemption price on such Mandatory Redemption Date set forth in the Indenture, plus accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) such Mandatory Redemption Date.
Repurchase of Notes upon a Change of Control.....	Not later than 30 days following a Change of Control, the Issuer will make an Offer to Purchase all outstanding Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date.
Withholding Tax; Additional Amounts	Payments with respect to the Notes and the Subsidiary Guarantee will be made without withholding or deduction for taxes imposed by the jurisdictions in which the Issuer or the Subsidiary Guarantor is organized or resident for tax purposes, or through which payment is made except as required by law. Where such withholding or deduction is required by law, the Issuer or the Subsidiary Guarantor will make such deduction or withholding and will, subject to certain exceptions, pay such additional amounts as will result in receipt by the Holder of such amounts as would have been received by such Holder had no such withholding or deduction been required.
Redemption for Taxation Reasons	Subject to certain exceptions and as more fully described herein, the Issuer may redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Issuer for redemption, if, as a result of certain changes in tax law, the Issuer would be required to pay certain Additional Amounts.
Covenants	<p>The Indenture will limit the ability of the Issuer and the Restricted Subsidiaries to, among other things:</p> <ul style="list-style-type: none"> incur additional Indebtedness and issue preferred stock; make investments or other Restricted Payments; enter into agreements that restrict the Restricted Subsidiaries' ability to pay dividends and transfer assets or make intercompany loans; issue or sell Capital Stock of Restricted Subsidiaries; issue guarantees by Restricted Subsidiaries; enter into transactions with equity holders or affiliates; create any Lien; enter into Sale and Leaseback Transactions; sell assets; engage in different business activities; and

- effect a consolidation or merger.

These covenants are subject to a number of important qualifications and exceptions.

In addition, in the event that the Notes are assigned a rating of Investment Grade from two of the Rating Agencies and no Default or Event of Default has occurred and is continuing, certain covenants in the Indenture will be suspended. See “Description of the Notes” in the Offering Memorandum and “Recent Developments — Completion of Consent Solicitation.”

Selling and Transfer Restrictions	The New Notes will not be registered under the Securities Act or under any state securities law of the United States and will be subject to restrictions on transfer and resale. See “Transfer Restrictions.”
Form, Denomination and Registration	The New Notes will be issued only in fully registered form, without coupons, in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof and will be initially represented by Global Notes registered in the name of a nominee of the common depositary for the accounts of Euroclear and Clearstream.
Clearance and Settlement	The New Notes will be represented by beneficial interests in the global certificate, which will be registered in the name of a nominee of, and deposited on the issue date of the New Notes with, a common depositary for, Euroclear and Clearstream. Beneficial interests in the global certificate will be shown on and transfers thereof will be effected only through records maintained by Euroclear and Clearstream.
Delivery of the New Notes	Delivery of the New Notes is expected to be on or about March 9, 2022, which is the 4 th business day following the date of this Supplemental Offering Memorandum (such settlement cycle being referred to as “T+4”). You should note that initial trading of the New Notes may be affected by the T+4 settlement. See “Plan of Distribution.”
Notes Collateral Agent	The Bank of New York Mellon, Singapore Branch
Non-Indonesian Common Collateral Agent	The Bank of New York Mellon, Singapore Branch
Indonesian Common Collateral Agent	PT Bank CIMB Niaga Tbk.
Trustee	The Bank of New York Mellon
Paying Agent	The Bank of New York Mellon, London Branch
Registrar and Transfer Agent	The Bank of New York Mellon SA/NV Dublin Branch
Global Notes	ISIN: XS2342227597 Common Code: 234222759
Ratings	The New Notes are expected to be rated “B1” by Moody’s and “B+” by Fitch. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension,

reduction or withdrawal at any time by the assigning rating agency.

Listing..... Approval-in-principle has been obtained for the listing and quotation of the New Notes on the SGX-ST. The New Notes will be traded on the SGX-ST in a minimum board lot size of US\$200,000 for so long as the New Notes are listed on the SGX-ST.

Governing Law..... The Notes, the Subsidiary Guarantee and the Indenture will be governed by and will be construed in accordance with the laws of the State of New York. The Notes Collateral Document will be governed by, and construed in accordance with, the laws of Singapore. The Pari Passu Collateral Documents will be governed by, and construed in accordance with, the laws of Indonesia, Singapore or Australia, as set out in each Pari Passu Collateral Document.

INCORPORATED BY REFERENCE

Each of the following, which have been previously published by us, will by virtue of this Supplemental Offering Memorandum be deemed to be incorporated in, and form part of, the Offering Memorandum:

1. our unaudited consolidated financial statements as of and for the years ended December 31, 2021 and 2020; and
2. our unaudited condensed interim consolidated financial statements as of and for the six months ended June 30, 2021.

A full version of the above financial statements may be obtained from our website at <http://investor.gear.com.sg/newsroom.html>. These financial statements comprise preliminary and unaudited financial information prepared by us, have not been audited by our independent public accountants and are subject to change. Accordingly, prospective investors should not place undue reliance on such information.

The above website is intended as a guide as to where other public information relating to us may be obtained free of charge. Information appearing on such website (save for the information expressly incorporated by reference in the Offering Memorandum) does not form part of the Offering Memorandum and neither us nor the Initial Purchaser accept any responsibility whatsoever that any information on such website, if available, is accurate and/or up-to-date. Such information should not form the basis of any investment decision by an investor or potential investor to purchase or deal in the New Notes. Any documents themselves incorporated by reference in the financial statements referred to above shall not form part of the Offering Memorandum.

RECENT DEVELOPMENTS

The Proposed BMC Acquisition

On November 8, 2021, the Issuer's subsidiary, Stanmore Resources Limited ("Stanmore"), entered into a share sale and purchase agreement (the "SPA") with BHP Minerals Pty Ltd ("BHP"). Pursuant to the SPA, Stanmore will, through its wholly owned subsidiary ("SMR SPV"), acquire an 80% interest in BHP Mitsui Coal Pty Ltd ("BMC") through the acquisition of all of the shares in Dampier Coal (Qld) Pty Ltd ("Dampier") from BHP (the "BMC Acquisition").

The purchase price for the BMC Acquisition comprises: (a) US\$1.1 billion payable on completion of the BMC Acquisition, (b) US\$100 million payable six months post-completion of the BMC Acquisition, and (c) up to a maximum of US\$150 million based on a revenue sharing mechanism if the average sales price achieved is above a certain threshold over a two-year period from completion of the BMC Acquisition, payable within three months of the end of the testing period (which is expected to be in 2024).

The conditions precedent to completion of the BMC Acquisition have been satisfied, and the BMC Acquisition is currently anticipated to complete in or about the middle of 2022.

The Issuer has agreed to guarantee Stanmore's obligations (as guarantor) under the share purchase agreement for the BMC Acquisition with regards to the payment of the purchase price and any break fee, up to a maximum aggregate amount of US\$600 million (after deducting any other funding provided to Stanmore by the Issuer or its subsidiary, Golden Investments (Australia) Pte Ltd ("GIAPL"), in connection with the BMC Acquisition) (the "GEAR Guarantee"). The GEAR Guarantee (a) for the purchase price, will only be payable on or after completion if the conditions to the BMC Acquisition have been obtained and Stanmore fails to pay the purchase price; and (b) for the break fee, will only be payable if Stanmore fails to pay the break fee.

Stanmore and its subsidiary currently intend to fund the BMC Acquisition by: (a) an underwritten pro-rata accelerated renounceable entitlement offer of ordinary shares in Stanmore ("Entitlement Offer") of approximately US\$506 million, for which Stanmore has received commitments as referred to in "*— Entitlement Offer*" below; (b) a new US\$625 million acquisition debt facility as referred to in "*— Execution of Definitive Documentation for US\$625 Million Acquisition Debt Facility*" below; and (c) the remainder with internal cash.

Upon completion of the BMC Acquisition, BMC will be a Restricted Subsidiary of Stanmore and the Issuer under the Indenture.

The BMC Acquisition will provide Stanmore with a portfolio of high quality assets in the Bowen Basin (Australia), a leading global metallurgical coal basin. The BMC Acquisition is expected to materially increase Stanmore's production, reserves position, weighted average mine life and cash flow generation. In addition, BMC's assets are in close proximity to Stanmore's existing operating assets and there is potential for the combined group to benefit from shared infrastructure, corporate functions and coal blending opportunities. For these reasons, the Issuer believes that the BMC Acquisition can position Stanmore to become a leading global metallurgical coal producer.

For more information on the risks relating to the BMC Acquisition, see "*Additional Risk Factors — We may not be able to successfully complete or realize the expected benefits of the BMC Acquisition*" and "*Additional Risk Factors — Absence of pro forma financial statements reflecting the potential impact of the BMC Acquisition could make it more difficult for potential investors to assess our business and prospects should the BMC Acquisition be completed.*"

Acquisition of Remaining Shareholding Interest in GIAPL

On December 10, 2021, the Issuer entered into a share purchase agreement with an independent third party, Ascend Global Investment Fund SPC, to acquire its approximately 20.33% interest in GIAPL for a cash consideration of US\$30 million. Following completion of this acquisition, GIAPL is now a wholly-owned subsidiary of the Issuer and the Issuer has pledged the additional acquired GIAPL shares in favor of the Trustee in accordance with the terms of the Indenture.

Completion of Consent Solicitation

On December 23, 2021, to facilitate the BMC Acquisition, the Issuer announced the completion of its consent solicitation to approve certain amendments (the “Proposed Amendments”) to the indenture dated as of May 14, 2021, as amended and supplemented by a first supplemental indenture dated as of May 21, 2021 (the “Original Indenture”). The terms of the Proposed Amendments are as follows (added text: added text, deleted text: ~~deleted text~~):

Section 4.06(a) of the Original Indenture was amended as follows:

(a) The Company will not, and will not permit any Restricted Subsidiary to, Incur, directly or indirectly, any Indebtedness (including Acquired Indebtedness); provided that the Company, any Subsidiary Guarantor, any Finance Subsidiary or any other Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness) if, after giving effect to the Incurrence of such Indebtedness and the receipt and the application of the proceeds therefrom, (w) no Default has occurred and is continuing, (x) the Fixed Charge Coverage Ratio would be not less than ~~3.00~~ 2.50 to 1.00, (y) the Consolidated Debt to ~~Consolidated~~ EBITDA Ratio would not be greater than ~~3.50~~ 3.75 to 1.00 and (z) if such Indebtedness constitutes Consolidated Priority Indebtedness, such Indebtedness constitutes Permitted Priority Indebtedness. Notwithstanding the foregoing, the Company will not permit any Restricted Subsidiary to Incur any Disqualified Stock (other than Disqualified Stock held by the Company or a Subsidiary Guarantor so long as it is so held).

Section 4.06(b)(vi) of the Original Indenture was amended as follows:

(vi) Indebtedness of the Company or any Restricted Subsidiary (other than any FS Subsidiary) arising from agreements providing for indemnification, adjustment of purchase price, earn out or other similar obligations, or from guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Company or any Restricted Subsidiary pursuant to such agreements, in any case, Incurred in connection with the (A) acquisition or disposition of any business, assets or Capital Stock of a Restricted Subsidiary or (B) acquisition of the Capital Stock of any Person which will, upon completion of such acquisition, become a Restricted Subsidiary that is primarily engaged in a Permitted Business, other than guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Capital Stock of a Restricted Subsidiary for the purpose of financing such acquisition; *provided* that the maximum aggregate liability in respect of all such Indebtedness incurred in connection with a disposition shall at no time exceed the gross proceeds actually received by the Company or any Restricted Subsidiary from the disposition of such business, assets or Capital Stock of a Restricted Subsidiary;

Section 4.06(b)(xvii) of the Original Indenture was amended as follows:

(xvii) (A) Indebtedness of Stanmore or any of its Subsidiaries that are Restricted Subsidiaries (without double counting any guarantees of any such Indebtedness) in an aggregate principal amount outstanding at any time (together with any refinancings thereof) not to exceed US\$130.0 million (or the Dollar Equivalent thereof); and (B) Indebtedness of Stanmore or any of its Subsidiaries that are Restricted Subsidiaries (without double counting any guarantees of any such Indebtedness) under Credit Facilities in an aggregate principal amount outstanding at any time (together with any refinancings thereof) not to exceed US\$625.0 million (or the Dollar Equivalent thereof) in connection with the BMC Acquisition;

Section 4.06(c) of the Original Indenture was amended as follows:

(c) For purposes of determining compliance with this Section 4.06, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, including under the proviso in the first sentence of Section 4.06(a), the Company, in its sole discretion, will be permitted to classify on the date of its Incurrence and from time to time

thereafter may reclassify, such item of Indebtedness and only be required to include, in any manner that complies with this Section 4.06, the amount of such Indebtedness as one of such types and may apportion an item of Indebtedness among several such types in Section 4.06(a) or one of the clauses of Section 4.06(b), and Indebtedness permitted by this Section 4.06 need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this Section 4.06 permitting such Indebtedness; provided that (i) Indebtedness outstanding under the Mandiri Facilities on the Original Issue Date shall be deemed to be Incurred under Section 4.06(b)(xii) on such date; (ii) Indebtedness outstanding under the GMR Shareholder Loan on the Original Issue Date shall be deemed to be Incurred under Section 4.06(b)(xv) on such date; and (iii) Indebtedness outstanding under the Danamon Credit Facilities on the Original Issue Date shall be deemed to be Incurred under Section 4.06(b)(xvi) on such date.

Section 4.15(b) of the Original Indenture was amended to add a new Section 4.15(b)(xii) as follows:

(xii)(1) the entry into, and performance of, an underwriting or placement agreement between Stanmore and any Affiliate of the Company in connection with any sale of Capital Stock (other than Disqualified Stock) of Stanmore in connection with the Entitlement Offer; or (2) the public or private sale of Common Stock of Stanmore to any Affiliate of the Company, for cash proceeds (net of attorney's fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof) not exceeding US\$300.0 million (or the Dollar Equivalent thereof) in connection with the Entitlement Offer, in each case, approved by the independent board committee of Stanmore.

Section 1.01 of the Original Indenture was amended to add the following new definitions:

"BMC Acquisition" means the acquisition by the Company or a Restricted Subsidiary of (1) all of the Capital Stock of, or all or substantially all of the assets of, Dampier Coal (Qld) Pty Ltd or (2) all of the Capital Stock of BHP Mitsui Coal Pty Ltd held by Dampier Coal (Qld) Pty Ltd, which, in either case, will upon such acquisition, become a Restricted Subsidiary or be merged or consolidated with or into or transfer or convey all or substantially all of its assets to the Company or a Restricted Subsidiary that is primarily engaged in a Permitted Business.

"Entitlement Offer" means the pro-rata renounceable entitlement offer of Common Stock of Stanmore in connection with the BMC Acquisition.

"Reclassified Lease Obligations" means obligations of the Company or a Restricted Subsidiary (not being Attributable Indebtedness) that are or would have been classified as operating leases as determined in accordance with GAAP as in effect prior to January 1, 2019, but as a result of IFRS 16 (or any equivalent financial reporting standards or successor provisions thereto) are classified under GAAP as Capitalized Lease Obligations.

The definition "Capitalized Lease" in Section 1.01 of the Original Indenture was amended as follows:

"Capitalized Lease" means, with respect to any Person, any lease of any property (whether real, personal or mixed), which, in conformity with GAAP, is required to be capitalized on the statement of financial position of such Person (other than Reclassified Lease Obligations), and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

The definition "Consolidated EBITDA" in Section 1.01 of

"Consolidated EBITDA" means, with respect to any specified Person for any period, Consolidated Net Income of such Person for such period

the Original Indenture was amended as follows:

plus, to the extent such amount was deducted in calculating such Consolidated Net Income:

- (1) Consolidated Interest Expense of such Person;
- (2) income taxes (other than income taxes attributable to extraordinary gains (or losses) or sales of assets); and
- (3) depreciation expense, amortization expense and all other non-cash items reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or to be paid in another period and also excluding any depreciation and amortization expense with respect to Reclassified Lease Obligations), less all non-cash items increasing Consolidated Net Income (other than accrual of revenue in the ordinary course of business),

all as determined on a consolidated basis for such Person and its Restricted Subsidiaries in conformity with GAAP.

The definition “Consolidated Interest Expense” in Section 1.01 of the Original Indenture was amended as follows:

“*Consolidated Interest Expense*” means, with respect to any specified Person for any period, the amount that would be included in gross interest expense on a consolidated statement of comprehensive income prepared in accordance with GAAP for such period of such Person and its Restricted Subsidiaries, plus, to the extent not included in such gross interest expense, and to the extent incurred, accrued or payable during such period by such Person and its Restricted Subsidiaries, without duplication, (i) interest expense attributable to Capitalized Lease Obligations and imputed interest with respect to Attributable Indebtedness, (ii) amortization of debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness, (iii) the interest portion of any deferred payment obligation, (iv) all commissions, discounts and other fees and charges with respect to letters of credit or similar instruments issued for financing purposes or in respect of any Indebtedness, (v) the net effect of all payments made, accrued or received pursuant to Hedging Obligations (without duplication) in respect of interest rates, (vi) interest accruing on Indebtedness of any other Person that is guaranteed by such Person or any of its Restricted Subsidiaries or secured by a Lien on assets of such Person or any of its Restricted Subsidiaries proportionate to the extent that such Indebtedness is guaranteed or secured, (vii) any capitalized interest, and (viii) all other non-cash interest expense; *provided* that any interest on any Subordinated Shareholder Loan or any interest, accretion, depreciation, amortization or unwinding of discounts with respect to Reclassified Lease Obligations will be excluded from the calculation of Consolidated Interest Expense.

The proviso in the definition “Consolidated Net Income” in Section 1.01 of the Original Indenture was amended as follows:

provided that, (x) solely for the purposes of calculating the amount of Restricted Payments that may be made pursuant to Section 4.07(a), Consolidated Net Income will be reduced (to the extent not otherwise reduced in accordance with GAAP or this Indenture), if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, by an amount equal to (A) the amount of the Consolidated Net Income attributable to such Restricted Subsidiary multiplied by (B) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Company or any Restricted Subsidiary, (y) Consolidated Net Income shall without duplication (i) exclude interest, accretion, depreciation, amortization or unwinding of discounts with respect to Reclassified Lease Obligations to the extent otherwise included therein but only to the extent such items would not have been included in the calculation of Consolidated Net Income under GAAP as in effect prior to January 1, 2019; and (ii)

subject to the exclusions set forth in (1) to (8) above and only to the extent the following items would have been included in the calculation of Consolidated Net Income under GAAP as in effect prior to January 1, 2019, include expenses for lease payments (net of any reversals or credits thereto) in respect of Reclassified Lease Obligations relating to such period.

The proviso in the definition “Consolidated Priority Indebtedness” in Section 1.01 of the Original Indenture was amended as follows:

“Consolidated Priority Indebtedness” means, without duplication, (a) any Indebtedness of any Restricted Subsidiary (other than a Subsidiary Guarantor or a Finance Subsidiary) other than (i) Indebtedness of a Wholly-Owned Subsidiary of a Finance Subsidiary consisting of Liens described in paragraph (18) of the definition of “Permitted Liens” and (ii) Indebtedness outstanding under Section 4.06(b)(iii), (b)(v), (b)(xii), ~~or (b)(xiii)~~, (b)(xvii) or (b)(xviii), and (b) any Secured Indebtedness of the Company or a Subsidiary Guarantor, other than (1) the Notes and the Subsidiary Guarantees, and the 2023 Notes and the subsidiary guarantees thereof (2) Indebtedness of any Subsidiary Guarantor to the extent secured by Liens described in paragraph (18) of the definition of “Permitted Liens”, (3) Indebtedness incurred under Section 4.06(b)(iii), (b)(v), (b)(xii) or (b)(xiii) and (4) any other Indebtedness of the Company or a Subsidiary Guarantor secured by a Lien on property or assets that also equally and ratably secured the Notes or any Subsidiary Guarantee.

The proviso in the definition “Fixed Charge Coverage Ratio” in Section 1.01 of the Original Indenture was amended as follows:

provided that to the extent that clause (D) or (E) of this sentence requires that *pro forma* effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such *pro forma* calculation will be based upon the Four Quarter Period immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available; and provided further that such *pro forma* calculation shall not give effect to (i) any Indebtedness Incurred on such determination date pursuant to the provisions described in Section 4.06(b) or (ii) the discharge on such determination date of any Indebtedness to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described in Section 4.06(b).

The last paragraph in the definition “Indebtedness” in Section 1.01 of the Original Indenture was amended as follows:

Notwithstanding the foregoing, “Indebtedness” shall not include (x) any Reclassified Lease Obligations; and (y) the GMR Shareholder Loan so long as the amounts owing under the GMR Shareholder Loan are deferrable and such loan is accounted for as a payable in the consolidated financial statements of the Company.

Paragraph (33) of the definition “Permitted Liens” in Section 1.01 of the Original Indenture was amended as follows:

(33) Liens on the assets of Stanmore and its Restricted Subsidiaries (including Capital Stock held by any Restricted Subsidiary of Stanmore) securing Indebtedness permitted to be Incurred under Section 4.06(b)(xvii);

As the requisite consents, representing not less than a majority of the aggregate principal amount of outstanding Original Notes were obtained from the holders, the Issuer, the Subsidiary Guarantor, the Trustee, the Notes Collateral Agent and Non-Indonesian Common Collateral Agent, the Delegate and the Common Collateral Agent entered into a second supplemental indenture dated as of December 23, 2021 to amend and supplement the Original Indenture to give effect to the Proposed Amendments.

Execution of Definitive Documentation for US\$625 Million Acquisition Debt Facility

On January 7, 2022, Stanmore executed, through its wholly-owned subsidiary, Stanmore SMC Holdings Pty Ltd (the “Borrower”), definitive documentation with certain financiers advised or managed by Varde Partners, Canyon Capital Advisors LLC, Farallon Capital Asia Pte. Ltd., and other credit funds (together, the “Lenders”) in respect of the US\$625 million acquisition debt facility in connection with the BMC Acquisition.

The facility is a senior secured, first-lien amortizing loan note facility which matures five years from first utilization. The facility is guaranteed by, and secured against all assets of, the Borrower (including 100% of the Borrower's shares in Dampier (including Dampier's interest in BMC)). The facility is non-recourse to Stanmore.

Private Placement

On February 25, 2022, the Issuer entered into a placement agreement with KGI Securities (Singapore) Pte. Ltd. to allot and issue up to 285,000,000 new shares. The Issuer intends to use the proceeds from the private placement to expand its existing core businesses, potential business investments and/or acquisitions (including investments in subsidiaries and associated companies) and general working capital purposes.

Execution of Definitive Documentation for US\$120 Million Facility

On March 2, 2022, Stanmore entered into a definitive facility agreement with Stanmore as borrower, Virtue Investments Corporation (a subsidiary of Ascend Global Investment Fund SPC) as lender and Ascend Capital Advisors (S) Pte Ltd as agent and security trustee in respect of a US\$120 million senior secured loan facility (the "Ascend Facility").

This facility will mature within three years from the date of the facility agreement, and will be secured against certain assets of Stanmore's subsidiary, Stanmore IP Coal Pty Ltd, as first-ranking security. The secured assets include a Bucyrus 1370W Dragline and all coal handling preparation plant infrastructure located at the Isaac Plains Complex. The funds made available under the Ascend Facility will be used for general corporate purposes of Stanmore including to fund working capital needs.

Entitlement Offer

On March 3, 2022, Stanmore commenced the Entitlement Offer to raise approximately US\$506 million to fund the BMC Acquisition. The Issuer has committed to subscribe, through GIAPL, for US\$300 million of its entitlement in the Entitlement Offer and Petra Capital Pty Ltd, an independent stockbroking firm, has agreed to underwrite the remainder of the Entitlement Offer. On completion of the Entitlement Offer, the Issuer is expected to retain an approximately 64% interest in Stanmore.

ADDITIONAL RISK FACTORS

An investment in the New Notes is subject to significant risks. In addition to the factors set forth under “Risk Factors” beginning on page 30 of the Original Offering Memorandum, prospective investors are urged to consider the following additional risk factors described below before deciding to invest in the New Notes. Additionally, some risks that may currently be unknown to us and other risks, currently believed to be immaterial, could turn out to be material. The market price of the Notes could decline due to any of these risks and you may lose all or part of your investment.

We may not be able to successfully complete the BMC Acquisition or realize the expected benefits of the BMC Acquisition

Although the conditions precedent to the BMC Acquisition have been satisfied, there is no assurance that the BMC Acquisition will be successfully completed or completed on a timely basis. Any delay or failure in completing the BMC Acquisition may cause us to experience a setback in our strategy and intentions to grow and develop our business and operations. Further, the Issuer has agreed to guarantee Stanmore’s obligations (as guarantor) under the share purchase agreement for the BMC Acquisition with regards to the payment of the purchase price and any break fee, up to a maximum aggregate amount of US\$600 million (after deducting any other funding provided to Stanmore by the Issuer or its subsidiary, GIAPL), in connection with the BMC Acquisition. For details of the BMC Acquisition, see “Recent Developments — The Proposed BMC Acquisition.”

Even if the BMC Acquisition is completed, if we are not able to successfully integrate BMC’s business and operations, or if there are delays in combining the businesses, the anticipated benefits of the BMC Acquisition may not be realized fully or at all or may take longer to realize than expected, and our business, financial condition, results of operations, performance and prospects may be adversely affected.

Absence of pro forma financial statements reflecting the potential impact of the BMC Acquisition and any historical financial information relating to BMC could make it more difficult for potential investors to assess our business and prospects should the BMC Acquisition be completed

There is no pro forma financial data in this Supplemental Offering Memorandum that takes into consideration the potential impact of the BMC Acquisition. Further, as the completion of the BMC Acquisition has not taken place, historical financial information relating to BMC has not been included in this Supplemental Offering Memorandum.

In addition, our historical financial information is not indicative of what our financial results would have been had such historical financial information included the impact of the BMC Acquisition. Accordingly, our historical financial information is not necessarily indicative of our future results of operations, financial condition and cash flows, and investors may have difficulty assessing its prospects based on such historical financial information should the BMC Acquisition be completed.

In view of the foregoing, each investor should make its own independent investigation of the BMC Acquisition, BMC’s financial condition and affairs and its own appraisal of BMC’s creditworthiness.

The Indonesian Government may revoke our notifications or implement further restrictions on the export of coal by Indonesian mining companies, including us.

On December 31, 2021, Indonesia’s Ministry of Energy and Mineral Resources (“ESDM”) issued a policy (B-1605/MB.05/DJB.B/2021) that temporarily prohibited all Indonesian coal mining companies from exporting coal from January 1, 2022 to January 31, 2022. ESDM stated that the temporary ban was due to concerns over critically low inventories at domestic power plants in Indonesia, which could lead to widespread blackouts in the country.

On January 13, 2022, GEMS’ subsidiary, PT Borneo Indobara (“BIB”), received notification from ESDM that the prohibition on coal exports has been revoked for five BIB vessels loaded with coal for export, which were amongst 18 vessels that were permitted to proceed with coal shipments scheduled for export, subject to compliance with the Government of Indonesia’s Domestic Market Obligation (“DMO”) obligation for 2021 at 100% or more. On January 20, 2022, ESDM further issued a notification with a list of companies that were now permitted to resume exporting coal as they had complied with the Government of Indonesia’s DMO obligation for 2021 at 100% or more, including five subsidiaries of GEMS (including BIB, PT Bungo Bara Makmur, PT Bungo Bara Utama, PT Barasentosa Lestari and PT Karya Cemerlang Persada), which was based on the results of ESDM’s evaluation until January 19, 2022 for the fulfilment of DMO obligations. There can be no assurance

that ESDM will not revoke these notifications or issue a similar ban on the export of coal by Indonesian coal mining companies, temporary or otherwise, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Potential investors should rely on their own examination of us and the terms of this offering to reach their own views prior to making any investment decision

In making an investment decision, potential investors must rely on their own examination of us and the terms of this offering, and must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should consider the merits and risks of investing in the New Notes and the information contained in the Offering Memorandum or our website. Potential investors should not construe anything in the Offering Memorandum as legal, business or tax advice. Each potential investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the New Notes under applicable legal investment or similar laws or regulations.

Certain of our financial statements will, by virtue of this Supplemental Offering Memorandum, be deemed incorporated in, and form part of, the Offering Memorandum. These financial statements comprise preliminary and unaudited financial information prepared by us, have not been audited by our independent public accountants and are subject to change. Accordingly, prospective investors should not place undue reliance on such information.

USE OF PROCEEDS

The net proceeds from the offering and issue of the New Notes, after deducting underwriting fees, commissions and other estimated transaction expenses and amounts used to fund the Interest Reserve Account, are expected to be approximately US\$85.0 million.

The Issuer will contribute the net proceeds of this offering to GIAPL by way of a subscription for additional ordinary shares in, and/or a shareholder loan to, GIAPL. GIAPL will in turn use the proceeds of such transfer to subscribe in part for its entitlement in the Entitlement Offer for the purpose of partially funding the BMC Acquisition. If the BMC Acquisition is not consummated, the Issuer will utilize the net proceeds of this offering for general corporate purposes, including for other investments to implement its growth strategy.

PLAN OF DISTRIBUTION

Subject to the terms and conditions stated in the purchase agreement dated the date of this Supplemental Offering Memorandum (the “Purchase Agreement”), the Initial Purchaser has agreed to purchase, and the Issuer has agreed to issue and sell to the Initial Purchaser, US\$90,000,000 principal amount of the New Notes.

The Purchase Agreement provides that the obligation of the Initial Purchaser to purchase the New Notes is subject to approval of certain legal matters by counsel and to certain other conditions. The Initial Purchaser must purchase all of the New Notes if they purchase any of the New Notes. The initial offering price is set forth on the cover page of this Supplemental Offering Memorandum. After the New Notes are released for sale, the Initial Purchaser may change the offering price and other selling terms. The Initial Purchaser reserves the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part. Delivery of the New Notes to the Initial Purchaser is expected to occur on or about March 9, 2022.

The Issuer and the Subsidiary Guarantor have agreed to indemnify the Initial Purchaser against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Initial Purchaser may be required to make in respect of any of such liabilities.

The Issuer and the Subsidiary Guarantor have agreed not to, for a period of 90 days after the date of this Supplemental Offering Memorandum, (i) offer for sale, sell, or otherwise dispose of (or enter into any transaction or device that is designed to, or would be expected to, result in the disposition by any person at any time in the future of) any debt securities substantially similar to the Notes or securities convertible into or exchangeable for such debt securities, or sell or grant options, rights or warrants with respect to such debt securities or securities convertible into or exchangeable for such debt securities, (ii) enter into any swap or other derivatives transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of such debt securities, (iii) file or cause to be filed a registration statement, including any amendments, with respect to the registration of debt securities substantially similar to the Notes or securities convertible, exercisable or exchangeable into such debt securities or (iv) publicly announce an offering of any debt securities substantially similar to the Notes or securities convertible or exchangeable into such debt securities, in each case without the prior written consent of the Initial Purchaser.

The New Notes have not been registered under the Securities Act and, unless so registered, may not be offered or sold within the United States except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. See “Transfer Restrictions.”

The New Notes will constitute a new class of securities with no established trading market. Approval in-principle has been obtained for the listing and quotation of the New Notes on the SGX-ST. However, there can be no assurance that the prices at which the New Notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the New Notes after the completion of this offering will develop and continue after this offering. The Initial Purchaser has advised us that they currently intend to make a market in the New Notes. However, they are not obligated to do so and may discontinue any market-making activities with respect to the New Notes at any time without notice. In addition, market-making activity will be subject to the limits imposed by applicable law. Accordingly, there can be no assurance that the trading market for the New Notes will have any liquidity.

The Initial Purchaser and its affiliates have, from time to time, performed, and may in the future perform, certain commercial banking and lending, investment banking and advisory and other banking services for us, and/or our affiliates for which they have received or will receive customary fees and expenses. The Initial Purchaser and its affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. In the ordinary course of their various business activities, the Initial Purchaser and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and instruments of the Issuer or any of the Subsidiary Guarantor. In particular, an affiliate of the Initial Purchaser is a lender under the Mandiri Facility as defined in the Original Offering Memorandum.

The Initial Purchaser and its affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the New Notes or our other financial instruments,

and may recommend to their clients that they acquire long and/or short positions in the New Notes or other financial instruments. While the Initial Purchaser and its affiliates have policies and procedures to deal with conflicts of interests, any such transactions may cause an Initial Purchaser or its affiliates or its clients or counterparties to have economic interests and incentives which may conflict with those of an investor in the New Notes. The Initial Purchaser may receive returns on such transactions and has no obligation to take, refrain from taking or cease taking any action with respect to any such transactions based on the potential effect on a prospective investor in the New Notes.

The Initial Purchaser and/or certain of its affiliates may purchase New Notes and be allocated New Notes for asset management and/or proprietary purposes but not with a view to distribution.

Selling Restrictions

General

No action has been taken or will be taken in any jurisdiction by the Issuer, the Subsidiary Guarantor or the Initial Purchaser that would permit a public offering of New Notes, or the possession, circulation or distribution of this Supplemental Offering Memorandum or any other material relating to the New Notes or this offering, in any jurisdiction where action for that purpose is required. Accordingly, the New Notes may not be offered or sold, directly or indirectly, and neither this Supplemental Offering Memorandum nor such other material may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction. If a jurisdiction requires that this offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, this offering shall be deemed to be made by the underwriters or such affiliate on behalf of the issuer in such jurisdiction.

European Economic Area

This Supplemental Offering Memorandum has been prepared on the basis that any offer of New Notes in any Member State of the EEA will be made pursuant to an exemption under Regulation (EU) 2017/1129 (the “Prospectus Regulation”) from the obligation to publish a prospectus for offers of New Notes. This Supplemental Offering Memorandum is not a prospectus for the purposes of Prospectus Regulation.

The New Notes are not intended to be offered or sold to and should not be offered or sold to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the New Notes or otherwise making the New Notes available to retail investors in the EEA has been prepared. Offering or selling the New Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

The New Notes have not been offered, sold or otherwise made available and will not be offered, sold or otherwise made available any New Notes to any retail investor in the EEA.

Each person in a member state of the EEA who receives any communication in respect of, or who acquires any New Notes under, the offer to the public contemplated in this Supplemental Offering Memorandum or to whom the New Notes are otherwise made available, will be deemed to have represented, warranted and agreed to and with the Initial Purchaser and the Issuer that it and any person on whose behalf it acquires New Notes is not a “retail investor” (as defined above).

Hong Kong

The New Notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the New Notes may be issued or

may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the New Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Indonesia

The New Notes have not been, and will not be, registered with the OJK, and therefore, the New Notes may not be offered or sold: (i) in Indonesia, to Indonesian citizens and institutions or foreign citizens and institutions or other form of legal entity domiciled or currently in Indonesia; and (ii) outside Indonesia, to Indonesian citizens and institutions or other form of Indonesian legal entity; in a manner which constitutes a public offering or private placement under the Indonesian Capital Market Law and OJK Regulation No. 30.

Japan

The New Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and the Initial Purchaser has agreed that it will not offer or sell any New Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

People’s Republic of China

This Supplemental Offering Memorandum does not constitute a public offer of the New Notes, whether by way of sale or subscription, in China. Other than to qualified domestic institutional investors in China, the New Notes are not being offered and may not be offered or sold, directly or indirectly, in China to or for the benefit of, legal or natural persons of China. According to the laws and regulatory requirements of China, with the exception of qualified domestic institutional investors in China, the New Notes may, subject to the laws and regulations of the relevant jurisdictions, only be offered or sold to non-Chinese natural or legal persons in any country other than China.

Singapore

This Supplemental Offering Memorandum has not been registered as a prospectus with the MAS. Accordingly, this Supplemental Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the New Notes may not be circulated or distributed, nor may the New Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the New Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor;

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred

within six months after that corporation or that trust has acquired the New Notes pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law;
- as specified in Section 276(7) of the SFA; or
- as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Section 309B(1) Notification — the Company has determined, and hereby notifies all persons (including all relevant persons (as defined in Section 309A(1) of the SFA) that the New Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Switzerland

The New Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or any other exchange or regulated trading facility in Switzerland. Neither this Supplemental Offering Memorandum nor any other offering or marketing material relating to the New Notes constitutes (i) a prospectus as such term is understood pursuant to Article 652a or 1156 of the Swiss Code of Obligations or (ii) a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this Supplemental Offering Memorandum nor any other marketing material relating to the New Notes may be publicly distributed or otherwise made publicly available in Switzerland. In addition, this Supplemental Offering Memorandum and any other offering or marketing material relating to the New Notes may not comply with the Directive for Notes of Foreign Borrowers of the Swiss Bankers Association. The New Notes are being offered in Switzerland by way of private placement, without any public advertisement and only to investors who do not purchase the New Notes with the intention to distribute them to the public. The investors will be individually approached directly from time to time. This Supplemental Offering Memorandum, as well as any other offering or marketing material relating to the New Notes, is personal and confidential and does not constitute an offer to any other person. This Supplemental Offering Memorandum, as well as any other offering or marketing material relating to the New Notes, may only be used by those investors to whom it has been handed out in connection with this offering and may neither directly nor indirectly be distributed or made available to other persons without the Issuer's express consent.

United Kingdom

This Supplemental Offering Memorandum has been prepared on the basis that any offer of the New Notes in the UK will be made pursuant to exemptions under the Financial Services and Markets Act 2000 (the "FSMA") and Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the "UK Prospectus Regulation") from a requirement to publish a prospectus for offers of New Notes. This Supplemental Offering Memorandum is not a prospectus for the purpose of the UK Prospectus Regulation.

The New Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA"); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA

(the “UK PRIIPs Regulation”) for offering or selling the New Notes or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the New Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

The New Notes have not been offered, sold or otherwise made available and will not be offered, sold or otherwise made available any New Notes to any retail investor in the United Kingdom.

Each person in the UK who receives any communication in respect of, or who acquires any New Notes under, the offer to the public contemplated in this Supplemental Offering Memorandum or to whom the New Notes are otherwise made available, will be deemed to have represented, warranted and agreed to and with each Initial Purchaser and the Issuer that it and any person on whose behalf it acquires New Notes is not a “retail investor” (as defined above).

This Supplemental Offering Memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Promotion Order, (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc”) of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (“FSMA”)) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This Supplemental Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Supplemental Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

United States

The New Notes and the Subsidiary Guarantee have not been and will not be registered under the Securities Act, and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the New Notes and the Subsidiary Guarantee are being offered and sold in offshore transactions in reliance on Regulation S under the Securities Act. The Initial Purchaser has agreed that it has not offered or sold, and will not offer or sell, any New Notes except in offshore transactions pursuant to Regulation S. Terms used in this section have the meanings given to them by Regulation S. Resale of the New Notes is restricted as described under “Transfer Restrictions.”

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of the New Notes.

We have not registered the New Notes or the Subsidiary Guarantee under the Securities Act and the New Notes may only be offered or sold outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. Terms used above and otherwise in this section of this Supplemental Offering Memorandum have the meanings given to them by Regulation S.

By its purchase of the New Notes, each purchaser of the New Notes will be deemed to:

- (1) represent that it is purchasing the New Notes for its own account or an account with respect to which it exercises sole investment discretion and is purchasing the New Notes in an offshore transaction in accordance with Regulation S;
- (2) acknowledge that the New Notes and the Subsidiary Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except as set forth below;
- (3) agree that it will inform each person to whom it transfers New Notes of any restrictions on transfer of such Notes;
- (4) acknowledge that we, the Initial Purchaser, the Trustee, the Agents and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements, and agree that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the New Notes are no longer accurate, it shall promptly notify us, the Initial Purchaser, the Trustee, and the Agents. If it is acquiring any New Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and
- (5) acknowledge that no action has been taken in any jurisdiction (including the United States) by us or the Initial Purchaser that would permit a public offering of the New Notes or the possession, circulation or distribution of this Supplemental Offering Memorandum or any other material relating to us or the New Notes in any jurisdiction where registration for that purpose is required. Consequently, any transfer of the New Notes will be subject to the selling restrictions set forth under "Plan of Distribution."

Each person located in a Member State of the EEA to whom any offer of New Notes is made, or who receives any communication in respect of an offer of New Notes, or who initially acquires any New Notes, or to whom the New Notes are otherwise made available will be deemed to have represented, warranted, acknowledged and agreed to and with the Initial Purchaser and the Issuer that it is not a "retail investor." For the purposes of this provision, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of the Insurance Mediation Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Australian foreign investment policy provides for government scrutiny of many proposed foreign purchases of Australian businesses and properties, including in some circumstances the granting and enforcement of security interests in such Australian business and property. The Australian federal government has the power under FATA to block proposals that are determined to be contrary to the national interest or national security interest. FATA also provides legislative backing for ensuring compliance with Australian foreign investment policy. In the majority of industry sections, small proposals are exempt from notification and larger proposals are approved unless judged contrary to the national interest or national security interest. The screening process is undertaken by the Foreign Investment Review Board. Purchasers of New Notes should seek legal advice prior to making any offer, sale, resale, pledge or other transfer of the New Notes to determine whether its purchase of New Notes will require a prior application being made to the Foreign Investment Review Board.

Registered Office of Golden Energy and Resources Limited

Golden Energy and Resources Limited

20 Cecil Street
#05-05 PLUS
Singapore 049705

Registrar and Transfer Agent

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SA/NV Dublin Branch**
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Trustee

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Paying Agent

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United Kingdom

Notes Collateral Agent

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Non-Indonesian Common Collateral Agent

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(incorporated in the Republic of Singapore)
(Company Registration No: 199508589E)

\$285,000,000

8.5% SENIOR SECURED NOTES DUE 2026

Golden Energy and Resources Limited (the “Issuer”), a company incorporated under the laws of Singapore with limited liability, is issuing \$285,000,000 aggregate principal amount of 8.5% senior secured notes due 2026 (the “Notes”). The Notes will mature on May 14, 2026. Interest will be payable semi-annually in arrears on May 14 and November 14 of each year, commencing on November 14, 2021. The Notes will be unconditionally and irrevocably guaranteed as set forth in “Description of the Notes — Subsidiary Guarantees.”

Not later than 30 days following a Change of Control (as defined herein), the Issuer must offer to purchase the Notes at a price equal to 101% of their principal amount plus unpaid and accrued interest, if any, to (but not including) the offer to purchase payment date. The Issuer may redeem all but not less than all of the Notes at the principal amount plus accrued interest upon certain changes in tax law. At any time on or after May 14, 2024, the Issuer may redeem the Notes, in whole or in part, at the redemption prices specified under “Description of the Notes — Optional Redemption” plus accrued and unpaid interest, if any, to (but not including) the redemption date. At any time prior to May 14, 2024, the Issuer may at its option redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium (as defined herein) and accrued and unpaid interest, if any, to (but not including) the redemption date. At any time prior to May 14, 2024, the Issuer may redeem up to 35% of the aggregate principal amount of the Notes with proceeds from certain equity offerings at a redemption price of 108.5% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date. In addition, if (a) the Issuer ceases to own a majority of the capital stock of PT Golden Energy Mines Tbk (“GEMS”) or Stanmore Coal Limited (“Stanmore”) or (b) GEMS or Stanmore otherwise ceases to be a Restricted Subsidiary, the Issuer shall redeem all outstanding Notes on a date that is no later than 30 days after the date of such occurrence (the “Mandatory Redemption Date”) at (i) if the Mandatory Redemption Date occurs before May 14, 2024, a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) such Mandatory Redemption Date; or (ii) if the Mandatory Redemption Date occurs on or after May 14, 2024, at a redemption price equal to the applicable redemption price on such Mandatory Redemption Date specified under “Description of the Notes — Optional Redemption,” plus accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) such Mandatory Redemption Date.

The Notes will be general obligations of the Issuer and will otherwise rank at least *pari passu* in right of payment with all other unsecured, unsubordinated indebtedness of the Issuer. The Subsidiary Guarantees (as defined herein) are general obligations of the Subsidiary Guarantors and will otherwise rank *pari passu* in right of payment with all other unsecured, unsubordinated indebtedness of such Subsidiary Guarantors, but will effectively rank junior to liabilities of the Issuer’s subsidiaries that will not guarantee the Notes. For a more detailed description of the Notes, see “Description of the Notes” beginning on page 284.

Investing in the Notes involves certain risks. See “Risk Factors” beginning on page 30 for a discussion of certain factors to be considered in connection with an investment in the Notes.

The Notes are expected to be rated “B1” by Moody’s Investors Services, Inc. (“Moody’s”) and “B+” by Fitch Ratings Ltd. (“Fitch”). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, or withdrawal at any time by the assigning rating agency.

Issue Price 98.512%

Approval in-principle has been obtained from the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for the listing of and quotation of the Notes on the Official List of the SGX-ST. The SGX-ST takes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Memorandum (“Offering Memorandum”). Approval in-principle for the listing and quotation on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Subsidiary Guarantors, their respective subsidiaries, this offering or the Notes. The Notes will be traded on the SGX-ST in a minimum board lot size of \$200,000 as long as any of the Notes are listed on the SGX-ST. Currently, there is no market for the Notes.

It is expected that delivery of the Notes will be made on or about May 14, 2021 (the “Closing Date”), being the fifth business day following the date of this Offering Memorandum (“T+5”). The Notes will be evidenced by a global note (the “Global Note”) in registered form, which will be registered in the name of a nominee of, and deposited with a common depositary for, Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream”). Beneficial interests in the Global Note will be shown on, and transfers thereof will be effected only through, the records maintained by Euroclear and Clearstream and their respective accountholders.

The Notes and the Subsidiary Guarantees have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes and the Subsidiary Guarantees are being offered and sold in offshore transactions in reliance on Regulation S under the Securities Act. For a description of certain restrictions on resale or transfer, see “Transfer Restrictions.” This offering does not constitute a public offering in Indonesia under Law No. 8 of 1995 on Capital Market and its implementing regulation. The Notes may not be offered or sold in Indonesia or to Indonesian citizens, wherever they are domiciled, or to Indonesian residents, in a manner which constitutes a public offer under the laws and regulations of Indonesia.

This Offering Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore (“MAS”). Accordingly, this Offering Memorandum and any other document or material in connection with this offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Joint Global Coordinators, Bookrunners and Lead Managers

Citigroup

CLSA

Mandiri Securities

The date of this Offering Memorandum is May 6, 2021

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NOTICE TO INVESTORS

THIS OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY NOTE OFFERED HEREBY BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH AN OFFER, SOLICITATION OR SALE. NEITHER THE DELIVERY OF THIS OFFERING MEMORANDUM NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THERE HAS BEEN NO CHANGE IN OUR AFFAIRS OR THAT THE INFORMATION SET FORTH IN THIS OFFERING MEMORANDUM IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE HEREOF.

This Offering Memorandum has been prepared by us on a confidential basis solely for use in connection with this proposed offering of the Securities (as defined below). This Offering Memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire securities. You are authorized to use this Offering Memorandum solely for the purpose of considering the purchase of the Securities. Distribution of this Offering Memorandum to any other person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorized, and any disclosure of any of its contents, without our prior written consent, is prohibited. Each prospective investor, by accepting delivery of this Offering Memorandum, agrees to the foregoing and to make no photocopies of this Offering Memorandum or any documents referred to in this Offering Memorandum.

In making an investment decision, prospective investors must rely on their own examination of us, and the terms of this offering and the Notes and Subsidiary Guarantees (the “Securities”), including the merits and risks involved. Prospective investors should not construe anything in this Offering Memorandum as legal, business or tax advice. Each prospective investor should consult its own advisers as needed to make its investment decision and to determine whether it is legally permitted to purchase the Securities under applicable legal investment or similar laws or regulations.

We have furnished the information in this Offering Memorandum. You acknowledge and agree that none of Citigroup Global Markets Singapore Pte. Ltd., CLSA Singapore Pte Ltd and Mandiri Securities Pte. Ltd. (the “Initial Purchasers”), The Bank of New York Mellon as trustee (the “Trustee”), The Bank of New York Mellon, London Branch as paying agent (the “Paying Agent”) under the indenture governing the Notes (the “Indenture”), The Bank of New York Mellon SA/NV Dublin Branch as registrar and transfer agent (the “Registrar and Transfer Agent” and together with the Paying Agent, the “Agents”) with regard to the Notes or The Bank of New York Mellon, Singapore Branch as notes collateral agent (the “Notes Collateral Agent”) or The Bank of New York Mellon, Singapore Branch as the non-Indonesian common collateral agent (the “Non-Indonesian Common Collateral Agent”) make any representation or warranty, express or implied, as to the accuracy or completeness of such information, and nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers, the Trustee, the Agents, the Notes Collateral Agent or the Non-Indonesian Common Collateral Agent. By accepting delivery of this Offering Memorandum, you acknowledge that you have not relied on the Initial Purchasers, the Trustee, the Agents, the Notes Collateral Agent, the Non-Indonesian Common Collateral Agent and PT Bank CIMB Niaga Tbk as the Indonesia common collateral agent as common collateral agents (the “Indonesian Common Collateral Agent” and together with the Non-Indonesian Common Collateral Agent, the “Common Collateral Agents”) or any of their respective affiliates in connection with your investigation of the information in this Offering Memorandum or your investment decision. Each person contemplating making an investment in the Notes must make its own investigation and analysis of our creditworthiness and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience and any other factors which may be relevant to it in connection with such investment. No person should construe the contents of this Offering Memorandum as legal, business or tax advice. Each person should consult its own counsel, accountant and other advisers as to legal, tax, business, financial and related aspects of an investment in the Notes. The Initial Purchasers, the Trustee, the Agents, the Notes Collateral Agent and the Common Collateral Agents have not independently verified any of the information contained herein (financial, legal or otherwise)

and, to the fullest extent permitted by law, assume no responsibility for the accuracy or completeness of any such information or for any other statement made or purported to be made by any Initial Purchaser or on its behalf in connection with the Issuer, the Subsidiary Guarantor, or the issue and offering of the Securities. In connection with the offering, the Agents are not acting for anyone other than the Issuer and will not be responsible to anyone other than the Issuer for providing the protections afforded to their clients nor for providing advice in relation to this offering of the Notes. The Initial Purchasers, the Trustee, the Agents, the Notes Collateral Agent and the Common Collateral Agents accordingly disclaim all and any liability whether arising in tort or contract or otherwise which they might otherwise have in respect of this Offering Memorandum or any such statement. This Offering Memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference.

The distribution of this Offering Memorandum and this offering and sale of the Securities in certain jurisdictions may be restricted by law. No representation is made by us or the Initial Purchasers that this Offering Memorandum may be lawfully distributed or that the Securities may be lawfully offered in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, and neither we nor the Initial Purchasers assume responsibility for facilitating any such distribution or offering or for a purchaser's failure to comply with applicable laws and regulations. We and the Initial Purchasers require persons into whose possession this Offering Memorandum comes to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers and sales of the Securities, and distribution of this Offering Memorandum, see "Transfer Restrictions" and "Plan of Distribution."

We and the Initial Purchasers reserve the right to reject any offer to purchase any Securities, in whole or in part, for any reason, or to sell less than the aggregate principal amount of Notes offered by this Offering Memorandum.

The Securities have not been and will not be registered under the Securities Act or any state securities laws in the United States. Any purported sale or transfer of a Security (or beneficial interest therein) which is not made in compliance with the restrictions set forth herein shall be void and will not be honored by the Issuer. See "Transfer Restrictions."

Neither the U.S. Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of the Securities or determined if this Offering Memorandum is truthful or complete. Any representation to the contrary is a criminal offense in the United States.

The Securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and the applicable state securities laws pursuant to registration or exemption therefrom. As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment until the maturity of the Notes. By purchasing the Securities, you will be deemed to have made the acknowledgments, representations, warranties and agreements described in the section entitled "Transfer Restrictions" in this Offering Memorandum.

In connection with the issue and distribution of the securities, Citigroup Global Markets Singapore Pte. Ltd. (the "stabilization agent") or any person acting on its behalf may, subject to applicable laws and regulations, over-allot or effect transactions with a view to supporting the market price of the notes at a level higher than that which might otherwise prevail for a limited period of time. However, the stabilization agent or any person acting for it is under no obligation to do so. Furthermore, such stabilization, if commenced, may be discontinued at any time and must be brought to an end after a limited period.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

This Offering Memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Financial Promotion Order”), (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc”) of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (“FSMA”)) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

UK MIFIR PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET

Any distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “UK MiFIR Product Governance Rules”) subsequently offering, selling or recommending the quotas is responsible for undertaking its own target market assessment in respect of the quotas and determining appropriate distribution channels. Neither the Issuer nor any of the Joint Lead Managers make any representations or warranties as to a distributor’s compliance with the UK MiFIR Product Governance Rules.

PROHIBITION OF SALES TO UK RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

This Offering Memorandum has been prepared on the basis that any offer of the Notes in the UK will be made pursuant to exemptions under the Financial Services and Markets Act 2000 (the “FSMA”) and Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the “UK Prospectus Regulation”) from a requirement to publish a prospectus for offers of Notes. This Offering Memorandum is not a prospectus for the purpose of the UK Prospectus Regulation.

MiFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET

Any distributor subject to MiFID II subsequently offering, selling or recommending the Notes is responsible for undertaking its own target market assessment in respect of the Notes and determining the appropriate distribution channels for the purposes of the MiFID II product governance rules under Commission Delegated Directive (EU) 2017/593 (the “Delegated Directive”). Neither the Issuer nor any of the Joint Lead Managers make any representations or warranties as to a distributor’s compliance with the Delegated Directive.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Notes are not intended to be offered or sold to and should not be offered or sold to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making the Notes available to retail investors in the EEA has been prepared. Offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

This Offering Memorandum has been prepared on the basis that any offer of Notes in any Member State of the EEA will be made pursuant to an exemption under Regulation (EU) 2017/1129 (the “Prospectus Regulation”) from the obligation to publish a prospectus for offers of Notes. This Offering Memorandum is not a prospectus for the purposes of Prospectus Regulation.

CERTAIN DEFINED TERMS AND CONVENTIONS

We have prepared this Offering Memorandum using a number of conventions, which you should consider when reading information contained herein.

In this Offering Memorandum, unless the context otherwise requires, the following key terms have the following meanings:

- “GEAR” or the “Issuer” refers to Golden Energy and Resources Limited;
- all references to “we,” “us,” “our” and “our Company” are to GEAR and its subsidiaries (including the GEMS Group and the Stanmore Group) and associates (including Ravenswood), collectively;
- “GEMS” refers to PT Golden Energy Mines Tbk.;
- “GEMS Group” refers to GEMS and its subsidiaries;
- “A\$” refers to Australia dollars, the legal currency of Australia;
- “BIB” refers to PT Borneo Indobara;
- “BSL” refers to PT Barasentosa Lestari;
- “BSL Group” refers to BSL and the three companies, namely, PT Unsoco, PT Duta Sarana Internusa and PT Dwikarya Sejati Utama, holding all of the shares in BSL;

- “CCoW” refers to a coal contract of work agreement (*Perjanjian Karya Pengusahaan Pertambangan Batubara*) entered into with the Indonesian Government granting rights to mine, explore, transport and sell coal in the relevant concession area. See “Regulation — Indonesian Regulations — Mining Regulations and Licensing Requirements;”
- “CS/Mandiri Facility” refers to the secured term loan facility agreement between GEAR, as borrower, and Credit Suisse as mandated lead arranger, original lender, agent, security agent and account bank, which was entered into on December 24, 2018 and amended on March 27, 2020 by way of an amendment agreement entered into between the original parties thereto and Bank Mandiri as original lender;
- “DSS” refers to PT Dian Swastatika Sentosa Tbk;
- “EMR” refers to EMR Capital;
- “EMS” refers to PT Era Mitra Selaras;
- “energy coal” refers to thermal coal (also known as steaming coal), which is used to make steam that generates electricity;
- “GMR” refers to GMR Coal Resources Pte Ltd;
- “GMR Coal Sales Agreement” refers to the coal sales agreement dated August 11, 2011 (as amended by an amendment agreement dated September 14, 2017) between GEMS and GMR setting out the terms and conditions for the sale of coal from GEMS to GMR;
- “HRB” refers to PT Hutan Rindang Banua;
- “IDR,” “Rupiah” and “Rp.” refer to Indonesian Rupiah, the legal currency of Indonesia;
- “Indonesia” refers to the Republic of Indonesia;
- “Initial Purchasers” refers to Citigroup Global Markets Singapore Pte. Ltd., CLSA Singapore Pte Ltd and Mandiri Securities Pte. Ltd.;
- “KIM” refers to PT Kuansing Inti Makmur;
- “Mining Permits” refers to the two types of mining business licenses (*Izin Usaha Pertambangan Eksplorasi*, or “IUP-E” and *Usaha Pertambangan Operasi Produksi*, or “IUP-OP”) issued by the Minister of Energy and Mineral Resources of Indonesia (“MEMR”). Each of the Mining Permits issued to us grant certain of our subsidiaries rights to mine, explore, transport and sell coal in those concession areas. See “Regulation — Indonesian Regulations — Mining Regulations and Licensing Requirements;”
- “Minserve” refers to The Minserve Group;
- “Noteholders” and “Holders” refers to the holders of the Notes;
- “Palaris Australia” refers to Palaris Australia Pty Ltd;
- “Ravenswood” refers to Ravenswood Gold Group Pty Ltd;
- “Ravenswood Gold Mine” means the gold mine owned by the Ravenswood Group;
- “Ravenswood Group” refers to Ravenswood and the entities controlled by it;

- “Salva” refers to Salva Mining Pty Ltd;
- “SD2” refers to SD2 Pty Ltd;
- “Stanmore” refers to Stanmore Coal Limited;
- “Stanmore Group” refers to Stanmore and its subsidiaries;
- “Singapore” refers to the Republic of Singapore;
- “Singapore dollars” and “S\$” refer to Singapore dollars, the legal currency of Singapore;
- “TKS” refers to PT Trisula Kencana Sakti;
- “UFS” refers to United Fiber System Limited;
- “United States” and “U.S.” refer to the United States of America;
- “U.S. dollars,” “USD” and “\$” refer to United States dollars, the legal currency of the United States;
- “WRL” refers to PT Wahana Rimba Lestari;
- “Xenith Consulting” refers to Xenith Consulting Pty Ltd; and
- “2023 Notes” refers to the Issuer’s \$150 million 9.0% senior secured notes due 2023.

Certain amounts and percentages in this Offering Memorandum have been rounded. Consequently, certain figures herein may add up to be more or less than the total amount, and certain percentages herein may add up to be more or less than 100.0%, in each case due to rounding. In particular and without limitation, amounts expressed in millions contained in this Offering Memorandum have been rounded to a single decimal place for the convenience of readers.

Unless otherwise noted, all translations from Rp. to U.S. dollars in this Offering Memorandum were made at the exchange rate at December 31, 2020 of Rp.13,925 to \$1.00.

See “Glossary of Terms” for definitions of certain terms used in this Offering Memorandum that are commonly used in the coal mining and trading industries.

COAL AND ORE RESOURCE/RESERVE STATEMENTS

Except as described below, we report our coal and ore reserves in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition (the “2012 JORC Code”), prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (“JORC”).

Under the 2012 JORC Code, the term “mineral resource” is defined as a concentration or occurrence of coal of intrinsic economic interest in or on the earth’s crust in such form and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral resources are subdivided, in order of increasing geological confidence, into “inferred,” “indicated” and “measured” categories.

The term “ore reserve” is defined in the 2012 JORC Code as the economically mineable part of a measured and/or indicated mineral resource. The 2012 JORC Code states that “ore reserve” estimates for coal may be reported as “coal reserve” estimates. Ore reserve includes diluting materials and allowances for losses which may occur when the material is mined or extracted. Appropriate assessments, which may include feasibility studies, have been carried out and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Coal and ore reserves are subdivided in order of increasing confidence into “probable” coal or ore reserves and “proved” coal or ore reserves. “Probable” and “proved” coal or ore reserves may be converted to “indicated” and “measured” coal or ore reserves, respectively, under certain circumstances. The choice of the appropriate category of reserve is determined primarily by the relevant level of confidence in the resource and, after considering any uncertainties in the modifying factors, pursuant to the 2012 JORC Code, must be made by the “competent person” or “competent persons” preparing the reserve statement.

Under the 2012 JORC Code, the term “coal reserves” or “ore reserves” represents the combination of proved and probable coal reserves or ore reserves, respectively.

The term “economically mineable” implies that extraction of coal or ore resource has been demonstrated to be viable under reasonable financial assumptions. This will vary with the type of deposit, the level of study that has been carried out and the financial criteria of the individual company. As such, there is no fixed definition for the term “economically mineable.” See “Risk Factors — General Risks Relating to Our Business — Estimates of coal and gold resources and reserves are derived from benchmark calculations which utilize a range of assumptions. There can be no assurance that the anticipated quantities, qualities or yields will be achieved.”

This Offering Memorandum contains information on the coal resources and reserves for the Stanmore Group’s The Range exploration project and the coal reserves for the Stanmore Group’s Mackenzie and Tennyson exploration projects that were reported prior to 2012 in accordance with the 2004 JORC Edition (“2004 JORC Code”), which was the prevailing JORC Code at the time that those resources and/or reserves reports were published. As our activities in these areas are limited to exploration projects with no commenced mining operations, we believe that the reporting of resources and reserves under the 2004 JORC Code for these areas instead of the 2012 JORC Code is unlikely to have any material impact on the tonnage reported in such reports. However, investors may view our resources and reserves reports based on the 2004 JORC Code as being dated and less useful in informing the levels of reserves and resources, and the development and operations of our mines.

References to proved and probable coal reserves of our coal mining concessions and tenements are to economically mineable coal reserves. References to proved and probable ore reserves of our Ravenswood mining tenements are to economically mineable ore reserves.

JORC Reports

In this Offering Memorandum, information relating to our proved and probable reserves and our estimates of resources held by the GEMS Group have been derived from the independent qualified person’s reports written by Salva, dated January 31, 2021, with an effective date of December 31, 2020 (the “Salva JORC Reports”). Such information includes the Coal Resource and Reserves for the BIB coal concession, KIM coal concession, BSL coal concession, TKS coal concession (including TKS Ampah) and WRL coal concession.

In this Offering Memorandum, information relating to our proved and probable reserves and our estimates of resources held by the Stanmore Group have been derived from the following reports (the “Stanmore JORC Reports”):

- the independent qualified person's report regarding the estimate of resources for the Isaac Downs mine written by the Measured Group, dated June 2020;
- the independent qualified person's report regarding the estimate of reserves for the Isaac Downs mine written by Palaris Australia Pty Ltd ("Palaris Australia"), dated July 2020;
- the independent qualified person's report regarding the estimate of resources for the Isaac Plains mine written by Xenith Consulting Pty Ltd ("Xenith Consulting"), dated January 2021;
- the qualified person's report regarding the estimate of resources for the Isaac Plains East mine written by Dr. Bronwyn Leonard, dated January 2021;
- the independent qualified person's report regarding the estimate of reserves for the Isaac Plains mine and Isaac Plains East mine written by Optimal Mining, dated February 2021;
- the independent qualified person's report regarding the estimate of resources for the Isaac South mine written by JB Mining dated June 2018;
- the independent qualified person's report regarding the estimate of reserves for Isaac Underground mine written by Xenith Consulting dated February 2021;
- the independent qualified person's report regarding the estimate of resources for the Clifford mine written by Xenith Consulting, dated August 2016;
- the independent qualified person's report regarding the estimate of resources for the Range mine written by Xenith Consulting, dated October 2012;
- the independent qualified person's report regarding the estimate of reserves for the Range mine written by The Minserv Group ("Minserv"), dated July 2011;
- the independent qualified person's report regarding the estimate of resources for the Mackenzie mine written by Xenith Consulting, dated November 2011;
- the independent qualified person's report regarding the estimate of resources for the Belview mine written by Xenith Consulting, dated March 2015;
- the independent qualified person's report regarding the estimate of resources for the Tennyson mine written by Xenith Consulting, dated December 2012; and
- the independent qualified person's report regarding the estimate of resources for the Lilyvale mine written by Xenith Consulting, dated February 2014.

In this Offering Memorandum, information relating to our estimates of measured, indicated and inferred mineral resources held by the Ravenswood Group have been derived from the independent qualified person's reports written by SD2 Pty Ltd ("SD2"), dated November 27, 2020, with an effective date of September 30, 2020 (the "SD2 JORC Reports"), and information relating to our proved and probable ore reserves held by the Ravenswood Group have been derived from the independent qualified person's reports written by Australian Mine Design and Development Pty Ltd ("AMDAD") dated September 11, 2020, with an effective date of September 11, 2020 (the "AMDAD JORC Reports" and, together with the SD2 JORC Reports, the "Ravenswood JORC Reports").

The Salva JORC Reports are included in Appendix A to this Offering Memorandum. The Stanmore JORC Reports that pertain to the resources and/or reserves of the Isaac Plains mine, the Isaac Plains East mine and the Isaac Downs mine are included in Appendix B to this Offering Memorandum. The Ravenswood JORC Reports are included in Appendix C to this Offering Memorandum.

Estimates of coal and ore reserves, resources, recoveries and operating costs are largely dependent on the interpretation of geological data obtained from drill holes and other sampling techniques, and feasibility studies which derive estimates of operating costs based on anticipated tonnage, expected recovery rates, equipment operating costs and other factors. No assurance can be given that the reserves and resources presented in this Offering Memorandum will be recovered at the quality or yield presented. In addition, investors should not assume that the resource estimates are capable of being directly reclassified as reserves under the 2012 JORC Code. The inclusion of resource estimates, particularly in respect of inferred resources, should not be regarded as a representation that these amounts can be economically exploited, and you are cautioned not to place undue reliance on those estimates.

The ability of the mining operator, or any other related business unit, to achieve forward-looking production and economic targets is dependent on numerous factors that are beyond the control of any independent qualified person and cannot be fully anticipated by any such independent qualified person. These factors include the site-specific mining and geological conditions, the capabilities of management and employees, availability of funding to properly operate and capitalize the operation, variations in cost elements and market conditions, development and operation of the mine in an efficient manner and others. Any unforeseen changes in the legislation and new industry developments could also substantially alter the performance of any mining operation.

Assumptions Underlying Our Coal and Ore Reserve Estimates

We estimate our coal reserves using various assumptions regarding loss and dilution, drilling depth and other geotechnical constraints. Our reserves are sensitive to the cost and revenue assumptions used due to the geological structure of our deposits, which means that, all other factors being the same, if the cost assumption is higher or the price assumption is lower, we estimate lower reserves, and if the cost assumption is lower or the price assumption is higher, we estimate more reserves. Some of our deposits are more sensitive to the cost and revenue assumptions used than others due to the characteristics and geological structure of those deposits. For more information regarding the factors used to estimate our coal reserves presented in this Offering Memorandum, see the Salva JORC Reports attached as Appendix A, the selected Stanmore JORC Reports attached as Appendix B and the Ravenswood JORC Reports attached as Appendix C.

INDUSTRY AND MARKET DATA

This Offering Memorandum includes certain coal industry and market data that has been provided by Salva, including the section titled “Industry Overview.” Salva has advised that: (a) a majority of data is only available as of December 31, 2019. Except where otherwise noted, information in this report is for 2020 or as of 31 December, 2020, as the case may be; (b) certain information in Salva’s database and this section is derived from estimates or subjective judgments of Salva; (c) all information/charts presented in this section are derived from Salva’s database unless noted; (d) the information in the databases of other industry data collection agencies may differ from the information in Salva’s database; and (e) the information and data in this section is subject to change and cannot be verified with certainty due to limits on the availability and reliability of raw data, the nature of the data gathering process and other inherent limitations and uncertainties. Neither we nor Salva have any obligation to announce or otherwise make publicly available updates or revisions to the information or data in this section. The conclusions of Salva referred to in this Offering Memorandum, including the section titled “Industry Overview,” are as of January 31, 2020. The outlook is only appropriate for such date and may change in time in response to variations in economic, market, legal or political factors, in addition to ongoing operational results.

This Offering Memorandum also contains industry and market data from reports, publications and surveys prepared by third parties. Such reports, publications and surveys generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. While we have taken reasonable actions to ensure that the information is extracted accurately and in its proper context, neither we nor the Initial Purchasers have independently verified any of the data from third party sources or ascertained the underlying assumptions relied upon therein and neither we nor the Initial Purchasers make any representation as to the accuracy or completeness of that information. As a result, you are cautioned against undue reliance on such information.

PRESENTATION OF FINANCIAL INFORMATION

In this Offering Memorandum, financial information regarding our Company as of and for the years ended December 31, 2018, 2019, and 2020 has been extracted or derived from our historical audited consolidated financial statements prepared in accordance with Singapore Financial Reporting Standard (International) (“SFRS(I)”) and presented in U.S. dollars, (collectively, the “Consolidated Financial Statements”), which are included elsewhere in this Offering Memorandum. Our Consolidated Financial Statements have been audited by Ernst & Young LLP, independent public accountants (“Ernst & Young”), in accordance with Singapore Standards on Auditing, as stated in their audit reports appearing elsewhere in this Offering Memorandum.

Our Consolidated Financial Statements have been prepared in accordance with SFRS(I) and are not intended to present our consolidated financial position, financial performance or cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than those in Singapore. SFRS(I) differs in certain significant respects from International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”) or accounting principles generally accepted in other countries which might be material to the financial information herein. In making an investment decision, you should rely upon your own examination of the terms of this offering of the Notes and the financial information contained in this Offering Memorandum. Potential investors should consult their own professional advisers for an understanding of the differences between SFRS(I) and IFRS, and how those differences could affect the financial information contained in this Offering Memorandum.

GEAR, through its subsidiary Golden Investments (Australia) Pte. Ltd. (“GIAPL”), initially acquired a 19.9% interest in Stanmore in December 2018 and increased its interest to 25.5% in January 2019 and to 31.5% in March 2020. In April 2020, GEAR, through its subsidiary GIAPL, made an unconditional on-market takeover bid under Chapter 6 of the Corporations Act 2001 (Cth) (the “On-Market Takeover Bid”) for all of the shares in Stanmore. At the close of the offer on May 18, 2020, GIAPL held 75.3% of the issued shares over Stanmore (GEAR’s effective interest in Stanmore is approximately 60.0% through its approximately 80% ownership in GIAPL). Our consolidated financial statements as of and for the year ended December 31, 2020 include the results of operations of the Stanmore Group on and after May 18, 2020. Prior to May 18, 2020, our interest in Stanmore was accounted for at fair value, as part of our investment securities. In a separate transaction, GEAR also established a joint venture company to jointly acquire and operate the Ravenswood Gold Mine. The acquisition of the Ravenswood Gold Mine was completed on March 31, 2020.

For the convenience of the reader, this Offering Memorandum includes financial information regarding Stanmore as of and for the years ended June 30, 2019, and 2020, which has been extracted or derived from Stanmore’s historical audited consolidated financial statements prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (“AASB”) and IFRS (the “Stanmore Consolidated Financial Statements”), which are included elsewhere in this Offering Memorandum. The Stanmore Consolidated Financial Statements have been audited by BDO Audit Pty Ltd, independent public accountants (“BDO”), in accordance with Australian Auditing Standards, as stated in their audit report appearing elsewhere in this Offering Memorandum. In 2020, Stanmore changed its financial year end from June 30 to December 31 to align with GEAR’s financial year end beginning with the financial year ended December 31, 2020, covering the period from July 1, 2020 through December 31, 2020.

In this Offering Memorandum, financial information regarding our GEMS as of and for the three-month periods ended March 31, 2020 and 2021 has been extracted or derived from the unaudited consolidated financial statements of GEMS (the “**GEMS Interim Consolidated Financial Statements**”) prepared in accordance with Indonesian Financial Accounting Standards, which comprise the Statements of Financial Accounting Standards (“PSAK”) issued by the Financial Accounting Standards Board of the Indonesian Institute of Accountants, and Rule No. VIII.G.7 Attachment of Chairman of BAPEPAM’s Decision No. KEP-347/BL/2012 dated June 25, 2012 on the Regulations and the Guidelines on Financial Statement Presentation and Disclosures issued by Capital Market and Financial Institution Supervisory Agency, in particular PSAK No. 1, “Presentation of Financial Statements.” The GEMS Interim Consolidated Financial Statements, which have been prepared by GEMS’ management in accordance with Indonesian Financial Accounting Standards and included in this Offering Memorandum, have been reviewed by KAP Purwantono, Sungkoro & Surja (“PSS”) (a member firm of Ernst & Young Global Limited), independent auditors, in accordance with Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (“SRE 2410”), established by the Indonesian Institute of Certified Public Accountants (“IICPA”), as stated in their review report appearing elsewhere in this Offering Memorandum. A review conducted in accordance with SRE 2410 established by the IICPA is substantially less in scope than an audit conducted in accordance with Standards on Auditing established by the IICPA, and consequently, does not enable PSS to obtain assurance that PSS would become aware of all significant matters that might be identified in an audit. Accordingly, PSS does not express an audit opinion on the GEMS Interim Consolidated Financial Statements.

All segment financial and operational information presented herein is net of intra-segment elimination.

Unless otherwise indicated, all amounts in relation to our group presented and discussed in this Offering Memorandum are presented on a consolidated basis and presented in millions of U.S. dollars.

NON-GAAP FINANCIAL MEASURES

See “Summary Consolidated Financial Information and Operating Data of GEAR” and “Selected Consolidated Financial Information and Operating Data” for a description of certain non-GAAP financial measures used in this Offering Memorandum. EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, net debt and the ratios derived from them are supplemental measures of our performance that are not required by, or presented in accordance with, SFRS(I), IFRS, U.S. GAAP or any other generally accepted accounting principles and should not be considered as an alternative to any measure of our performance or liquidity derived in accordance with SFRS(I). We define Adjusted EBITDA as profit for the year before finance costs, income tax expense, depreciation of property, plant and equipment and right-of-use assets, amortization of mining properties, software, land exploitation and intangible assets, and impairment loss on goodwill, property, plant and equipment and trade receivables. This Offering Memorandum also presents the EBITDA of GEMS, which we define as GEMS’ profit for the period before finance costs, corporate income tax expense, depreciation of property, plant and equipment and right-of-use assets, amortization of mining properties and amortization of software.

Our management believe that these non-GAAP financial measures are useful supplements to the financial data presented under SFRS(I) to facilitate operating performance comparisons for our Company from period to period by eliminating potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact of changes in effective tax rates) and the age and book depreciation of tangible and intangible mining-related assets (affecting relative depreciation and amortization expenses). Our Adjusted EBITDA also eliminates non-cash amortization expenses that arise in connection with coal production and corresponding depletion of proven and probable resources, and impairment losses from acquired forestry assets. We present these non-GAAP financial measures because we believe that these measures are frequently used by securities analysts, investors and other interested parties in evaluating similar issuers. We also present these non-GAAP financial measures as indicators of our ability to service our debt. Nevertheless, non-GAAP financial measures have limitations as analytical tools, and investors should not consider them in isolation from, or as a substitute for, your own analysis of our results of operations or financial condition, as reported under SFRS(I) or IFRS. Other companies may calculate these non-GAAP financial measures differently, hence a direct comparison between companies using such terms may not be possible.

FORWARD-LOOKING STATEMENTS AND ASSOCIATED RISKS

Certain of the statements in this Offering Memorandum are forward-looking statements that are based on management's current views and assumptions and involve a number of risks and uncertainties which could cause actual results to differ materially from those suggested by the forward-looking statements. These include statements regarding our financial condition and results of operations, cash flows, dividends, financing plans, business strategies, operating efficiencies and synergies, budget, capital and other expenditures, competitive positions, growth opportunities in the property industry, plans or objectives of management, coal industry growth, the impact of regulatory initiatives, markets for our securities and other statements on underlying assumptions, other than statements of historical fact, including but not limited to those that are identified by the use of words such as "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "projects" and similar expressions.

These forward-looking statements, wherever they occur in this Offering Memorandum are estimates reflecting the best judgment of the management. These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Forward-looking statements should, therefore, be considered in light of various important factors, including those set forth in this Offering Memorandum.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Actual events or results may differ materially as a result of risks and uncertainties including, but not limited to, the following:

- regional or global economic changes;
- our inability to fully control and operate solely for our benefit the GEMS Group, the Stanmore Group, the Ravenswood Gold Mine or other businesses that we may conduct as joint ventures in the future;
- fluctuations in foreign currency exchange rates;
- the disruption and adverse consequences on the global economy, our industry and our business, particularly as a result of the COVID-19 pandemic;
- whether we can successfully execute our business strategies and carry out our growth plans;
- our ability to identify and consummate future acquisitions;
- the impact of coal price fluctuations and the demand for, and the selling prices of, our coal;
- our ability to increase coal production volume and capacity on a timely basis;
- changes in applicable government regulations;
- competition in the domestic and international coal and fossil fuel markets;
- our ability to successfully conduct our precious metals mining business without a proven track record or business history;
- our ability to complete proposed expansion and development of Ravenswood Gold Mine;
- fluctuations in gold prices;
- political instability in Indonesia; and

- other risks, uncertainties and factors set forth in this Offering Memorandum, including under “Risk Factors.”

Should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected. Although we believe that the expectations of our management as reflected by such forward-looking statements are reasonably based on information currently available to us, we cannot assure you that such expectations will prove to be correct. Accordingly, prospective investors are cautioned not to place undue reliance on forward-looking statements. In any event, these statements speak only as of their dates, and we undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

ENFORCEABILITY OF CIVIL LIABILITIES

The Notes and the Indenture are governed by the laws of the State of New York.

GEAR is a public listed company limited by shares incorporated under the laws of Singapore, and certain of its subsidiaries are incorporated in Singapore, including the Subsidiary Guarantor, GIAPL. All of our and the Subsidiary Guarantor’s directors, all of our management, and certain of the other parties named in this document reside outside the United States. All of our current operations are conducted outside the United States, and all of our assets, and the assets of the entities and persons referred to in the preceding sentence are located outside the United States. As a result, you may have difficulty serving legal process within the United States upon us or any of these entities or persons. You may also have difficulty enforcing, both in and outside the United States, judgments you may obtain in courts in the United States against the Issuer or any of such persons, including judgments based upon the civil liability provisions of U.S. federal or state securities laws.

There is uncertainty as to whether any liability (whether arising out of a judgment of a court in the United States or otherwise) based upon the civil liability provisions of the federal securities laws of the United States will be recognized or enforceable in Singapore courts, and there is doubt as to whether Singapore courts will enter judgments in original actions brought in Singapore courts based solely upon the civil liability provisions of the federal securities laws of the United States. A final and conclusive judgment in the federal or state courts of the United States under which a fixed sum of money is payable, other than a sum payable in respect of taxes, fines, penalties or similar charges, may be subject to enforcement proceedings as a debt in the courts of Singapore. Civil liability provisions of the U.S. federal and state securities law permit punitive damages against the Issuer, the Subsidiary Guarantor, and their respective directors, commissioners and executive officers. Singapore courts generally would not recognize or enforce judgments against the Issuer, the Subsidiary Guarantor, their directors, commissioners and executive officers to the extent that the liability therein is punitive or penal in nature. It is uncertain as to whether any liability under civil liability provisions of the federal securities law of the United States would be determined by the Singapore courts to be or not be punitive or penal in nature. Such a determination has yet to be made by any Singapore court. The Singapore courts will also not be quick to recognize or enforce a foreign judgment if the foreign judgment is inconsistent with a prior local judgment, contravenes public policy, or amounts to the direct or indirect enforcement of a foreign penal, revenue or other public law. In addition, it is doubtful whether a Singapore court would accept jurisdiction and impose civil liability in an original action commenced in Singapore and predicated solely upon U.S. federal securities laws.

SUMMARY

This summary highlights information contained elsewhere in this Offering Memorandum. This summary is qualified by, and must be read in conjunction with, the more detailed information and financial statements appearing elsewhere in this Offering Memorandum. We urge you to read this entire Offering Memorandum carefully, including our Consolidated Financial Statements and related notes and “Risk Factors.”

Overview

We are an international energy and resources company with geographical presence in Indonesia, Australia and Singapore. In Indonesia, we are a leading energy coal producer operating through our subsidiary, GEMS, and its subsidiaries. Our business in Australia includes metallurgical coal and gold mining. In Australia, our metallurgical coal mining business is conducted through our subsidiary, Stanmore, and its subsidiaries, and our gold mining business is conducted through our joint venture investment in Ravenswood. Our operations cover exploration, development, mining, processing and marketing of (i) energy coal sourced from coal mining concession areas and tenements of GEMS in Indonesia and through coal trading, (ii) metallurgical coal sourced from our coal mining concession areas and tenements of Stanmore in Australia, and (iii) non-coal businesses, including gold sourced from gold mining tenements of Ravenswood in Australia through our joint venture. Our resources portfolio also includes a forestry business.

A brief description of our businesses is set forth below.

Energy Coal. Historically, our mining operations have been focused on energy coal, through the mining operations of GEMS, a public company listed on the Indonesian Stock Exchange (“IDX”). As of March 30, 2021, GEAR owned 62.5% of GEMS.

GEMS has five coal mining concession areas in South and Central Kalimantan, Jambi (a province in Sumatra) and the South Sumatra Basin, Indonesia. The GEMS Group obtained its first coal concession in 2006 and commenced production in 2007. The GEMS Group has a total of five concession areas with an estimated 1,029.0 million tonnes of proved and probable coal reserves and 2,912.3 million tonnes of estimated coal resources, including coal reserves, as of December 31, 2020, according to the Salva JORC Reports. In 2017, 2018, 2019 and 2020, the GEMS Group produced 15.6 million tonnes, 22.6 million tonnes, 30.8 million tonnes and 33.5 million tonnes of coal, respectively. In 2020, coal produced in the BIB concession area accounted for 91.1% of GEMS’ overall production volume, with the remainder of production volume from our KIM and BSL concession areas. These mining concession areas generally hold sub-bituminous and bituminous energy coal. Revenue from the energy coal segment accounted for 91.5% of our revenue in 2020.

Our coal trading business is part of our energy coal operations in Indonesia. We engage in coal trading through our direct and indirect subsidiaries, GEMS, GEMS Trading, GEAR Trading and PT Roundhill Capital Indonesia, which allows us to access different varieties of coal and creates potential blending opportunities with our own mined coal. Our coal trading business entails procurement of sales orders from customers and sourcing of coal from other Indonesian coal producers. We sold 1.6 million tonnes, 1.1 million tonnes and 0.7 million tonnes of coal in our coal trading segment in 2018, 2019 and 2020, respectively. We believe that our coal trading business helps to provide us with information about coal supply and demand, market pricing and credit risk.

Metallurgical Coal. In 2018, GEAR began to diversify our business operationally and geographically through our acquisition of a majority and controlling interest in Stanmore. Our effective interest in Stanmore increased from 19.9% in December 2018 to 25.5% in January 2019, to 31.5% in March 2020 and to 60.0% in May 2020.

Stanmore is an Australian coal producer focused on metallurgical coal that owns and operates the Isaac Plains Complex in Queensland's prime Bowen Basin region. Stanmore is listed on the Australian Securities Exchange ("ASX") under stock symbol "SMR." GEAR, through its subsidiary GIAPL, acquired a majority interest in Stanmore through the On-Market Takeover Bid in May 2020. As of December 31, 2020, GIAPL owned 75.3% of Stanmore, and GEAR owned an effective interest of approximately 60.0% in Stanmore through its approximately 80% ownership in GIAPL.

The Isaac Plains Complex encompasses a portfolio of operational mines and interests in exploration projects at various stages of development. The Isaac Plains Complex has an estimated 49.2 million tonnes of proved and probable coal reserves and 154 million tonnes of estimated coal resources, including coal reserves. See "Business — Stanmore Metallurgical Coal Mining — Coal Reserves, Resources and Quality of Stanmore." All of the Stanmore Group's current mining operations are located in the Isaac Plains Complex at the Isaac Plains East mine. In the financial year ended June 30, 2019 ("Stanmore's FY2019") and June 30, 2020 ("Stanmore's FY2020"), the Stanmore Group produced 2.4 million tonnes and 2.4 million tonnes of saleable coal, respectively. Revenue from our metallurgical coal segment accounted for 8.4% of our revenue in 2020 and comprised revenue from the Stanmore Group from May 18, 2020 to December 31, 2020.

Non-coal Business. Our non-coal business spans across gold mining, forestry and renewables.

Gold Mining. In March 2020, we acquired a 50% interest in the Ravenswood Gold Mine in Queensland, Australia. We entered into the gold mining business with a view to reducing our exposure to coal price cycles, as gold is generally a countercyclical precious metal. We are engaged in this business through our joint venture investment in Ravenswood. We hold a 50.0% interest in Ravenswood through a joint venture with EMR, which is a specialist mining private equity fund that invests in global resource projects and companies, primarily focusing on copper, gold, hard coking coal and potash. In addition to the Ravenswood Gold Mine, as of December 31, 2020, EMR owned or was an investor in eight mines and projects globally, including the producing Capricorn Copper and Kestrel Coal Resources mines in Queensland, the Golden Grove zinc, copper and other precious metals mine in Western Australia and the Lubambe copper mine in Zambia.

The Ravenswood Gold Mine is located in Queensland, Australia and has an estimated 2.60 million oz of proved and probable ore reserves as of September 11, 2020 according to the AMDAD Report, and 3.74 million oz of estimated ore resources as of September 30, 2020, according to the SD2 Reports. Since becoming part of our Group on March 31, 2020 through December 31, 2020, the Ravenswood Gold Mine has produced 47.6 kcozs of gold. In 2020, we recognized a share of loss of a joint venture (net of tax) of \$4.9 million related to Ravenswood.

Forestry Business. We are also engaged in the forestry business through our subsidiary, HRB. We are currently planting sustainable wood, including acacia mangium, sengon, and rubber trees for furniture and agricultural uses on our forestry concession lands, comprising approximately 265,095 hectares across four regions in South Kalimantan, Indonesia.

Renewables. We incorporated a new subsidiary, GEAR Renewables Pte. Ltd. ("GEAR Renewables"), in May 2019. GEAR Renewable's principal activity is exploring and making investments in renewable energy projects, which we believe will help to further diversify our energy portfolio. In November 2019, GEAR Renewables invested \$4.0 million in a renewable energy fund dedicated to making investments in solar photovoltaic ("PV") systems in target geographies of Taiwan, Japan and Australia.

For the years ended December 31, 2019 and 2020, our revenue was \$1,115.8 million, and \$1,162.7 million, respectively. Our revenue in 2019 and 2020 included \$1,107.5 million and \$1,061.4 million, respectively, from the GEMS Group, and our revenue in 2020 included \$97.2 million from the Stanmore Group. Our Adjusted EBITDA for 2019 and 2020 was \$129.7 million and \$147.9 million, respectively.

We are listed on the Mainboard of the Singapore Stock Exchange under the stock symbol “AUE.” Our market capitalization was \$275.9 million as of April 30, 2021.

Our Competitive Strengths

We believe that we have a number of competitive strengths, including the following:

A leading coal producer in Indonesia with high quality coal reserves under mining concessions with long tenure to support production expansion plans

We are a leading coal producer in Indonesia through our subsidiary, GEMS, and its subsidiaries. We are one of the top three energy coal producers in Indonesia in terms of 2020 throughput, according to Salva. We have grown our annual coal production volume in Indonesia from 22.6 million tonnes in 2018, to 30.8 million tonnes in 2019 and 33.5 million tonnes in 2020, representing a 2018 to 2020 CAGR of 21.7%. We ramped up production significantly during the past 10 years from 1.8 million tonnes in 2010 to 33.5 million tonnes in 2020 representing a 18x increase in production over the period. According to Salva, we were one of the fastest growing Indonesian mining companies in terms of coal production (CAGR of 31% between 2015 to 2020). We achieved such high rates of increase in production predominately through brownfield low capital intensity expansion at GEMS’ BIB Mine and a low stripping ratio of 4.0x, which is one of the lowest stripping ratios for large-scale mines in Indonesia, according to Salva.

We have substantial high quality coal reserves to support sustainable production over the long term. Our five concession areas held through GEMS have an estimated 1,029.0 million tonnes of 2P coal reserves as of December 31, 2020, according to the Salva JORC Reports. We are among the top five players in Indonesia in terms of coal reserves (for coal producers of >10Mtpa), according to Salva. Based on our current and planned production capacity, we believe that BIB has sufficient coal reserves to support production for another 15 to 20 years, according to Salva. According to Salva, we are well placed compared to our peers in Indonesia for prolonged growth given our high reserves to production ratio of over 30 times annual production, based on our production of 33.5 million tonnes of coal in 2020. Our mining concession areas in Indonesia hold coal reserves with CV ranging from 2,835 kcal/kg to 6,528 kcal/kg, with the majority of our coal reserves located in the BIB concession area and having CVs of approximately 4,055 kcal/kg (arb), according to the Salva JORC Reports. According to Salva, the coal in BIB’s concession area is a low-pollutant coal containing ultra-low ash, nitrogen oxide and sulphur, which is well suited as a blending coal source for over 70% of power plants in India, Korea and Southeast Asia. We believe that our substantial coal reserves coupled with its high energy content makes us an attractive supplier to coal power plants in the region.

A significant portion of our 2P coal reserves are held under BIB’s CCoW, which allows us greater visibility and flexibility in terms of planning our capital expenditures, investments and production schedules for our assets. BIB’s CCoW expires in 2036. With the issuance of MEMR Regulation 34/2017 on May 9, 2017, the Indonesian Government may no longer enter into CCoWs and instead issues IUP licenses that are typically valid for periods of less than 20 years. Accordingly, we believe that we have a competitive advantage in terms of production flexibility due to BIB’s CCoW as compared to other players with IUP licenses.

Ownership of high quality metallurgical coal and gold assets

We have a majority and controlling interest in Stanmore, a primarily metallurgical coal focused company that operates the Isaac Plains Complex in Queensland, Australia. Through GIAPL, we increased our effective ownership in Stanmore from 19.9% in December 2018 to 25.5% in January 2019, to 31.5% in March 2020 and to 60.0% in May 2020. The Isaac Plains Complex has an estimated 49.2 million tonnes of quality metallurgical coal reserves (according to the Stanmore JORC Reports), and the Ravenswood Gold Mine has an estimated 2.60 million oz (as of September 11, 2020 according to the AMDAD Report) of quality ore reserves. The life span of our coal reserves in the Isaac Plains Complex is more than 12

years, based on the production run rate of 2.4 million tonnes per annum. Stanmore also owns high quality coal mining infrastructure, which includes a dragline, CAT 6060 hydraulic excavator, coal handling preparation plant (“CHPP”) that was commissioned in 2006 and has a nameplate throughput capacity of 500 tph (3.5Mtpa ROM), and access to rail and port infrastructure, which is supported by long-term contracts, providing security of access to the rail network and relevant ports.

In March 2020, we acquired a 50% interest in the Ravenswood Gold Mine in Queensland, Australia. The life span of our gold reserves in Australia is approximately 14 years, based on the production rate of approximately 185,000 oz per annum and its estimated 2.60 million oz of proved and probable ore reserves as of September 11, 2020. Apart from quality ore reserves, Ravenswood Gold Mine owns a 5.0Mtpa gold processing plant. Based on feasibility studies conducted by Ravenswood, we have put together plans to develop and expand the mining operation of Ravenswood Gold Mine. According to the completed feasibility studies, we can build on Ravenswood Gold Mine’s existing infrastructure to implement our development and expansion plans to increase production capacity to 7.2Mtpa and capability to produce over 200,000 ounces of gold per annum. Ravenswood expects to produce on an average approximately 185,000 ounces of gold per annum over a targeted 14-year mine life.

Low cost structure allowing market resilience through periods of volatility

Our BIB Mine is in the lowest quartile on the Asia-Pacific supply cost curve and is well-positioned to supply coal in the Asian market even during the periods of low coal prices as compared to other producers in the Asia Pacific seaborne market, according to Salva. Almost half of the BIB coal concession area overlaps with the forest concession area held by our subsidiary, HRB. This results in cost savings as we pay low land compensation in the BIB concession area. BIB coal mining operations accounted for 89.4%, 93.2% and 91.1% of the GEMS Group’s coal production volume in 2018, 2019 and 2020.

The proximity of our operations to nearby ports helps to reduce our logistical and transportation costs at GEMS and Stanmore. Each of our BIB coal blocks is located in close proximity to processing facilities and nearby ports in South Kalimantan. Stanmore’s tenements located in Bowen Basin (Queensland) are situated near rail infrastructure and Stanmore owns a train loop and loading facility, which enables smooth transportation of the coal from the mine to the port. Further, Stanmore’s dragline operation, which is supplemented by truck-and-shovel operations, allows Stanmore the flexibility to increase production volumes to take advantage of a strong pricing environment and also to reduce production volumes to focus on producing its highest-margin tonnes in a weaker pricing environment. We own coal hauling roads at our BIB mine, the Bunati port, stockpiles and barge loading conveyor belts, which facilitates undisrupted transportation of our coal from mine to port and eventually to end customers. Similarly, we also own the Nilau port in Jambi, which includes a stockpile and barge loading conveyor belt.

We enjoy a low cash cost position. Our average cash cost for energy coal in the past five years has ranged from approximately \$19.5 per tonne to \$27.4 per tonne. Our low cost position has allowed our coal mining operations to remain profitable despite a low coal price environment. In 2018, 2019 and 2020, our gross margins from our energy coal segment, which we calculate as the difference between revenue and cost of sales in our energy coal segment as a percentage of energy coal segment revenue, were 34.6%, 32.7%, and 36.1%, respectively. In Indonesia, our coal is mined using surface open-cut mining methods, which lead to a lower stripping ratio as compared to other Indonesian mines. GEMS has a stripping ratio of 4.0x, which is one of the lowest stripping ratios for large-scale mines in Indonesia, according to Salva. GEMS has relatively thin layers of overburden and thick horizontal coal seams, which contributes to efficient and low-cost mining.

Robust financials underpinned by strong fundamentals

We have demonstrated resilient and robust financial growth despite a volatile coal price environment. Our average selling price per tonne of coal decreased from 2018 to 2020. For the GEMS Group, the average selling price per tonne of coal mined decreased from \$41.4 per tonne in 2018 to \$35.0 per tonne in 2019 and \$31.0 per tonne in 2020. For Stanmore, the average selling price per tonne of coal mined decreased from A\$173.8 per tonne in Stanmore's FY2019 to A\$159.5 per tonne in Stanmore's FY2020 and to A\$115.1 per tonne in the six months ended December 31, 2020. During the first half of 2020, as a result of lockdowns and other measures implemented by governments in response to COVID-19, there was a significant decline in demand from key export markets for Indonesian and Australian coal, including reduced demand from India and China, which in turn drove down our realized prices from coal sales. Despite this, our Adjusted EBITDA increased from \$129.7 million in 2019 to \$147.9 million in 2020, driven by continued production ramp up, economies of scale and prudent cash cost management. We have successfully increased our Adjusted EBITDA margin from 11.6% in 2019 and to 12.7% in 2020.

Our robust financial performance is supported by a stable balance sheet and healthy cash position. As of December 31, 2020, our total debt to Adjusted EBITDA and net debt to Adjusted EBITDA ratio was 2.6 and 0.8, respectively, and we have a strong cash balance of \$262.8 million (not including restricted cash). After giving effect to the issuance of the Notes and the redemption of the 2023 Notes and the repayment of the CS/Mandiri Facility using a portion of the net proceeds of this offering, our total debt to Adjusted EBITDA ratio as of December 31, 2020 would have been 3.1. GEMS pays us dividends of approximately 80% of its free cash flow under the terms of the GEMS Shareholders' Agreement. From 2017 to 2020, we have regularly received dividends aggregating to approximately \$185 million from GEMS, which supports our healthy cash position.

Our robust financial position and prudent capital management enables us to operate consistently throughout business cycles while continuing to invest in future expansion plans. With no fixed dividend policy, we preserve cash for business expansion through new investments and diversification, debt servicing and working capital. We also hedge our foreign currency exposures where relevant. For GEMS, its revenue is USD denominated or USD linked, and as such it is considered as a natural hedge and no currency hedging is undertaken. Stanmore undertakes currency hedging to cater for a scenario where the Australian dollar strengthens against the USD as its revenue is denominated in USD while its costs are denominated in Australian dollar. Similarly, Ravenswood partly hedges the gold price exposure in Australian dollars.

Diversified operations with strategically positioned mines to capitalize on robust markets in Asia

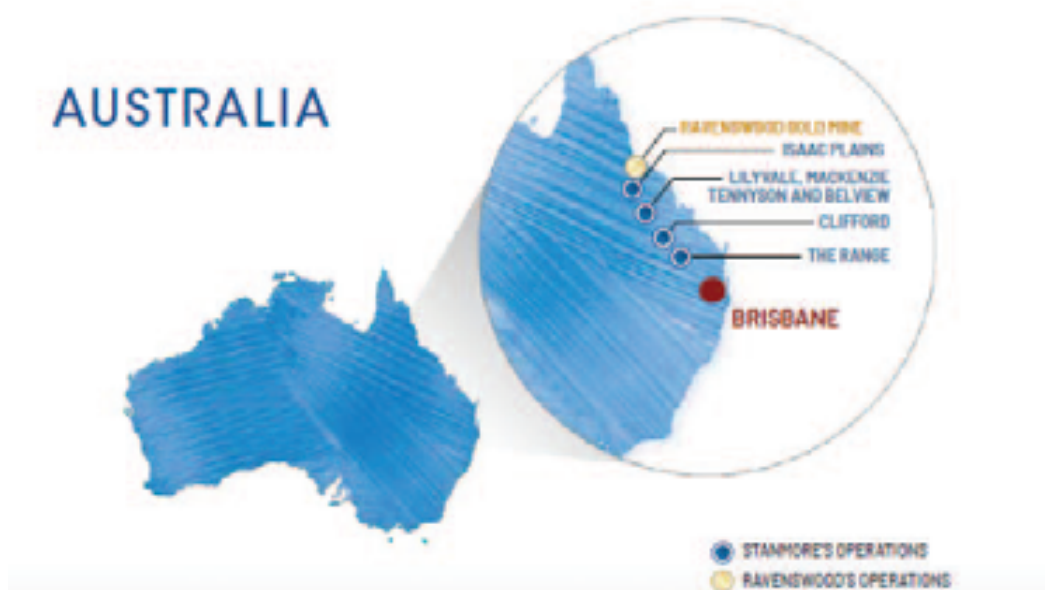
Our energy coal enjoys high demand in Indonesia and internationally particularly from China and India, which continue to be our main export markets. In Indonesia, our strategic location which is in close proximity to the planned coal-fired power plants in the Java and Sumatra areas, helps us to reduce logistics cost and allows us to bid at competitive prices compared to our peers. Meanwhile, according to Salva, the next phase of growth in electricity demand is expected to come from Southeast Asian economies, including Thailand, the Philippines, Malaysia and Vietnam, which is expected to drive Asian energy coal demand and compensate for an anticipated drop in coal imports in Japan and Korea, according to Salva. We have entered new markets such as Vietnam, the Philippines and Cambodia. For energy coal, compared to our Australian coal producing counterparts, we believe that we are able to offer more competitive prices within the region due to economies of scale, lower freight, logistical and labor costs. For this reason, we believe that our strategic location in Indonesia positions us to serve the growing Southeast Asian demand.

For metallurgical coal, compared to our American coal producing counterparts, we believe that we are able to offer more competitive prices within the region due to lower freight and logistical costs given our closer proximity to the key consumption markets of Japan, Korea and India.

INDONESIA & SINGAPORE



AUSTRALIA



Our recent acquisitions have allowed us to diversify our operations in the following ways:

Geographic diversification: our acquisitions of Stanmore and Ravenswood in Australia have helped to reduce our exposure to and reliance on Indonesia as a market. We aim for this to continue in the future as we have plans to develop and expand the mining operations of the Ravenswood Gold Mine and Stanmore. Stanmore's mining operations will be transitioning to Isaac Downs, which is an extension of the current operations. We intend to operate Isaac Downs as a satellite development, using our existing coal processing plant and train loading facilities in the Isaac Plains Complex to provide a mid-volatility pulverized coal injection product and a range of semi-hard and/or semi-soft coking coals. Ravenswood is currently undertaking a strip-back and expansion of its existing open pit, Buck Reef West, together with an expansion of the existing processing facilities and construction of a new tailings storage facility.

Product portfolio diversification: we now produce metallurgical coal products and gold through Stanmore and Ravenswood, respectively, which over time is intended to reduce our reliance on our energy coal operations in Indonesia. We believe that this will in turn reduce our exposure to fluctuations in energy coal prices and provide more stable source of revenue. Energy and metallurgical coal have different uses, where energy coal is primarily used in energy generation while metallurgical coal is used in the primary steel-making process. Therefore, factors affecting the demand for energy coal may not affect the demand for metallurgical coal. We believe that the demand for metallurgical coal will remain buoyant in the near future. According to Salva, 70% of iron is manufactured using the blast furnace technology, which requires use of metallurgical coal. The blast furnace process is likely to remain the major technology for iron/steelmaking in short to medium term, though the share of electric arc furnaces may gradually increase, supported by many mini-mill projects mainly in emerging economies. According to Salva, most of the growth in steelmaking capacity is expected to continue to occur in Asia, supported by many integrated steelmaking projects that are based on the blast furnace technology. In addition, gold prices are often resilient against market turbulence, which helps our revenue stability.

Customer diversification: our diversified product portfolio allows us to serve to a wider range of customers, spanning energy and steel producers, over a wider range of geographies. Such diversification also helps us reduce our reliance on any individual customer, and sales to our largest customer reduced from 17.4% of our revenue in 2019 to 15.5% of our revenue in 2020. The GEMS Group's sales are primarily derived from Indonesia, China and India, while Stanmore's sales are primarily derived from Japan, South Korea, India and Europe, with Ravenswood Gold Mine's sales derived fully from Australia. In 2020, 29.9%, 20.3%, 4.2%, 1.5% and 0.6% of our revenue was from China, India, Japan, South Korea and Europe, respectively. We have thus been able to develop an increasingly geographically diverse customer portfolio and decrease our reliance on China, which has been traditionally a big importer of energy coal, as a market.

Ownership of integrated high quality infrastructure

BIB's existing infrastructure includes its ROM stockpile, a primary crushing and screening plant at the mine site and a weigh bridge, port stockpile, secondary crushing circuit at the Bunati port, which is located within an average of 25 kilometers from the BIB mining concession. The Bunati port also has a jetty and barge loading conveyor, the capacity of which is approximately 30Mtpa. In addition, coal mined from the BIB mine is currently hauled using a dedicated haul road, which has capacity to haul up to 30Mtpa of coal and most of which is owned by BIB. We intend to increase our production capacity of our BIB coal mines to 44 million tonnes by 2023 (subject to the completion of relevant feasibility studies and acquiring necessary approvals) to extract operational synergies through the benefits of scale and integration of operations. We are in the process of upgrading our mine infrastructure to accommodate future production volume growth. We are currently upgrading our existing infrastructure, including our crushers and conveyer belts, at the BIB mine to accommodate our production expansion plans, and we also plan to undertake road widening and are in the process of upgrading our existing hauling road to accommodate double trailer trucks with 170 tonne capacity with the aim that our infrastructure can handle up to 36 million tonnes per annum of coal production in 2021. For BIB, we believe that our access to, and ownership of, dedicated coal infrastructure enables us to have the benefit of substantial cost and quicker ramp up as we are able to manage the entire process from mine to port, so as to facilitate the smooth delivery of our coal to end customers. We have direct access to the Java Sea and our 800 meter conveyor belts enables direct loading to barges regardless of tidal conditions. These efficiencies further add to our competitiveness and reliability in bidding for coal supply to key customers.

Stanmore's existing infrastructure includes a coal handling preparation plant, which has capacity to process up to 3.5Mtpa run-of-mine coal, 2.4Mtpa of port capacity, which is secured by long-term contracts and up to 2.4Mtpa in rail capacity. We have contractually secured rail and port capacities, which provides certainty to our production and marketing activities. In addition to the CHPP, Stanmore owns a high-quality dragline and a 600-tonne excavator, Caterpillar 6060 ("CAT 6060"), with the aim of increasing its production capacity at low costs. Stanmore also owns a train loop and loading facility, which enables smooth transportation of coal mined from the mine to the port.

Ravenswood Gold Mine's existing infrastructure includes a gold processing plant, which was upgraded in 2019 and has capacity to process up to 5.0Mtpa, a tailings storage facility, an on-site accommodation for staff and an established pipeline that reliably supplies water to the mine from the Burdekin River. Ravenswood Gold Mine returned to open-pit mining at Buck Reef West pit in December 2020. Ravenswood has plans to expand the mining operation of Ravenswood Gold Mine by purchasing a new mining fleet, expanding the ore processing facilities and commissioning new primary and secondary crushers, ball mill and leach tanks, building a new tailings storage facility and associated service infrastructure such as expanded camp and mine service area. It is estimated that such expansion plans will cost approximately A\$450 million, and will be funded through a combination of external non-recourse financing through project finance and equipment finance, which Ravenswood has secured from a syndicate of banks consisting of Macquarie Bank, Natixis and BNP Paribas, and a Japanese equipment financier, respectively, and internal financial resources which includes equity injected by Ravenswood's shareholders and cashflows from Ravenswood's operations. As part of the development plan, new equipment will be installed in the ore processing facilities between March 2021 to March 2022. This aims to increase both production capacity and processing power, and is designed to increase throughput rate while maintaining or improving gold recovery. It is planned that, post completion and commissioning of the expansion of the ore processing facilities, Ravenswood Gold Mine will have an annual nameplate capacity of around 7.2Mtpa and capability to produce over 200,000 oz of gold per annum. Ravenswood expects to produce on an average approximately 185,000 oz of gold per annum over a targeted 14-year mine life.

Experienced management team with track record of strong corporate governance and operational excellence

Our senior management at GEAR, GEMS and Stanmore levels have extensive and diverse experience in mining, operations, engineering, finance and risk management. Our senior management includes independent professionals who have held key management positions with other companies within the coal mining industry. We are committed to a high standard of corporate governance. We have established practices and policies in order to comply with the listing and disclosure criteria of the SGX-ST, ASX and IDX. The board of directors of GEMS has been recognized as "One of the Best 50 Companies with the Best Good Corporate Governance" by the Indonesian Institute for Corporate Directorship for seven consecutive years. We are also committed to environmental sustainability. Coal and gold mining are resource intensive processes that have a high impact on the environment. We are committed to preserving the environment we operate in and carrying out our operations in a responsible and sustainable manner. We comply with applicable environmental standards and submit our operations to environmental monitoring and surveillance by the relevant authorities. In 2020, we achieved 100% compliance with local effluent discharge limits. Between 2018 and 2020, we reclaimed and rehabilitated 269 ha of land, exceeding our target of 246 ha of land. Beyond environmental measures, we also carry out activities and community development programs to provide guidance to local communities surrounding our mining concession areas relating to health and safety and environmental sustainability, educational opportunities, economic assistance, social, labor and infrastructure development. We believe that these programs will create long-term benefits that will ensure the sustainability of our business growth. See "Business — Corporate Social Responsibility" for more information on our corporate social responsibility programs.

With our experienced management team at the helm, we have delivered a strong track record of growth through our increased coal production despite a volatile coal price environment. We increased our production from 1.8 million tonnes in 2010 to 33.5 million tonnes in 2020. Through our continuous communication and cooperation with regulators, we have consistently obtained government approvals to increase production capacity. In 2020, we obtained approval for the increase in production output at our BIB coal mine to 32.0 million tonnes, from 20.0 million tonnes in 2016. In addition to close cooperation with regulators, as BIB has historically always been in compliance with the Domestic Market Obligations stipulated by MEMR, we are able to capitalize on our long standing relationships with our mining services providers to re-negotiate our contract prices to provide us with greater costs flexibility, especially during periods of low coal price environment. This has further allowed us to maintain our low cost structure during periods of coal price volatility. Furthermore, our management team continues to implement and

learn best industry practices in operating our mining concessions, and we work closely with our mining services providers to deploy large capacity vehicles such as excavators and dump trucks to increase our mining efficiencies. We believe that we are able to leverage on our management team's expertise and operational excellence to successfully execute our expansion plans in our current mining concessions.

We have also successfully acquired strategic assets to increase our coal reserve base and diversify our portfolio. In August 2018, GEMS completed the acquisition of the BSL Group, which added 427 million tonnes to our coal resources and 189.9 million tonnes to our coal reserves (as of December 31, 2020). In May 2020, via our subsidiary GIAPL, GEAR's effective shareholding in Stanmore increased to approximately 60.0%, following our On-Market Takeover Bid, which added to and helped to expand and diversify our product offerings into metallurgical coal and established our presence in Australia. Our 2018 Westgold investment and 2020 Ravenswood investment helped to further diversify our portfolio to include the gold mining business. We believe expanding into the gold mining business helps to reduce our reliance on coal and exposure to coal price cycles. We successfully exited our Westgold investment in 2020, with an aggregate return on investment of more than 20.0%. We continue to have an interest in gold mining through our Ravenswood interest, and we have plans to develop and expand the mining operation of Ravenswood Gold Mine.

Our Strategy

Our vision is to be a globally diversified energy and resources company, leading in innovation and sustainability.

Continue to grow organically through production expansion

We intend to increase our production capacity at our existing mines to capitalize on the growing demand for our coal products. We are in the process of upgrading our mine infrastructure to accommodate future production volume growth. In BIB, we are continuing to make progress on plans to expand our port facilities with the upgrading of our existing conveyor belts, road widening efforts and addition of new conveyor belts to handle up to 44 million tonnes per annum of coal production, subject to the completion of relevant feasibility studies and acquiring necessary approvals. We are also in the process of upgrading our existing hauling road to accommodate double trailer trucks with 170 tonne capacity to minimize bottlenecks during coal transport. We intend to expand Ravenswood processing capacity from 5.0Mtpa to 7.2Mtpa and also construct a new tailings storage facility.

For Stanmore's Isaac Plains Complex, Stanmore invested a total of A\$14.8 million in 2019 in the acquisition of the CAT 6060, and the building of warehouse facilities, and associated equipment expenditure to support the CAT 6060, to help our operations at the Isaac Plains Complex. Following the granting of approvals for mining at Isaac Downs, it is planned that the CAT 6060 will transition to the Isaac Downs mine, where it will establish the initial mine operations. The expected life of the equipment is greater than 10 years and this investment is considered an integral part of the Isaac Downs mine, as well as currently supporting the Isaac Plains East operations in the shorter term.

Ravenswood Gold Mine returned to open-pit mining at Buck Reef West pit in December 2020. Ravenswood has plans to expand the mining operation of Ravenswood Gold Mine by, among others, expanding the ore processing facilities and commissioning new primary crushers. The mine's production will be supplemented as required by the processing of existing stockpiles of low grade gold ore, which will be screened and beneficiated. As part of the development plan, new equipment will be installed in the ore processing facilities between March 2021 to March 2022. This aims to increase both production capacity and processing power, and is designed to increase throughput rate while improving gold recovery. It is planned that, post completion and commissioning of the expansion of the ore processing facilities, Ravenswood Gold Mine will have an annual nameplate capacity of around 7.2Mtpa and capability to produce approximately 200,000 oz of gold per annum. Ravenswood expects to produce on an average 185,000 oz of gold per annum over a targeted 14-year mine life.

We also plan to expand our marketing network for both Indonesian and international customers. We intend to enter into long term coal sales agreements with our key customers to ensure stability of demand. To reduce our reliance on traditional export markets such as China and India, we also intend to grow and diversify our international markets especially ASEAN countries that continue to increase their coal import demand such as Vietnam, the Philippines and Cambodia, in relation to energy coal.

Strategic inorganic growth in coal mining to ensure long term growth

One of our growth strategies is to identify and complete sustainable and accretive acquisitions and/or joint ventures in the coal and gold mining industries. Since 2018, GEMS completed the acquisition of the BSL Group and GIAPL increased its shareholding in Stanmore from 31.5% to 75.3% following a successful On-Market Takeover Bid. The BSL Group and Stanmore acquisitions have helped to increase our coal reserve base, which sustains planned organic expansion plans. The Stanmore acquisition has also helped to expand and diversify our product offerings into metallurgical coal and established our presence in Australia, which over time has the potential to reduce our reliance on energy coal and our exposure to risks associated with having a significant portion of our operations and assets in Indonesia. In addition, we believe that we have successfully acquired these assets at attractive prices, which positions us to further improve our profitability and cash flows over time as these mines are developed.

From November 2017 to September 2020, we held a minority interest in Westgold Resources Limited, a top 10 gold producer in Australia. This was a profitable investment and provided us with the opportunity to gain access and insight into the running of large gold mine operations. The Ravenswood acquisition is our second investment in the gold producing industry.

We also intend to extend our core business within the mining of natural resources to include precious metals, base metals and minerals. Precious metals include, among others, gold and silver, and base metals and minerals include, among others, copper, cobalt, zinc, nickel and ferroalloys.

Our area of focus for future acquisitions and/or joint ventures would be on resource rich geographies such as Australia, Canada and the United States of America, as well as Indonesia, where our primary operations are currently located.

Continued commitment to environmental, social and governance

At the heart of our business is our vision to enhance value for all stakeholders. We are committed to addressing environmental, social and governance issues in our business operations. We have in place comprehensive corporate social responsibility programs that address the areas of safety, environment, community engagement, labor relations and governance and we are committed to continual improvement in these identified areas. We are intentional with our corporate social activities, which have long-term plans and targets, and we encourage all our employees to participate in such activities.

Acknowledging that coal and gold mining are resource intensive processes, we place strong emphasis on preserving the environment that we operate in, and carrying out our operations in a responsible and sustainable manner. We have put in place numerous policies and guidelines that are regularly audited by internal and external auditors to ensure that we are compliant with the applicable environmental standards. Our policies are comprehensive and address areas such as air quality, energy consumption and greenhouse gas emissions, solid waste management and water resource management. As a result of our continued efforts, BIB's Environmental Management System attained its ISO 14001:2015 certification in December 2018, and has also, from 2016 to 2020, received awards from the Indonesian Government under their environmental evaluation program which was introduced in 2002. We continue to explore ways to ensure energy efficiency and to reduce the environmental impact of our operations. Apart from our mining operations, we have also invested \$4.0 million in a renewable energy fund dedicated to making investments in solar PV systems in target geographies of Taiwan, Japan and Australia.

Diversification into other commodities for resiliency through commodity price cycles

In March 2020, we completed our acquisition of a 50.0% interest in Ravenswood Gold Mine in Queensland, Australia. We believe that the Ravenswood Gold Mine has significant expansion potential to become a large-scale, low-cost and long-life producer. Ravenswood has plans to expand the mining operation of Ravenswood Gold Mine and it is intended that, post completion of such plans, Ravenswood Gold Mine will have an annual nameplate capacity of around 7.2Mtpa and capability to produce over 200,000 oz of gold per annum. Ravenswood expects to produce on an average approximately 185,000 oz of gold per annum over a targeted 14-year mine life. Apart from Ravenswood Gold Mine, we intend to continue to work closely with our mining services providers, with whom we have long-standing and established relationships, to ensure our growth initiatives are implemented on a timely basis that meets our planned budgets.

Going forward, we plan to continue to explore opportunities to further diversify our commodity price exposure by gaining greater exposure to non-coal assets. We may implement this strategy through strategic acquisitions of, partnerships with or investments in, operators with strong track records and productive assets that can add immediate value to our portfolio. We believe that our diversification strategy and increased exposure to non-coal commodities can provide us with greater resiliency in challenging commodity price environments.

Prudent financial policy to ensure sustainable long term growth

We intend to maintain our prudent financial policy, which we believe has allowed us to grow in a sustainable manner. We had total loans and borrowings of \$319.7 million and \$382.0 million as of December 31, 2019 and 2020, respectively and cash and cash equivalent of \$177.8 million and \$262.8 million, respectively, during the same period. Our net debt position as of December 31, 2019 and 2020 was \$141.9 million and \$119.2 million, respectively. Our total debt to Adjusted EBITDA as of December 31, 2019 and 2020 was 2.5 and 2.6, respectively while our net debt to Adjusted EBITDA was 1.1 and 0.8, respectively. After giving effect to the issuance of the Notes and the redemption of the 2023 Notes and the repayment of the CS/Mandiri Facility using a portion of the net proceeds of this offering, our total debt to Adjusted EBITDA ratio as of December 31, 2020 would have been 3.1. On a long term basis, we target a debt to EBITDA ratio of up to 3.0.

We actively monitor our liquidity, interest rate and foreign currency exposure. We also monitor our forecasted cash flows and outflows to ensure liquidity needs are met and any potential cash shortfalls are addressed in advance. We rely on our operational cash flow, particularly our Indonesian coal sales denominated in Indonesian Rupiah, to hedge against foreign currency risk exposure. We also aim to match our foreign currency inflows with our expenses which provides us with a natural hedge.

Recent Developments

Allegiance Placement

GEAR has agreed to subscribe to a placement of 33,333,333 new shares in Allegiance Coal Limited (“Allegiance”), an ASX-listed metallurgical mining company, which will constitute up to 12% of Allegiance’s enlarged total issued share capital, for an aggregate amount of A\$15 million (the “Allegiance Placement”). GEAR expects to conclude the Allegiance Placement on or around May 10, 2021. The Allegiance Placement will be funded from GEAR’s existing cash resources.

Production results of Stanmore for the three-month period ended March 31, 2021

On April 28, 2021, Stanmore released its quarterly report on the ASX containing, among others, its production and sales figures for the three-month period ended March 31, 2021 (“3M2021”). Stanmore’s total saleable coal production volumes decreased by 35.6% to 428 thousand tonnes in 3M2021 from 665 thousand tonnes for the three-month period ended March 31, 2020 (“3M2020”) due reduced fleet in operation to optimize costs by focusing on higher productivity and lower cost mining equipment and minimizing strip ratios. Stanmore’s total coal sale volumes decreased by 15.0% to 523 kilotonnes in 3M2021 from 615 thousand tonnes in 3M2020. Despite the decrease in coal production and coal sales volumes, due to Stanmore’s above adjustments to its mining operations, FOB cash costs per tonne declined in 3M2021 compared to 3M2020.

Results of operations of GEMS for the three-month period ended March 31, 2021

On April 19, 2021, GEMS published its interim unaudited consolidated financial information for 3M2021 on the IDX.

In 3M2021, GEMS' revenue increased by 20.4% to \$381.2 million in 3M2021 from \$316.7 million in 3M2020, due to an increase in the average selling price of energy coal and an increase in sales volume of energy coal (9.3Mt in 3M2021 compared to 8.9Mt in 3M2020) during the period. GEMS' cost of sales decreased by 3.4% to \$190.2 million in 3M2021 from \$196.9 million in 3M2020, mainly due to a reduction in total production costs, from \$182.9 million in 3M2020 to \$176.0 million in 3M2021, largely due to a reduction in mining services. GEMS' selling expenses decreased by 20.0% to \$45.3 million in 3M2021 from \$56.6 million in 3M2020, largely due to a reduction in freight expenses. For these reasons, GEMS' gross profit increased by 59.4% to \$191.0 million in 3M2021 from \$119.8 million in 3M2020 and GEM's EBITDA increased by 156.4% from \$53.2 million in 3M2020 to \$136.4 million in 3M2021.¹ Overall GEMS recorded profit after tax of \$100.5 million in 3M2021 compared to \$33.8 million in 3M2020.

GEMS Interim Dividend for the 2021 Financial Year

On April 15, 2021, the Board of Directors and the Board of Commissioners of GEMS approved and declared an interim dividend for the 2021 financial year of \$0.01275 per share, or approximately \$75.0 million, based on the Bank of Indonesia middle rate as of April 19, 2021 of \$1.00 to IDR14,592.00. The interim dividend is expected to be paid on May 4, 2021.

¹ EBITDA is a supplemental non-GAAP financial measure of GEMS' financial performance. Such non-GAAP financial measure is not required by, or presented in accordance with, SFRS(I), IFRS, U.S. GAAP or any other generally accepted accounting principles and should not be considered as an alternative to GEMS' gross profit, profit for the period or any other performance measures derived in accordance with Indonesian Financial Accounting Standards or as an alternative to net cash flows generated from operating activities as a measure of liquidity. EBITDA has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, GEMS' performance measures reported under Indonesian Financial Accounting Standards.

As disclosed elsewhere in this Offering Memorandum, our Company reports Adjusted EBITDA, which adjusts for various impairment losses incurred by our Group. We have included the EBITDA of GEMS for 3M2020 and 3M2021 because GEMS did not have such impairment losses during such periods.

The following table reconciles GEMS' profit for the period under Indonesian Financial Accounting Standards to EBITDA for the periods indicated:

	Three months ended March 31,	
	2020	2021
	(\$ in millions)	
Profit for the period	33.8	100.5
Plus:		
Finance costs	3.6	3.7
Corporate income tax expense	12.2	28.9
Depreciation of property, plant and equipment	2.0	2.2
Depreciation of right-of-use assets	0.5	0.3
Amortization of mining properties	1.1	0.8
Amortization of software	*	*
EBITDA	53.2	136.4

* Less than 0.1

Additional Investment in Ravenswood

During the Extraordinary General Meeting held on March 24, 2021, our shareholders ratified our original investment of A\$70.0 million made in Ravenswood and approved the proposed additional investment of up to A\$75 million for the development of the Ravenswood gold mine. We subsequently completed an investment of A\$60 million in Ravenswood, following which our stake in Ravenswood remained at 50.0% as of March 31, 2021. Depending on the operational requirements of the Ravenswood gold mine, we may fund the remaining A\$15 million in accordance with the terms of the subscription agreement dated January 14, 2021 entered into with Golden Investments (Australia) II Pte. Ltd. (“GEAR SPV”), Raven Gold (as defined herein) and Ravenswood.

Millennium and Mavis Downs Mine Acquisition

On April 15, 2021, Stanmore, through a 50-50 joint venture company (“Stanmore JV”) with an M Resources affiliated entity, MetRes Pty Ltd, entered into agreements with Peabody Energy Australia (“Peabody”) to acquire 100% of the assets, rights and obligations associated with the Millennium and Mavis Downs Mine for upfront cash consideration of A\$1.25 million. The Stanmore JV and Peabody also entered into a royalty agreement, which provides for the payment to Peabody of (i) royalties of an aggregate of up to A\$1.25 million and (ii) super royalties of up to A\$3.5/tonne for a maximum of five years, in each case upon the fulfilment of certain conditions. The Millennium coal mine and Mavis Downs pit are located near Moranbah, Queensland, adjacent to Stanmore’s Isaac Downs project. The Millennium coal mine and Mavis Downs pit have 37 million tonnes of estimated coal resources, an estimated 2.0 million tonnes of proved and probable coal reserves from open cut and auger mining methods and an estimated 5.4 million tonnes of proved and probable underground coal reserves. The mine is currently in care and maintenance and the Stanmore JV will assume and undertake rehabilitation obligations estimated at A\$25.7 million, with Peabody reimbursing up to A\$12.5 million of incurred rehabilitation costs over a two year period. Stanmore has committed to provide the Stanmore JV with a total finance facility of up to A\$30 million, including a working capital debt facility of A\$15 million to cover initial working capital requirements, and an additional A\$15 million debt facility to support rehabilitation surety obligations, if required. Stanmore will also act as the guarantor of the Stanmore JV’s purchase obligations under the transaction agreements entered into with Peabody. Completion of the acquisition is subject to satisfaction of conditions precedent.

SUMMARY OF THE OFFERING

The following is a brief summary of the terms of the offering and is qualified in its entirety by the remainder of this Offering Memorandum. For a detailed description of the Notes, see the section entitled “Description of the Notes.” The provisions of the Indenture and the Notes prevail to the extent of any inconsistency with the summary set forth in this section. This summary is not intended to be complete and does not contain all of the information that is important to an investor. Terms used in this summary and not otherwise defined shall have the meanings given to them in “Description of the Notes.”

Issuer	Golden Energy and Resources Limited.
Initial Subsidiary Guarantor.....	Golden Investments (Australia) Pte. Ltd. will provide a guarantee of the Notes as soon as practicable following the repayment of the CS/Mandiri Facility, but in no event later than 10 days after the Original Issue Date. See “Subsidiary Guarantee” below.
Notes	\$285,000,000 aggregate principal amount of 8.5% senior secured notes due 2026.
Issue Price	98.512% of the principal amount of the Notes.
Maturity Date	May 14, 2026.
Interest.....	The Notes will bear interest from and including May 14, 2021 at the rate of 8.5% per annum, payable semi-annually in arrears.
Interest Payment Dates	May 14 and November 14 of each year, commencing November 14, 2021.
Ranking of the Notes.....	<p>The Notes will:</p> <ul style="list-style-type: none"> • be general obligations of the Issuer; • be senior in right of payment to any obligations of the Issuer expressly subordinated in right of payment to the Notes; • rank <i>pari passu</i> in right of payment with all unsecured, unsubordinated Indebtedness of the Issuer (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law); • be guaranteed by the Subsidiary Guarantors on an unsubordinated basis, subject to the limitations described below under the caption “— Subsidiary Guarantees” and in “Risk Factors — Risks Relating to the Notes, the Subsidiary Guarantees and the Collateral;” • be effectively subordinated to the secured obligations of the Issuer and the Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor (other than the Collateral, to the extent applicable); • be effectively subordinated to all existing and future obligations of any Subsidiaries other than Subsidiary Guarantors; and • be secured by the Collateral (subject to Permitted Liens) as described under the caption “Description of the Notes — Security.”

Subsidiary Guarantee As soon as practicable following the repayment of the CS/Mandiri Facility, but in no event later than 10 days after the Original Issue Date, only Golden Investments (Australia) Pte. Ltd. will guarantee the due and punctual payment of the principal of, premium (if any) and interest on, and all other amounts payable under, the Notes and the Indenture. None of the Issuer's other Subsidiaries, including GEMS and Stanmore and their respective subsidiaries, will provide a Subsidiary Guarantee. Furthermore, none of Anrof Singapore Limited, PT Hutan Rindang Banua and Shinning Spring Resources Limited that provided a subsidiary guarantee of the 2023 Notes will be guaranteeing the Notes.

The Subsidiary Guarantee may be released in certain circumstances. See "Description of the Notes — Subsidiary Guarantees — Release of the Subsidiary Guarantees."

Ranking of the Subsidiary
Guarantee The Subsidiary Guarantee of the Subsidiary Guarantor will:

- be a general obligation of such Subsidiary Guarantor;
- be senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee;
- rank at least *pari passu* in right of payment with all other unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law); and
- be effectively subordinated to secured obligations of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor.

Security As soon as practicable following the repayment of the CS/Mandiri Facility, but in no event later than 10 days after the Original Issue Date, as security for the payment and performance by the Issuer of its obligations under the Notes and the Indenture, the Issuer will grant the Notes Collateral Agent, for the benefit of the Holders, a first priority Lien over the Interest Reserve Account and all rights, title and interest in and to all amounts on deposit in the Interest Reserve Account at any time (the "Notes Collateral").

In addition, within 30 days after the Original Issue Date, the obligations of the Issuer with respect to the Notes and of the Initial Subsidiary Guarantor with respect to its Subsidiary Guarantee and the performance of all other obligations of the Issuer and the Initial Subsidiary Guarantor under the Indenture, the Notes and the Subsidiary Guarantee (as the case may be) will be secured (subject to Permitted Liens) by the following:

- a pledge of all of the Pledged GEMS Shares (as defined herein);
- a pledge of all of the Pledged GIAPL Shares (as defined herein);
- an assignment of the Intercompany Advances (as defined herein); and
- a pledge of all of the Stanmore Shares (as defined herein).

See “Description of the Notes — Security.”

Interest Reserve Account The Issuer has established the Interest Reserve Account in Singapore with Credit Suisse AG, Singapore Branch. On or as soon as practicable after the Original Issue Date, the Issuer will deposit into the Interest Reserve Account an amount in cash equal to the amount of one (1) semi-annual interest payment under the Notes. From the Original Issue Date, the Issuer will at all times maintain an amount in cash equal to the amount of one (1) semi-annual interest payment with respect to the outstanding Notes. Funds remaining on deposit in the Interest Reserve Account on the maturity date of the Notes shall be applied to the payment of interest on the Notes and any remaining balance shall be applied to the payment and premium and Additional Amounts, if any, due on the Notes. See “Description of the Notes — Interest Reserve Account.”

Use of Proceeds We estimate that the aggregate net proceeds we will receive from this offering will be approximately \$260.6 million, after deducting underwriting fees, commissions and other estimated transaction expenses relating to this offering and amounts used to fund the Interest Reserve Account.

We intend to use the net proceeds of this offering as follows: (i) approximately \$237.6 million to redeem all of the outstanding 2023 Notes and repay all amounts outstanding under the CS/Mandiri Facility, in each case together with any applicable premium and accrued and unpaid interest and (ii) the remainder for general corporate purposes, including for investments to implement our growth strategy. For the avoidance of doubt, none of the proceeds from the sale of the Notes on the Original Issue Date will be used for, directly or indirectly, any Investment in energy coal businesses, projects or assets. For more information, see “Description of Material Indebtedness — CS/Mandiri Facility” and “Business — Our Strategy.”

Optional Redemption At any time on or after May 14, 2024, the Issuer may at its option redeem the Notes, in whole or in part, at the redemption prices set forth under “Description of the Notes — Optional Redemption,” plus accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) the redemption date. At any time and from time to time prior to May 14, 2024, the Issuer may at its option redeem the Notes, in whole or in part, at a redemption price equal to 100% of their principal amount plus the Applicable Premium as of, and accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) the redemption date. In addition, at any time prior to May 14, 2024, the Issuer may at its option redeem up to 35% of the aggregate principal amount of the Notes with the proceeds from certain equity offerings at a redemption price of 108.5% of the principal amount of the Notes, plus accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the Notes issued on the Original Issue Date (excluding Notes held by the Issuer and its Restricted Subsidiaries) remains outstanding after each such redemption and any such redemption takes place within 60 days of the closing of such equity offering.

Mandatory Redemption If (a) the Issuer ceases to own a majority of the Capital Stock of GEMS or Stanmore or (b) GEMS or Stanmore otherwise ceases to be a Restricted Subsidiary, the Issuer shall redeem all outstanding Notes on a date that is no later than 30 days after the date of such occurrence (the “Mandatory Redemption Date”) at the following redemption price:

	<ul style="list-style-type: none"> • if the Mandatory Redemption Date occurs before May 14, 2024, the Notes shall be redeemed at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) such Mandatory Redemption Date; or • if the Mandatory Redemption Date occurs on or after May 14, 2024, the Notes shall be redeemed at a redemption price equal to the applicable redemption price on such Mandatory Redemption Date set forth under “Description of the Notes — Optional Redemption,” plus accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) such Mandatory Redemption Date.
Repurchase of Notes upon a Change of Control.....	Not later than 30 days following a Change of Control, the Issuer will make an Offer to Purchase all outstanding Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date. See “Description of the Notes — Repurchase of Notes upon a Change of Control.”
Withholding Tax; Additional Amounts	Payments with respect to the Notes and the Subsidiary Guarantee will be made without withholding or deduction for taxes imposed by the jurisdictions in which the Issuer or the Subsidiary Guarantor is organized or resident for tax purposes, or through which payment is made except as required by law. Where such withholding or deduction is required by law, the Issuer or the Subsidiary Guarantor will make such deduction or withholding and will, subject to certain exceptions, pay such additional amounts as will result in receipt by the Holder of such amounts as would have been received by such Holder had no such withholding or deduction been required. See “Description of the Notes — Additional Amounts.”
Redemption for Taxation Reasons...	Subject to certain exceptions and as more fully described herein, the Issuer may redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Issuer for redemption, if, as a result of certain changes in tax law, the Issuer would be required to pay certain Additional Amounts.
Covenants	<p>The Indenture will limit the ability of the Issuer and the Restricted Subsidiaries to, among other things:</p> <ul style="list-style-type: none"> • incur additional Indebtedness and issue preferred stock; • make investments or other Restricted Payments; • enter into agreements that restrict the Restricted Subsidiaries’ ability to pay dividends and transfer assets or make intercompany loans; • issue or sell Capital Stock of Restricted Subsidiaries; • issue guarantees by Restricted Subsidiaries; • enter into transactions with equity holders or affiliates; • create any Lien;

- enter into Sale and Leaseback Transactions;
- sell assets;
- engage in different business activities; and
- effect a consolidation or merger.

These covenants are subject to a number of important qualifications and exceptions described in “Description of the Notes — Certain Covenants.”

In addition, in the event that the Notes are assigned a rating of Investment Grade from two of the Rating Agencies and no Default or Event of Default has occurred and is continuing, certain covenants in the Indenture will be suspended. See “Description of the Notes — Suspension of Certain Covenants.”

Selling and Transfer Restrictions	The Notes will not be registered under the Securities Act or under any state securities law of the United States and will be subject to restrictions on transfer and resale. See “Transfer Restrictions.”
Form, Denomination and Registration	The Notes will be issued only in fully registered form, without coupons, in denominations of \$200,000 and integral multiples of \$1,000 in excess thereof and will be initially represented by Global Notes registered in the name of a nominee of the common depositary for the accounts of Euroclear and Clearstream.
Clearance and Settlement.....	The Notes will be represented by beneficial interests in the global certificate, which will be registered in the name of a nominee of, and deposited on the Closing Date with, a common depositary for, Euroclear and Clearstream. Beneficial interests in the global certificate will be shown on and transfers thereof will be effected only through records maintained by Euroclear and Clearstream. Except as described herein, certificates for Notes will not be issued in exchange for beneficial interests in the global certificate. For a description of certain factors relating to clearance and settlement, see “Description of the Notes — Book-Entry; Delivery and Form.”
Delivery of the Notes	Delivery of the Notes is expected to be on or about May 14, 2021, which is the 5th business day following the date of this Offering Memorandum (such settlement cycle being referred to as “T+5”). You should note that initial trading of the Notes may be affected by the T+5 settlement. See “Plan of Distribution.”
Notes Collateral Agent.....	The Bank of New York Mellon, Singapore Branch
Non-Indonesian Common Collateral Agent	The Bank of New York Mellon, Singapore Branch
Indonesian Common Collateral Agent	PT Bank CIMB Niaga Tbk.
Trustee	The Bank of New York Mellon
Paying Agent	The Bank of New York Mellon, London Branch
Registrar and Transfer Agent	The Bank of New York Mellon SA/NV Dublin Branch

Global Note	ISIN: XS2342227597 Common Code: 234222759
Ratings.....	The Notes are expected to be rated “B1” by Moody’s and “B+” by Fitch. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Listing	Approval-in-principle has been obtained for the listing and quotation of the Notes on the SGX-ST. The Notes will be traded on the SGX-ST in a minimum board lot size of \$200,000 for so long as the Notes are listed on the SGX-ST.
Governing Law	The Notes, the Subsidiary Guarantee and the Indenture will be governed by and will be construed in accordance with the laws of the State of New York. The Notes Collateral Document will be governed by, and construed in accordance with, the laws of Singapore. The Pari Passu Collateral Documents will be governed by, and construed in accordance with, the laws of Indonesia, Singapore or Australia, as set out in each Pari Passu Collateral Document.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION AND OPERATING DATA OF GEAR

The summary consolidated financial information as of December 31, 2018, 2019 and 2020, and for the years then ended, presented below, has been derived from our Consolidated Financial Statements included elsewhere in this Offering Memorandum. All segment financial and operational information presented herein is net of intra-segment elimination. The following information should be read in conjunction with our Consolidated Financial Statements and the related notes thereto included elsewhere in this Offering Memorandum, “Presentation of Financial Information,” “Selected Consolidated Financial Information and Operating Data,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors — Risks Relating to Our Business.”

Consolidated Statement of Comprehensive Income

	Year ended December 31,		
	2018	2019	2020
	(\$ in millions)		
Revenue	1,048.5	1,115.8	1,162.7
Cost of sales	(686.7)	(751.3)	(786.1)
Gross profit	361.8	364.5	376.6
Other income	13.8	16.8	20.3
Selling and distribution expenses	(151.3)	(185.4)	(201.4)
Administrative expenses	(76.9)	(74.1)	(79.3)
Fair value gains	2.5	2.5	7.7
Finance costs	(24.1)	(34.6)	(37.4)
Other operating expenses	(10.6)	(19.4)	(14.8)
Share of loss of a joint venture, net of tax	—	—	(4.9)
Profit before tax	115.2	70.3	66.8
Income tax expense	(41.5)	(37.4)	(32.3)
Profit for the year	73.7	32.9	34.5
Other comprehensive income not to be reclassified to profit or loss:			
Net actuarial gain/(loss) on post-employment benefits ..	0.1	(0.3)	0.2
Net (loss)/gain on equity instruments fair value through other comprehensive income	(27.7)	35.8	(3.4)
	(27.6)	35.5	(3.2)
Other comprehensive income to be reclassified to profit or loss:			
Foreign currency translation	(2.5)	(1.1)	24.2
Other comprehensive income for the year	(30.1)	34.4	21.0
Total comprehensive income for the year	43.6	67.3	55.5
Profit for the year attributable to:			
Owners of GEAR	39.3	10.0	8.1
Non-controlling interests	34.4	22.9	26.4
	73.7	32.9	34.5
Total comprehensive income for the year attributable to:			
Owners of GEAR	9.2	44.8	25.6
Non-controlling interests	34.4	22.5	29.9
	43.6	67.3	55.5

Consolidated Balance Sheets

	As of December 31,		
	2018	2019	2020
	(\$ in millions)		
Non-current assets			
Biological assets	3.4	6.1	6.6
Property, plant and equipment	80.4	92.1	140.7
Mining properties	227.7	231.9	402.8
Intangible assets	11.2	10.7	12.1
Right-of-use assets	—	3.3	2.8
Goodwill	113.7	106.7	98.2
Investment in a joint venture	—	—	48.0
Deferred tax assets	6.0	7.1	6.9
Other receivables	16.7	9.0	2.1
Restricted funds	14.8	18.6	19.3
Other non-current assets	46.3	53.1	73.9
Investment securities	57.7	115.1	4.6
	577.9	653.7	818.0
Current assets			
Inventories	19.6	23.3	71.2
Trade and other receivables	108.3	136.1	139.6
Other current assets	139.9	115.1	101.0
Investment securities	2.0	—	1.9
Cash and cash equivalents	113.1	177.8	262.8
	382.9	452.3	576.5
Current liabilities			
Trade and other payables	203.2	237.6	278.2
Provision for taxation	1.7	3.0	10.7
Provisions	—	—	1.9
Loans and borrowings	46.2	62.5	113.5
	251.1	303.1	404.3
Net current assets	131.8	149.2	172.2
Non-current liabilities			
Trade and other payables	34.0	25.7	32.6
Loans and borrowings	222.9	257.2	268.5
Deferred tax liabilities	29.5	31.4	80.4
Post-employment benefits	3.0	4.4	5.0
Provisions	2.0	5.1	26.2
	291.4	323.8	412.7
Net assets	418.3	479.1	577.5
Equity attributable to equity holders of GEAR			
Share capital	305.5	305.5	305.5
Reserves	7.8	53.8	79.3
	313.3	359.3	384.8
Non-controlling interests	105.0	119.8	192.7
Total equity	418.3	479.1	577.5

Consolidated Cash Flow Statement

	Year ended December 31,		
	2018	2019	2020
	(\$ in millions)		
Net cash flows generated from operating activities ..	24.3	85.8	110.1
Net cash flows used in investing activities	(167.1)	(50.4)	(75.7)
Net cash flows generated from financing activities ...	62.8	31.0	45.7
Net (decrease)/increase in cash and cash equivalents	(80.0)	66.4	80.1
Cash and cash equivalents at the beginning of the year	188.7	113.1	177.8
Cash and cash equivalents at the end of the year	113.1	177.8	262.8

Non-GAAP Financial Measures

	As of and for the year ended December 31,		
	2018	2019	2020
	(\$ in millions, except percentages and ratios)		
Adjusted EBITDA ⁽¹⁾⁽²⁾	156.6	129.7	147.9
Adjusted EBITDA margin ⁽¹⁾⁽³⁾ (%)	14.9	11.6	12.7
Adjusted EBITDA/interest expense ⁽¹⁾⁽⁴⁾	7.1	4.0	4.3
Total debt ⁽⁵⁾	269.1	319.7	382.0
Net debt ⁽⁵⁾	156.0	141.9	119.2
Finance cost	24.1	34.6	37.4
Adjusted EBITDA/finance cost	6.5	3.7	4.0
Total debt/Adjusted EBITDA	1.7	2.5	2.6
Net debt/Adjusted EBITDA	1.0	1.1	0.8

Notes:

- (1) Adjusted EBITDA, Adjusted EBITDA margin, net debt and the ratios derived from them are supplemental non-GAAP financial measures of our financial performance. These non-GAAP financial measures are not required by, or presented in accordance with, SFRS(I), IFRS, U.S. GAAP or any other generally accepted accounting principles and should not be considered as alternatives to our gross profit, profit for the year or any other performance measures derived in accordance with SFRS(I) or as an alternative to net cash flows generated from operating activities as a measure of liquidity. Other companies may calculate these non-GAAP financial measures differently, which limits their usefulness as comparative measures.

Our management believe that these non-GAAP financial measures are useful supplements to the financial data presented under SFRS(I) to facilitate operating performance comparisons for our Company from period to period by eliminating potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact of changes in effective tax rates) and the age and book depreciation of tangible and intangible mining-related assets (affecting relative depreciation and amortization expenses). Our Adjusted EBITDA also eliminates non-cash amortization expenses that arise in connection with coal production and corresponding depletion of proven and probable resources, and impairment losses from acquired forestry assets. We present these non-GAAP financial measures because we believe that these measures are frequently used by securities analysts, investors and other interested parties in evaluating similar issuers. We also present these non-GAAP financial measures as indicators of our ability to service our debt.

Notwithstanding the foregoing, Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our performance measures reported under SFRS(I). Some of these limitations include the following: (i) it does not reflect our capital expenditures, our future requirements for capital expenditures or our contractual commitments, (ii) it does not reflect changes in, or cash requirements for, our working capital needs, (iii) it does not reflect the interest expense or the cash requirements necessary to service interest or principal payments on our debt, and (iv) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may need to be replaced in the future and Adjusted EBITDA does not reflect any cash requirements that would be required for such replacements. Because of these limitations, Adjusted EBITDA and any measure or ratio derived therefrom should not be considered as a measure of discretionary cash available to us to invest in the growth of our businesses.

- (2) We define Adjusted EBITDA as profit for the year before finance costs, income tax expense, depreciation of property, plant and equipment and right-of-use assets, amortization of mining properties, software, land exploitation and intangible assets, and impairment loss on goodwill, property, plant and equipment and trade receivables. Adjusted EBITDA as presented in this Offering Memorandum is calculated differently from Consolidated Adjusted EBITDA as defined in the Indenture, which is used in connection with the limitation on incurrence of indebtedness covenant in the Notes.

The following table reconciles our profit for the year under SFRS(I) to Adjusted EBITDA for the periods indicated.

	Year ended December 31,		
	2018	2019	2020
	(\$ in millions)		
Profit for the year	73.7	32.9	34.5
Plus:			
Finance costs	24.1	34.6	37.4
Income tax expense	41.5	37.4	32.3
Depreciation of property, plant and equipment	7.2	8.3	15.7
Depreciation of right-of-use assets	—	2.5	2.4
Amortization of mining properties	1.5	4.9	15.0
Amortization of software	0.3	0.1	0.1
Amortization of land exploitation	1.3	0.5	1.0
Amortization of intangible assets	0.5	0.5	0.7
Impairment loss on goodwill	6.5	7.0	8.6
Impairment loss on property, plant and equipment	—	1.0	—
Impairment of trade receivables	—	—	0.2
Adjusted EBITDA	156.6	129.7	147.9

- (3) We define Adjusted EBITDA margin as Adjusted EBITDA divided by revenue.
- (4) “Interest expense” refers to interest expense on bank loans and the 2023 Notes, which is recorded under finance costs in our Consolidated Financial Statements and amounted to \$22.2 million, \$32.6 million and \$34.3 million in 2018, 2019 and 2020, respectively.
- (5) We define total debt as the sum of total loans and borrowings (current and non-current). We define net debt as total debt less cash and cash equivalents. Total debt and net debt are non-GAAP financial measures and key performance indicators used by our creditors, investors and management to monitor our financial condition and our continuing ability to service debt.

The following reconciles our total loans and borrowings (current and non-current) under SFRS(I) to total debt and net debt for the periods indicated.

	As of December 31,		
	2018	2019	2020
	(\$ in millions)		
Loans and borrowings			
Current	46.2	62.5	113.5
Non-current	222.9	257.2	268.5
Total debt	269.1	319.7	382.0
Minus:			
Cash and cash equivalents ⁽¹⁾	(113.1)	(177.8)	(262.8)
Net debt	156.0	141.9	119.2

Note:

- (1) As of December 31, 2018, 2019 and 2020, \$26.3 million, \$40.2 million and \$53.5 million of cash and cash equivalents were held by the Issuer on a standalone basis.

Operational Data

Certain operational data of GEMS

	Year Ended December 31,		
	2018	2019	2020
	(million tonnes)		
Coal production volume⁽¹⁾			
BIB	20.3	28.7	30.5
KIM	2.2	1.2	2.1
TKS	*	0.1	0.0
BSL	0.1	0.8	0.9
Total	22.6	30.8	33.5
	(million tonnes)		
Sales volume			
Coal mining ⁽²⁾			
BIB	20.2	28.0	30.5
KIM	2.4	1.3	1.9
TKS	0.0	0.1	*
BSL	0.2	0.6	0.9
Total	22.8	30.0	33.3
Coal trading ⁽³⁾	1.6	1.0	0.6
Total	24.4	31.0	33.9
	(\$ in millions)		
Revenue from coal sales			
Coal mining			
BIB	810.5	946.8	891.9
KIM	123.4	66.2	105.3
TKS	0.0	5.2	1.8
BSL	9.3	32.8	35.5
Total	943.2	1,051.0	1,034.5
Coal trading ⁽⁴⁾	101.9	56.5	26.9
Total	1,045.1	1,107.5	1,061.4
	(\$ per tonne)		
Average selling price per tonne⁽⁵⁾			
Coal mining			
GEMS Group	41.4	35.0	31.0
BIB	40.1	33.8	29.2
KIM	51.4	50.9	55.4
TKS	0.0	52.0	59.2
BSL	46.5	54.7	39.4
Coal trading	63.7	56.5	44.8
	(\$ per tonne)		
Average cash cost per tonne⁽⁶⁾			
GEMS Group	27.4	24.1	21.0
BIB	25.9	23.0	19.3
KIM	40.3	36.2	42.5
TKS	0.0	57.8	66.1
BSL	32.5	43.0	31.5
	(Bank cubic meters per tonne)		
Average strip ratio⁽⁷⁾			
GEMS Group	5.3	4.5	4.0
BIB	4.9	4.3	3.5
KIM	8.7	10.4	10.5
TKS	8.6	11.8	0.0
BSL	5.8	4.7	3.6

* Less than 0.1

Notes:

- (1) Coal production volume reflects the volume of coal mined during the relevant year.
- (2) Comprises sales of coal produced during the year and stockpiled coal.
- (3) Comprises sales of coal purchased from other coal producers during the year.
- (4) Revenue from the sale of the coal sourced from other Indonesian coal producers under sales orders that we procure.
- (5) Average selling price per tonne is calculated by dividing coal sales revenues for the year by our sales volumes in the same year.
- (6) Average cash cost per tonne is a measure of our costs in our coal mining segment and is calculated as total production costs for a year, including mining, freight and coal processing (but excluding depreciation, amortization and royalties), divided by sales volume for such year.
- (7) Average strip ratio is calculated by dividing the number of bank cubic meters of overburden (rock and soil) removed during the year by the number of tonnes of coal produced during such year.

Certain operational data of Stanmore Group

	Year Ended June 30,		Six Months Ended December 31,
	2019	2020	2020
	(million tonnes)		
Coal production volume⁽¹⁾			
Metallurgical.....	2.1	2.4	1.0
Energy	0.3	*	0.1
Total	2.4	2.4	1.1
	(million tonnes)		
Sales volume			
Coal mining ⁽²⁾			
Metallurgical.....	2.0	2.3	1.1
Energy	0.3	*	0.1
Total	2.3	2.3	1.2
	(A\$ in millions)		
Revenue from coal sales			
Metallurgical.....	363.8	362.7	132.6
Energy	39.2	1.8	3.7
Total	403.0	364.5	136.3
	(A\$ per tonne)		
Average selling price per tonne⁽³⁾			
Stanmore Group.....	173.8	159.5	115.1
	(A\$ per tonne)		
Average cash cost per tonne⁽⁴⁾			
Stanmore Group.....	88.8	105.9	115.0
	(Bank cubic meters per tonne)		
Average strip ratio⁽⁵⁾			
Stanmore Group.....	8.8	13.7	11.6

* Less than 0.1

Notes:

- (1) Coal production volume reflects the volume of coal mined during the relevant period.
- (2) Comprises sales of coal produced during the year/period and stockpiled coal.
- (3) Average selling price per tonne is calculated by dividing coal sales revenues for the year/period by our sales volumes in the same year/period.
- (4) Average cash cost per tonne is a measure of our costs in our coal mining segment and is calculated as total production costs for a year/period, including mining, freight and coal processing (but excluding depreciation, amortization and royalties), divided by sales volume for such year/period.
- (5) Average strip ratio is calculated by dividing the number of bank cubic meters of overburden (rock and soil) removed during the year/period by the number of tonnes of coal produced during such year/period.

Certain operational data of Ravenswood

	Nine months ended December 31, 2020
	(thousand ounces)
Gold production volume	
Ravenswood Group.....	47.6
	(thousand ounces)
Sales volume	
Ravenswood Group.....	44.6
	(A\$ in millions)
Revenue from gold sales	
Ravenswood Group.....	116.9
	(A\$ per ounces)
Average selling price per ounce⁽¹⁾	
Ravenswood Group.....	2,622.5
	(A\$ per ounces)
All-in sustaining cost⁽²⁾	
Ravenswood Group.....	2,222.2

Notes:

- (1) Average selling price per ounce is calculated by dividing revenue from gold sales for the period by our sales volumes in the same period.
- (2) All-in sustaining cost per ounce is calculated as a total of on-site mining costs (which includes mining cost, processing cost and maintenance and administration cost), royalties and sustaining capital expenditures, divided by the number of ounces of gold produced during such period.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF STANMORE GROUP

The summary consolidated financial information of Stanmore as of June 30, 2019 and 2020, and for the years then ended, presented below, has been derived from the Stanmore Consolidated Financial Statements included elsewhere in this Offering Memorandum. The following information should be read in conjunction with the Stanmore Consolidated Financial Statements and the related notes thereto included elsewhere in this Offering Memorandum, “Management’s Discussion and Analysis of the Stanmore Group’s Results of Operations” and “Risk Factors — General Risks Relating to Our Business.” GEAR, through its approximately 80% owned subsidiary, GIAPL, acquired a majority interest in and control of Stanmore on May 18, 2020.

Stanmore Group’s Consolidated Statement of Comprehensive Income

	Year ended June 30,	
	2019	2020
	(A\$ in millions)	
Revenue	403.1	364.5
Cost of sales	(238.3)	(267.5)
Gross profit	164.8	97.0
Other income	9.9	5.6
Other expenses	(36.6)	(43.0)
Profit before tax and net finance expenses	138.1	59.6
Finance income	0.5	0.6
Financial expenses	(10.1)	(8.6)
Profit before income tax expense	128.5	51.6
Income tax expense	(36.9)	(16.7)
Net profit for the year/Total comprehensive profit for the year	91.6	34.9
Profit for the year attributable to:		
Owners of Stanmore Coal Limited	91.6	34.9
Total comprehensive income for the year attributable to:		
Owners of Stanmore Coal Limited	91.6	34.9

Stanmore Group’s Consolidated Balance Sheets

	As of June 30,	
	2019	2020
	(A\$ in millions)	
Current assets		
Cash and cash equivalents	90.5	32.2
Trade and other receivables	20.8	4.7
Inventories	29.6	78.9
Other current assets	4.2	2.9
Total current assets	145.1	118.7

	As of June 30,	
	2019	2020
	(A\$ in millions)	
Non-current assets		
Property, plant and equipment	45.6	62.9
Capitalised development costs	—	0.3
Mine Properties	34.8	24.9
Exploration and evaluation assets	75.5	81.0
Intangible assets	3.3	2.8
Other non-current assets	2.3	6.2
Total non-current assets	161.5	178.1
Total assets	306.6	296.8
Current liabilities		
Trade and other payables	50.8	33.1
Interest-bearing loans and borrowings	—	2.2
Lease Liability	—	0.1
Onerous contracts provision	0.9	0.8
Rehabilitation provision	4.7	3.1
Vendor royalties — contingent consideration	7.9	7.6
Income Tax Payable	25.3	0.2
Total current liabilities	89.6	47.1
Non-current liabilities		
Provision for employee benefit	0.2	0.4
Interest-bearing loans and borrowings	—	10.3
Lease Liability	—	0.8
Onerous contracts provision	5.2	4.5
Rehabilitation provision	24.3	26.9
Vendor royalties — contingent consideration	24.6	15.0
Deferred tax liabilities	5.6	23.2
Total non-current liabilities	59.9	81.1
Total liabilities	149.5	128.2
Net assets	157.1	168.6
Equity		
Issued capital	117.6	121.7
Share based payment reserve	1.7	2.3
Retained earnings	37.8	44.5
Total equity attributable to the owners of Stanmore Coal Limited	157.1	168.6

Stanmore Group's Consolidated Cash Flow Statement

	Year ended June 30,	
	2019	2020
	(A\$ in millions)	
Net cash flows generated from operating activities	140.0	6.4
Net cash flows used in investing activities	(60.7)	(45.5)
Net cash flows used in financing activities	(8.6)	(19.2)
Net increase/(decrease) in cash and cash equivalents	70.7	(58.3)
Cash and cash equivalents at the beginning of the year	19.8	90.5
Cash and cash equivalents at the end of year	90.5	32.2

RISK FACTORS

An investment in the Notes is subject to significant risks. You should carefully consider all of the information in this Offering Memorandum and, in particular, the risks described below before deciding to invest in the Notes. The following describes some of the significant risks that could affect our business, financial condition, results of operations and prospects and the value of the Notes as well as our ability to pay interest on, and repay the principal of, the Notes. Additionally, some risks that may currently be unknown to us and other risks, currently believed to be immaterial, could turn out to be material. The market price of the Notes could decline due to any of these risks and you may lose all or part of your investment. This section also contains forward-looking statements that involve risks and uncertainties including those described under “Forward-Looking Statements and Associated Risks” elsewhere in this Offering Memorandum. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this Offering Memorandum.

General Risks Relating to Our Business

Regional or global economic changes could materially and adversely affect our business

Our business is significantly affected by general and local retail market and economic conditions outside our control. If economic conditions in Indonesia or Australia decline or stagnate, demand for our products could also decline or stagnate. Weak economic conditions in global financial markets have also in the past had, and in the future may have, adverse effects on economies in both developed and developing markets, including Indonesia and Australia where all of our operations are currently located. For example, economic downturns in the past have led to economic difficulties had a material adverse impact on the ability of many Indonesian companies to service their existing indebtedness. The Indonesian Government continues to have a large fiscal deficit and a high level of sovereign debt, its foreign currency reserves are modest, the Indonesian Rupiah continues to be volatile and has poor liquidity, and the banking sector is weak and suffers from high levels of non-performing loans. In Australia, recent measures undertaken by the Australian Government, including tax cuts and new programs to boost employment, have driven increases in Australia’s budget deficit. Current volatile and uncertain global economic conditions due to, among other things, the ongoing COVID-19 pandemic and political unrest could cause the economies where we operate to further deteriorate. Adverse regional or global economic changes could materially and adversely affect our business, financial condition, results of operations and prospects, and on our ability to pay interest on, and repay the principal of, the Notes.

A significant portion of our business is conducted as or through joint ventures, which prevents us from fully controlling their operations or operating those businesses solely for our benefit, and we may in the future conduct more of our business through such joint ventures

As of March 30, 2021, we held 62.5% of GEMS, and another strategic shareholder, GMR Coal Resources Pte Ltd (previously named GMR Infrastructure Investments (Singapore) Pte. Ltd.), held a 30.0% interest. In addition, we hold a 50.0% interest in the Ravenswood Gold Mine in Queensland, Australia, through our joint venture company, Ravenswood, with our joint venture partner, EMR Capital (“EMR”). We have previously, and may in the future, enter into additional joint ventures or strategic partnerships with third parties as part of our business and growth strategy.

In our joint ventures, we typically share ownership and management of a company with one or more parties who may not have the same goals, strategies, priorities, or resources that we do. Consequently, we are required to pay more attention to our relationship with our co-owners, and if a co-owner changes, our relationship may be materially and adversely affected. The success of our joint ventures depends significantly on the satisfactory performance by our co-owners of their contractual and other obligations. For example, our joint venture partner, EMR, has primary responsibility for operating and managing the Ravenswood Gold Mine under the terms of the Ravenswood’s Shareholders’ Deed (as defined herein). See “— Risks Relating to Our Gold Mining Businesses — We rely on Ravenswood Gold and EMR to run and operate the Ravenswood Gold Mine.”

Our joint venture partners and other strategic shareholders in our businesses may not fulfill their obligations, financial or otherwise, and they may have business interests that diverge from ours. We may be required to make additional investments in our various businesses and joint ventures to maintain our equity interest and any failure to make such investments, due to a lack of funds or any other reason, could significantly dilute our ownership in such joint ventures or result in such joint ventures being unable to meet their debt service requirements, potentially allowing their lenders may foreclose on our shares in them, any of which could have a material and adverse effect on our business, financial condition, cash flows and results of operation.

Any disputes that may arise between us and our joint venture partners may cause delay in completion, suspension or complete abandonment of a project or our investment in the project. Further, we may, in certain circumstances, be liable for the actions of our joint venture partners, or be limited in our ability to increase our equity interest or divest our equity interest in the joint venture, any of which could materially and adversely affect our business, financial condition, cash flows and results of operations.

The ongoing global COVID-19 pandemic and the disruption caused by various measures to reduce its spread has had and may continue to have adverse consequences on the global economy, our industry and our business, results of operations and financial condition

The COVID-19 pandemic has delivered economic shocks globally, leading to adverse repercussions across local, regional and global economies, financial markets, industries and businesses which necessarily adversely affects Indonesia and in turn, our business. The governments of many countries, including Indonesia and Australia, have reacted by instituting lockdowns, business shutdowns, quarantines and restrictions on travel. Such actions have not only disrupted businesses but have had a material and adverse effect on industries and local, regional and global economies, including the economies of Indonesia and Australia. The economic impact of the COVID-19 pandemic on Indonesia and Australia have been substantial and may continue. Unemployment has increased and may further increase, valuations and trading prices of financial and other assets have declined and the Rupiah has depreciated significantly against the U.S. dollar. If the pandemic continues to spread and more restrictive measures are implemented by the relevant government authorities, our business, financial condition, results of operations and prospects may be materially and adversely impacted.

We have primarily been impacted by the COVID-19 pandemic in terms of the impact that reduced global economic activity has had on international trade and demand for coal. During the first half of 2020, as a result of lockdowns and other measures implemented by governments in response to COVID-19, there was a significant decline in demand from key export markets for Indonesian and Australian coal, including reduced demand from India and China, which in turn has drove down our realized prices from coal sales.

The COVID-19 pandemic has also directly impacted our business operations, requiring us to delay our exploration activities due to restrictions placed on movements in Indonesia and Australia. The precautionary measures such as telecommuting, rotation of office hours among employees, limiting face-to-face meetings and restricting domestic and overseas business travel have also disrupted our normal operations. The current COVID-19 pandemic has affected, and we expect it to continue to affect, our ability to continue doing business with our customers, suppliers, third-party mining services providers and other parties that we conduct business with or that operate within our supply chains for our various businesses, whether due to restrictions placed on business activities and movements in Indonesia or Australia, in the countries where they are located, or other regions operating within our supply chains, or other reasons stemming from COVID-19. We have also experienced general delays in our operations due to safety measures implemented by us or our customers in response to COVID-19.

Our logistics services have also been affected by heightened restrictions at the ports we operate, which have resulted in delayed port clearance and extended crew change processes. We have also faced delays in the extension of certain permits we require for our operations such as, in particular, in relation to our river and sea transportation services, due to social distancing measures implemented at Indonesian Government offices resulting in prolonged processing periods. Further, although the current COVID-19 pandemic has not lead to any major disruptions to operations at our coal mines or facilities, we may be required to suspend or shut down operations at some or all of our mines or facilities as a result of the pandemic. While we have established temperature screening checkpoints and temporary medical facilities and isolation areas at all our mine sites as well as established COVID-19 testing facilities for our employees and their families, we cannot assure you that such measures or any other actions we have taken to mitigate the effects of the pandemic on our business operations will be adequate.

The COVID-19 pandemic may in the future continue to affect our industry and business in a number of ways, including:

- limiting our ability to generate cash flow, and as a result, affecting our financial condition;
- causing us to delay, postpone or cancel certain of our operating and development plans, and the associated capital expenditures;
- the economic slowdown may adversely impact our customers' abilities to raise capital, which may result in our customers being unable to meet their payment obligations under our coal agreements or planned capital expenditure, and a decrease in demand for our products;
- adversely impacting our ability to enter into new strategic transactions or to finalize strategic transactions on previously agreed terms and timetables;
- limiting our ability to ship our products to overseas customers due to the imposition of import restrictions and various governments prioritizing domestic coal in light of the overall economic downturn; and
- requiring us to make operational changes and implement measures to ensure the health and safety of our employees and counterparties, which may involve increased costs or operational inefficiencies.

Although the COVID-19 pandemic has not significantly impacted our financial results of operations for the financial year ended December 31, 2020, the duration and full extent of the impact of the pandemic on our business remains uncertain and will depend on a range of factors which we are not able to accurately predict, including the duration, severity, potential recurrence and scope of the pandemic and the nature and severity of measures adopted by governments. It is possible that the COVID-19 pandemic will cause a prolonged global economic crisis or recession. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section.

Furthermore, any outbreak of other contagious diseases in Asia (including Indonesia) or elsewhere or a fear of an outbreak could have an adverse effect on the economy and business activity in the markets where we or our customers operate and have a material adverse effect on our business, financial condition, results of operations and prospects.

There can be no assurance that any precautionary measures taken against infectious diseases would be effective. Any intensification or recurrence of past outbreaks or the emergence of other contagious disease or any other serious public health concern in Indonesia may adversely affect our business, financial condition, results of operations and prospects.

Any adverse findings from the Accounting & Corporate Regulatory Authority of Singapore on our consolidated financial statements for the year ended December 31, 2016 could have a negative impact on us

Pursuant to the Financial Reporting Surveillance Programme (“FRSP”) conducted by Accounting & Corporate Regulatory Authority (“ACRA”) of Singapore, our consolidated financial statements for the year ended December 31, 2016 (“FY2016 FS”) are in the process of being reviewed by ACRA for compliance with the Singapore Financial Reporting Standards (International) (“FRSP Review”). The FRSP Review has yet to be concluded by ACRA, and there is a range of outcomes that could arise depending on the findings by ACRA. While we believe that our FY2016 FS have been prepared in compliance with the Singapore Financial Reporting Standards (International), there can be no assurance that the FRSP Review will not result in ACRA making any material and adverse findings in respect of the FY2016 FS. Any such material and adverse findings from ACRA could lead to our FY2016 FS being restated and/or subject us to sanction, which could negatively affect our reputation and our reported financial condition for the financial year ended December 31, 2016 and as a result, our subsequent financial statements after December 31, 2016.

We may fail to successfully execute our growth strategy, and the anticipated benefits from our growth strategy may not materialize

Our growth strategy includes organic growth through production expansion as well as exploring opportunities for strategic inorganic growth in coal mining and diversification into other commodities for resiliency through commodity price cycles while maintaining prudent financial policy. As part of our diversification strategy, we, through GIAPL, initially acquired a 19.9% interest in December 2018 in Stanmore, a coal producer focused on metallurgical coal, and by May 2020, we increased our effective shareholding in Stanmore to 60.0% following the close of the On-Market Takeover Bid. In March 2020, we also completed the acquisition of a 50.0% interest in the Ravenswood Gold Mine in Queensland, Australia, through our joint venture company, Ravenswood, with our joint venture partner, EMR. We have plans to further expand and develop our mining operations. For example, Stanmore has plans for future exploration and development of Isaac Downs and Ravenswood has plans to expand the mining operation of the Ravenswood Gold Mine. The Ravenswood Gold Mine expansion project is intended to provide an annual nameplate capacity of around 7.2Mtpa at the Ravenswood Gold Mine, capable of producing over 200,000 oz of gold per annum. Ravenswood expects to produce on an average approximately 185,000 oz of gold per annum over a targeted 14-year mine life.

We cannot assure you that we will be able to increase our coal or gold production volumes in the future or that we will be able to identify suitable prospective acquisitions, collaborations or investments in coal, gold or other commodities, nor can we assure you that we will be able to successfully complete such transactions, including due to factors outside of our control such as competitive pressures and governmental and regulatory considerations. For more information, see “— Risks Relating to Our Gold Mining Businesses — We may be unable to complete our proposed expansion and development of Ravenswood Gold Mine.” In addition, we may not be able to effectively address integration challenges that may arise following an acquisition in a timely manner, or at all, and acquisitions, investments and partnerships may not yield their anticipated benefits to us. We may also face challenges in relation to our operations in Australia. For more information, see “— Risks Relating to Australia.”

In order to execute our growth strategy, we have in the past made, and may in the future make minority investments in other assets or companies (such as our investment in Westgold) or pursue certain opportunities with strategic partners (such as our joint venture investment in the Ravenswood Gold Mine). We may not be able to participate in the control or management of investments in which we own minority stakes. In connection with our dealings with other shareholders in our various acquisitions or investments, we may experience issues such as those relating to disparate communication, culture, strategy, and resources. Further, such shareholders or strategic partners may have economic or business interests or goals that are inconsistent with ours, exercise their rights in a way that prohibits us from acting in a manner which we would like or may be unable or unwilling to fulfill their obligations under any agreements that we may enter. We cannot assure you that the actions or decisions of these third parties will not adversely affect us.

We may also seek to strategically divest our stakes in our existing or future assets or investments. For example, we may seek to divest an asset or investment if there is a favorable market for such asset or investment or if our investments in other commodities do not yield their anticipated benefits. In order to pursue such strategies successfully, we would have to, among other things, identify and form strong working relationships with suitable strategic partners or source willing buyers and complete the sale of such assets or investments.

We cannot assure you that we would be able to successfully execute our business strategies. Any inability to successfully execute our growth strategy may have a material adverse effect on our business, financial condition and results of operations.

We do not have a proven track record or business history in the mining of commodities other than coal

We do not have a proven track record, and a majority of our current management may not have the relevant experience and expertise required, in the mining of commodities other than coal. Our experience in the gold mining industry is limited to our minority interest in Westgold (which we fully divested in September 2020) and our joint venture investment in the Ravenswood Gold Mine in March 2020. Diversifying our mining activities to include gold and base metals would involve us entering into new areas of business, and we will face the risks, uncertainties and problems associated with this. For example, mining for base metals may involve the use of different types of equipment that we have no experience with, and necessitate us learning and setting up new facilities to process the resources extracted from the mine. We may also be unable to manage the operations and costs of such mining activities, fail to attract customers, fail to provide expected financial results, level of revenue and margins, fail to identify, attract, retain and motivate qualified personnel, or be unable to find a suitable joint venture, strategic or other business partners to execute our growth strategy.

Terrorist attacks and activities could cause economic and social volatility

Terrorist attacks, including past attacks in the United States, the United Kingdom and Paris, together with the military response to such attacks and continuing military activities in the Middle East have resulted in substantial and continuing economic volatility and social unrest in the world. In addition, there have been past terrorist attacks in Australia and Indonesia, including in the case of Indonesia, areas that have in the past been considered safe from the unrest affecting other parts of the country. Other bombing incidents have also occurred over the past few years in Indonesia, although on a lesser scale in recent years. There can be no assurance that terrorist acts will not occur in the future. Violent acts arising from, and leading to, instability and unrest could destabilize the governments and economies where we conduct our business and have had, and could continue to have, a material adverse effect on investment and confidence in, and the performance of, the economy, and could have a material adverse effect on our business, financial condition, results of operations and prospects.

Estimates of coal and gold resources and reserves are derived from benchmark calculations which utilize a range of assumptions. There can be no assurance that the anticipated quantities, qualities or yields will be achieved

In determining the feasibility of developing and operating our mines, we use estimates of coal and gold resources and reserves that are made by our internal personnel and, in most cases, by independent mining consultants. These estimated resources and reserves have been determined by taking into account knowledge, experience, industry practice (as relevant) and may require revision based upon actual production experience, operating costs and changes in world coal prices and may be affected by many other factors, including the quality of the results of exploration drilling and analysis of mineral samples, as well as the procedures adopted by and the experience of the person making the estimates. Determinations of resources or reserves that are reasonable when made may change in the future when new information becomes available. For example, we are currently undertaking additional detailed geological analysis and mine modelling for the Isaac Downs mine, which may result in changes to its estimated coal reserves.

The reserves and resources described in the reports set out in Appendices A and B of this Offering Memorandum were determined in accordance with the principles incorporated in the 2004 JORC Code or the 2012 JORC Code, as the case may be. The JORC Code is an accepted standard for professional reporting purposes in Australia, Asia and certain other jurisdictions. The coal reserve estimates included in this Offering Memorandum are only estimates of the coal deposits that can be economically and legally recovered. In determining the feasibility of developing and operating our mines, estimates of coal reserves and resources are made and confirmed by an independent mining consultant. The classification of reserves as either proved or probable carries a different level of confidence. A proved coal reserve represents the highest confidence category of reserve estimate and implies a higher degree of confidence in geological and grade conformity and consideration of the modifying factors. A probable coal reserve has a lower level of confidence than a proved coal reserve, but is of sufficient quality to serve as the basis for a decision on the development of the deposit. In addition, this Offering Memorandum contains estimated information regarding mineral resources and ore reserves relating to the Ravenswood Gold Mine as set out in the SD2 Reports and AMDAD Reports in Appendix D to this Offering Memorandum. These estimates are subject to similar assumptions, risks and uncertainties.

Coal or gold is economically recoverable when the price at which it can be sold exceeds the costs and expenses of mining and selling the material. The costs and expenses of mining and selling are determined on a mine-by-mine basis, and as a result, the price at which our coal or ore is economically recoverable varies based on the mine. Numerous uncertainties exist when estimating quantities, qualities and the value of proved and probable reserves and costs of mining recoverable reserves, including factors beyond our control. As a result, estimates of reserves are, by their nature, uncertain. When calculating reserves estimates, we and our independent mine consultants make assumptions about:

- geological and mining conditions, which may not be fully identified by available exploration data and may differ from our experience and assumptions in areas we currently mine;
- historical production from the mining area compared with production from other producing areas;
- the effects of regulations and taxes by governmental agencies;
- current and future market prices, contractual arrangements, operating costs and capital expenditures; and
- historical and assumed future operating costs, including reliance on contract miners.

Actual factors may vary considerably from the assumptions used in estimating our reserves and resources. For example, determinations of resources or reserves that are reasonable when they are made may change significantly in the future when new information becomes available. For these reasons, our actual recoverable and marketable reserves and resources and our actual production, costs, revenues and expenditures related to our reserves and resources may vary materially from our estimates. These estimates may not accurately reflect our actual reserves or resources or be indicative of future production, costs, revenues or expenditures.

The quality of coal and gold ultimately mined may differ from that indicated by drilling results, which may result in variations in the volumes and pricing that we can sell from period to period. Should we encounter coal seams or formations different from those predicted by past drilling, sampling and similar examinations and exploration activities, the reserve and resource amounts may have to be adjusted.

Also, our reserve amounts have been determined based on assumed commodity prices and historical and assumed operating costs. Some of our reserves may become unprofitable or economically prohibitive to develop if there are unfavorable long-term market price fluctuations, or if there are significant increases in our operating costs and capital expenditure requirements. Our exploration activities may not result in the discovery of additional deposits that can be mined profitably and our coal and ore products may not

continue to meet the quality specifications as required under the relevant supply agreements. Any significant reduction in the volumes and grades of the reserves and resources we recover from what has been estimated could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may be unable to identify and consummate future acquisitions. We may also be unable to successfully integrate acquired businesses or assets

We cannot assure you that we will be able to locate and secure acquisition targets on terms that are acceptable to us. We may encounter the following obstacles in connection with any acquisitions that we may pursue:

- uncertainties in assessing the strengths and potential profitability and identifying the extent of all risks and liabilities of acquisition targets;
- inability to integrate an acquired business or asset, such as the operations of Stanmore or Ravenswood Gold Mine, into our operations;
- inexperience operating an acquired business or operations of a larger scale;
- diversion of management's attention from other business concerns; and
- the potential loss of key employees previously employed at the acquired companies.

We cannot assure you that any acquisition we may make will be successfully integrated into our ongoing operations or that we will achieve our business goals and objectives from the acquisition. If the operations of an acquired business do not meet our expectations, we may be required to restructure such business or write-off the value of some or all of the assets that we acquire. Any difficulties related to proposed or future acquisitions may materially and adversely affect our business, financial condition, results of operations and prospects.

We may experience safety incidents or accidents at our mine sites and port facilities

Operations at our mine sites and the ports at which we process and ship our coal or gold involve the use of heavy machinery and manual labor. Workplace accidents resulting in personal injury or death may occur during the ordinary course of operations. For example, we experienced two high-consequence injuries in BIB in 2020. In the event of workplace accidents, we may be liable for damages, medical expenses, medical leave payments and fines or penalties for breaches of applicable Indonesian or Australian workplace health and safety ("WHS") laws and regulations, as the case may be.

In Australia, certain safety incidents or near misses are required by law to be reported to the relevant regulator(s). The regulator(s) have extensive powers to investigate safety incidents and shut down all or part of the operations in order to investigate the incident, or to ensure the worksite is safe before operations resume. Regulators also have powers to enter workplaces in order to ensure compliance of WHS laws, regardless of any actual incident occurring. In Indonesia, pursuant to Minister of Manpower Regulation No. PER.03/MEN/1998 of 1998 on the Procedures of Reporting and Examination of Accident, managers or entrepreneurs are obliged to report any accidents that occur in the workplace that lead to the local Head of the Manpower Department Office within 48 hours from the time the accident occurred. After receiving the report, the local Head of the Manpower Department Office will order the supervisory staff to conduct an inspection and study of accidents.

As part of their compliance or investigative powers, regulator(s) may issue directions that we are required to comply with concerning operations at the mine or port site, including shutdowns of equipment or areas of the workplace. These investigations and directions could have significant adverse financial and operational outcomes, including loss of revenue, contractual breaches, loss of jobs and costs associated with complying with any directions or safety requirements. We may also be subject to negative publicity because of any WHS incident that results in an investigation, safety direction or prosecution by a regulator.

The regulator(s) may undertake criminal or civil prosecutions under relevant WHS laws in the event of a safety incident, with the possibility of significant financial penalties applying. Individual officer and directors have personal responsibilities under WHS laws and may be subject to prosecution, as well as the company or business entity. Penalties in the most serious cases can include imprisonment, as well as significant fines.

Aside from regulators taking action under WHS laws, individuals or their families may launch common law legal actions against us in the event a WHS incident leads to injury or death. Should the incident involve numerous people, individuals may form a class action. In the event this occurred, it could lead to adverse publicity, reputational damage and significant costs in running litigation. An adverse finding against us in such litigation could cause us significant financial detriment if large awards of damages or compensation are made.

Fluctuations in foreign currency exchange rates could materially and adversely affect our profitability

Our Consolidated Financial Statements are reported in U.S. dollars. The functional currency of our Company is the Singapore dollar, the functional currencies of PT Roundhill Capital Indonesia, TKS, PT Karya Mining Solutions, PT GEMS Energy Indonesia and EMS is the Indonesian Rupiah, the functional currency of Stanmore, Ravenswood and the entities controlled by each of them is the Australian dollar, while its revenue is denominated in U.S. dollars, and the functional currencies of each of our remaining subsidiaries, incorporated in Indonesia or otherwise, is the U.S. dollar. Our operations are conducted in U.S. dollars, Indonesian Rupiah and Australian dollars.

Fluctuating foreign exchange rates, in particular fluctuations in the U.S. dollar/Rupiah exchange rate, the U.S. dollar/Australian dollar exchange rate and, to a lesser extent, the U.S. dollar/Singapore dollar exchange rate, can affect our results of operations. The Indonesian Rupiah and, to a lesser extent, the Australian Dollar have experienced periods of high volatility in the past against the U.S. dollar. Future volatility could cause our results of operations and financial condition to fluctuate significantly.

We may also be subject to the imposition or tightening of exchange control or repatriation restrictions and may encounter difficulties or delay in relation to the receipt of our proceeds from divestments and dividends due to any such exchange controls existing in Indonesia, Australia or other jurisdictions where we currently operate or may operate in the future.

Risks Relating to Our Coal Mining Businesses

Coal prices are subject to significant fluctuations and any significant decline in demand for, and the selling prices of, our coal could materially and adversely affect our business, financial condition, results of operations and prospects

We derive substantially all of our revenue from our coal mining business. The GEMS Group's coal sales agreements with its customers in Indonesia typically have prices that are specified in the relevant purchase order and based on current *Harga Batubara Acuan* (the "HBA") prices, which in turn are adjusted on a monthly basis by the MEMR. Our coal sales agreements with export customers typically have prices that are specified in the relevant purchase order and fixed at the time of sale based on the Indonesian Coal Index, which in turn reflects prices over a recent historical period, typically being four weeks. Similarly, Stanmore's coal sales contracts with its regular customers generally contain quarterly pricing provisions that are linked to the Premium Low Vol Hard Coking Coal Index, subject to certain adjustments. As such,

any fluctuation in coal prices will affect our results of operations and cash flows. Coal prices are determined by numerous factors beyond our control, including changes in the global and regional supply and demand for coal as production volumes fluctuate, existing mines expand or scale down operations and new mines are developed. Coal markets have in the past exhibited significant fluctuations in supply, demand and prices from year to year. Any mismatch between coal supply and demand, whether regionally or globally, could adversely affect coal prices and the prices we receive under our existing or new coal supply agreements. Other factors that may affect coal prices include international political and economic conditions, weather conditions, international exchange rates, forward selling by other producers, distribution issues, labor disputes, tenement issues, the price and availability of alternatives (including, among others, nuclear energy, natural gas, oil and renewable energy sources, such as hydroelectric power), actions taken by governments and international cartels, government regulations (such as those relating to taxation, royalties, allowable production, importing and exporting, environmental protection), production costs in major coal producing regions and, in relation to metallurgical coal, the demands of the steel industry, which in turn is influenced by factors such as the cyclical nature of that industry's business, general economic conditions and demand for steel, and the availability and cost of substitutes for steel, such as aluminum, composites and plastics, all of which may impact the demand for steel products. The development of new steelmaking technologies or practices that can be substituted for metallurgical coal in the integrated steel mill process, such as producing steel using electric arc furnace technology instead of blast furnaces, would also adversely affect metallurgical coal prices and demand. Although conventional blast furnace technology has been the most economic large-scale steel production technology for a number of years, there can be no assurance that over the longer term, competitive technologies not reliant on metallurgical coal would not emerge, which could reduce the demand and price premiums for metallurgical coal.

Global events or circumstances including conflicts, wars, terrorism, global pandemics (including the COVID-19 pandemic) and other social disruptions may also affect the price of coal, which is affected by macro-economic factors such as inflation and interest rates as well as expectations of the same. The GEMS Group's main clients are located in Indonesia, the China and India, while Stanmore Group's main clients are located in Japan, South Korea, India and Europe. In 2020, 29.9%, 20.3%, 4.2%, 1.5% and 0.6% of our revenue was from China, India, Japan, South Korea and Europe respectively. Therefore, an economic downturn or a change in the current government policies in any of these countries or Asia in general, particularly any change in the Chinese government policies, which restrict coal imports or the number of days coal mines are permitted to operate, has the potential to reduce the price of the coal we sell. Revenue in Indonesia accounted for 32.4%, 31.7% and 36.9% of our total revenue in 2018, 2019 and 2020, respectively. An economic downturn in Indonesia or any fluctuations in coal prices in Indonesia could also reduce prices for the coal that we sell. The COVID-19 pandemic and government measures introduced to stem the spread of COVID-19 contributed to reduced economic activity globally, the imposition of import restrictions and various governments prioritizing domestic coal. As a consequence, there was weak demand for energy coal in China, India and Indonesia in 2020, which led to coal prices dropping to one of its lowest points in 2020. The average Indonesian Coal Index 4 decreased to approximately \$23.5/tonne in September 2020, compared to an average of approximately \$35.0/tonne in 2019. The average Platts Semi Soft coking coal index decreased to approximately \$59.6/tonne in June 2020, compared to an average of approximately \$93.5/tonne in 2019. See "Risk Factors — Risks Relating to Our Business — The ongoing global COVID-19 pandemic and the disruption caused by various measures to reduce its spread may have unprecedented adverse consequences of uncertain magnitude and duration on our business, industry, Indonesia, Australia and the global economy." China has also recently imposed a ban against coal imports from Australia in December 2020 amid trade and political tensions. Future volatility in the spot, quarterly or long-term price of coal, or a sustained reduction in global coal demand or consumption, or an increase in global supplies of coal, whether by way of supply from new entrants or other reasons, could have a material adverse effect on our business, financial condition, results of operations and prospects.

In an international market experiencing declining coal prices, we may experience difficulty securing contracts to sell our coal at the relevant benchmark prices (which are based on the average of certain coal price indices from the previous month or months, depending on whether the contract is a spot or term contract). The combined effects of any or all of these factors on coal prices or volumes are difficult to predict. If our coal selling prices fall and remain depressed for any sustained period, and if selling volumes do not increase, we may experience a reduction in the overall profitability of our business.

We may fail to increase coal production volume and capacity on a timely basis or at all

Our GEMS coal mines produced 30.8 million tonnes and 33.5 million tonnes of coal in 2019 and 2020, respectively. We intend to increase our production capacity on our GEMS coal mines to 44 million tonnes by 2023 (subject to the completion of relevant feasibility studies and acquiring necessary approvals), to extract operational synergies through the benefits of scale and integration of operations. We are in the process of upgrading our mine infrastructure to accommodate future production volume growth. In relation to our mines operated by BIB, we have commenced expansion of our facilities with the upgrading of our existing infrastructure which includes crushers, conveyor belts, and also plan to undertake road widening to handle up to 36 million tonnes per annum of coal production in the second half of 2021. We are also in the process of upgrading our existing hauling road to accommodate double trailer trucks with 170 tonne capacity to reduce bottlenecks and further increase capacity to 44 million tonnes. In relation to our mines operated by the Stanmore Group, we are in the process of securing regulatory approvals to develop Isaac Downs, an open cut metallurgical coal mine adjacent to the current Isaac Plains East mine.

Many of the factors that affect our ability to increase coal production volume are outside of our control, including the performance of our mining services providers, port operators and other third parties, weather conditions and natural disasters and governmental and regulatory matters. In particular, coal production volume in Indonesia is regulated by the Indonesian Government, and we are required to obtain governmental approval of any increase in the maximum production output of each of our mines. However, there can be no guarantee that the Indonesian Government will approve our applications for such increases. Similarly in Australia, licenses and approvals must be obtained prior to the commencement of mining operations, which stipulate various conditions in respect of the mining activities, including production volume. Although the application process and conditions for mining leases vary across each State and Territory, respective governments often maintain oversight over production levels by requiring that production or government royalty reports be submitted at regular intervals. In Queensland, which is where all of Stanmore's tenements are located, an activity report must be lodged for each mining lease for coal within 2 months after each anniversary of the day the mining lease takes effect.

Other factors that have in the past affected and/or may affect our ability to increase our production capacity and production volume include the following:

- difficulties our mining services providers encounter in fulfilling their contractual obligations which would require us to make alternative arrangements, cause delays and potentially increase the costs of the expansion plans;
- potential disputes with our mining services providers which have the potential to delay production, result in additional costs to reach a resolution or require us to engage other mining services providers;
- labor disputes with our engineers or key personnel;
- insufficient amount of reserves at our existing or new mines;
- difficulties in constructing the required supporting infrastructure, such as haul roads, processing plants and port facilities, or the failure of equipment and machinery implemented to increase production;
- difficulties we encounter in contracting with additional mining services providers on acceptable terms or at all;

- difficulties our mining services providers encounter in obtaining machinery and equipment, particularly hauling trucks and excavators, spare parts, as well as materials such as explosives, required to increase production, due to capacity and supply constraints in the world for steel, rubber and other markets and high global demand for those materials and mining equipment;
- mechanical issues with equipment;
- difficulties we encounter in acquiring or renewing the necessary permits and land rights for our expansion plans;
- difficulties we or our mining services providers encounter in fulfilling capital commitments and operating plans, which are subject to risks, contingencies and other factors, some of which are beyond their control, such as increases in costs of equipment and materials, their ability to secure necessary approvals and their ability to recruit a sufficient number of qualified employees;
- difficulties we encounter in integrating new mines with our current operational and marketing activities;
- declining coal prices during the implementation of the expansion which may result in uneconomical business expansion;
- discrepancies in coal seam thickness, the amount and type of overburden overlying the coal seam and other discrepancies from our geological models;
- changes in geological conditions and geotechnical instability of our mining pits;
- delays or disruptions in drilling, excavating and other third-party delays;
- inability to access haulage roads, jetties, ports and other infrastructure through third party providers;
- fluctuations in the demand for coal, which may result in the inability to sell higher volumes of coal from expected increases in production output;
- the outbreak of global pandemics such as COVID-19, which has resulted in business disruptions and travel restrictions; and
- unforeseen conditions or developments that could substantially delay our planned expansion, including inclement weather such as heavy rainfall and forest fires, shipping delays, safety issues and equipment and machinery malfunctions.

The occurrence of any of the above factors and as result, our inability to expand our operations and production or to identify or exploit any appealing expansion opportunities as planned could have a material and adverse effect on our business, financial condition, results of operations and prospects.

The mining industry is subject to extensive government regulation

The mining industry is subject to extensive regulation, and there have been major developments in laws and regulations applicable to coal concession holders and mining services operators, particularly in Indonesia.

In Indonesia, the government regulates coal mining activity primarily through the MEMR as well as the Ministry of Environment and Forestry and the Indonesian Capital Investment Coordinating Body (*Badan Koordinasi Penanaman Modal* or “BKPM”). In addition, the regional governments where our concession areas are located can also implement regulations, which in turn affect our operations. Over the last 20 years, the Indonesian Government has promulgated many new laws and regulations affecting the Indonesian mining industry. In particular, the Law No. 4 of 2009 on Mineral and Coal Mining (“Mining Law 4”), which came into effect in 2009 and was recently amended on June 10, 2020 by Law 3/2020 (the “Mining Law (as amended)”), which replaced the previous mining regulatory framework. The Mining Law (as amended), which sets out the regulatory framework for the mining industry in Indonesia, only contains substantive principles and leaves many specific issues to be addressed in implementing regulations. The Mining Law (as amended) provides for implementing regulations to be issued at a later date with respect to these provisions. Key laws and regulations that have been issued pursuant to the Mining Law (as amended) and its implementing regulations applicable to our energy resources business include, among others, laws and regulations on coal benchmark prices, domestic market obligation and export taxes. If we fail to comply with the Mining Law (as amended) and its implementing regulations, we and our third-party mining services providers may be subject to administrative sanctions in the form of written warnings, temporary suspensions or the revocation of our mining licenses. A court or an administrative or regulatory body may in the future render interpretations of these laws and regulations, or issue new or modified regulations, that differ from our interpretation, which could materially and adversely affect our business, financial condition and results of operations. For more information regarding the Mining Law (as amended) and other applicable regulations, see “Regulation — Indonesian Regulations.”

On October 5, 2020, the legislative body of the House of Representatives of Indonesia (Dewan Perwakilan Rakyat or “DPR”) and the Indonesian Government agreed to pass Law No. 11 of 2020 on Job Creation (the “Omnibus Bill”) on Job Creation. The bill is an effort by the Indonesian Government to comprehensively amend numerous sectoral laws and amend or revoke numerous regulations with the goal of creating job opportunities and improving Indonesia’s investment ecosystem. The Omnibus Bill came into force on November 2, 2020, and it also amends some provisions of the Mining Law (as amended). The various new government and presidential regulations have been passed within three months after the enactment of the Omnibus Law, and resulting on the issuance of Government Regulation No. 25 of 2021 on the Implementation of Energy and Mineral Resources Field.

In Australia, operations and projects are subject to State and Federal laws and regulations regarding mining, environmental protection, land access, native title and cultural heritage. These laws and regulations regulate the conduct of mining operations, set requirements in relation to land access, landholder compensation, environmental and cultural heritage protection and certain aspects of health, and provide for penalties and other consequences for the breach of such laws.

State and Territory governments are vested with the responsibility for granting mining tenure, and regulating mining operations within their respective jurisdictions. Generally, mining leases are granted for terms of up to 21 years, subject to conditions, and may be renewed. The Minister may refuse the renewal of a mining lease or other mining tenement for various reasons, including for example, if the Minister considers the renewal is not in the public interest. The variation of conditions attaching to a mining tenement or the loss of any mining tenement could adversely affect the ability to mine the associated reserves and carry on mining operations within the applicable concession area. To secure exploration and mining approvals, or to undertake activities within the area of a granted mining tenement, native title, cultural heritage, land access and overlapping tenure are matters that also need to be addressed.

There is also an obligation to rehabilitate areas impacted by mining activities, including Stanmore providing financial assurances in respect of the likely costs and expenses that may be incurred when taking action to rehabilitate areas impacted by mining activities. The Mineral and Energy Resources (Financial Provisioning) Act 2018 (Qld) has changed the method by which such financial assurance is calculated but the cost of this change to Stanmore has not been material. In order to undertake exploration and production activities, it is first necessary to apply for and obtain necessary government permits, leases and approvals that authorize such activities. The regulatory regime for these matters are considered further in the “Regulation — Australian Regulations” section.

In addition, other countries or territories, including those where our customers, suppliers, mining services providers and other entities that we conduct business with are located, may implement laws and regulations that may affect our business. These may relate to, among others, taxation, royalties, import and export restrictions, travel restrictions and environmental protection. For example, since 2017, the Chinese government has intensified administrative measures to control coal imports into China, including imposing coal import quotas, halting the berthing of vessels with coal cargoes, and freezing the import of Australian energy coal. China has also recently imposed a ban against coal imports from Australia in December 2020 amid trade and political tensions. Such import restrictions by China, one of the world's largest consumers of coal and one of our largest markets for our energy coal business, have affected our coal business in China and required us to shift our focus from the China market to increase sales in other countries or territories, such as India and Southeast Asia. As a result, our total revenue from coal sales to China decreased significantly for the year ended December 31, 2020 as compared to the year ended December 31, 2019. In addition, a decrease in China's demand for energy coal and continued ban on the import of Australian coal may create downward pressure on global coal prices and the prices we receive for the sale of our coal, which may adversely affect our business, financial condition and results of operations. We cannot assure you that China, or other countries or territories where our customers, suppliers, mining services providers and other entities that we conduct business with are located, will not impose or continue to impose laws and regulations which may adversely affect our business, financial condition, results of operations and prospects, including additional compliance costs to adhere to new regulations, taxation and import and export restrictions that may reduce demand for our products or create downward pressure on global commodity prices.

We rely on BIB for a significant portion of our production volume

In 2019 and 2020, coal produced in our BIB concession area accounted for approximately 93.2% and approximately 87.9% of our Group's overall production volume, respectively, with the remainder of our production volume produced from the GEMS Group's KIM and BSL concession areas and the Stanmore Group's Isaac Plain Complex. Operational or other difficulties in the mining, processing, storing, transporting or shipping of coal at or from our BIB concession area could result in a decrease in our coal production volume, which could prevent us from meeting customer demand or our obligations under our coals sales agreements or more quickly deplete our coal stockpiles. For these reasons, any interruption in our operations at our BIB concession area could materially and adversely affect our business, financial condition, results of operations and prospects.

Coal markets are highly competitive and are affected by factors beyond our control

We compete in the domestic and international coal and fossil fuel markets with other energy and metallurgical coal producers and suppliers of alternative energy resources. Competition in these markets is primarily based on coal quality, selling price, reliability of delivery and the ability to supply coal as and when required by customers.

In relation to energy coal, in the Indonesian coal market, we compete with a number of large Indonesian coal producers, including PT Adaro Indonesia Tbk. ("Adaro"), PT Bayan Resources Tbk., PT Berau Coal Energy Tbk. ("Berau Coal"), PT Bumi Resources Tbk., PT Indo Tambangraya Megah Tbk., PT Harum Energy Tbk., PT Tambang Batubara Bukit Asam Tbk. ("Bukit Assam"), PT Indika Energy Tbk ("Indika") and Geo Energy Resources Limited ("Geo Energy"). Adaro, Bukit Assam and Geo Energy are our main competitors as they produce energy coal of similar quality to the energy coal we produce. Our main competitors in the international export markets are other large coal producers from Australia, South Africa, Canada, China and India, including Rio Tinto Ltd, Glencore Plc, Peabody Energy, BHP Billiton Limited, Anglo American PLC, Xstrata PLC, Shenhua Coal Trading Co. and China National Coal Industry Import and Export (Group) Corporation.

In relation to metallurgical coal, our main competitors include BHP Mitsubishi Alliance, BHP Mitsui Coal, Glencore, Peabody, Coronado Coal and New Hope. The regulation of coal production in these other coal producing countries may change from time to time, including in response to fluctuations in global coal supply and demand, the viability and attractiveness of alternative fuel sources and in response to public sentiment, which may create a more or less favorable competitive landscape for us and other Indonesian and Australian coal companies. Similarly, potential changes to international trade agreements, trade concessions or other political and economic arrangements may benefit coal producers operating in countries other than Indonesia and Australia. The consolidation of the global metallurgical coal industry in recent years has also contributed to increased competition, and our competitive position may be adversely impacted by further consolidation among market participants or by further competitors entering into and exiting bankruptcy proceedings under a lower cost structure.

Certain of our competitors, as a result of consolidation within the industry or otherwise, may have larger mining operations than we do or have significant capital or other resources available to them for their mining operations, such that increases in their coal production may affect domestic and foreign metallurgical coal supply into the seaborne market and associated prices and impact our ability to retain or attract coal customers. Other coal producers may also develop or acquire new projects to increase their coal production, which may adversely impact our competitiveness. In addition, our ability to ship our coal to non-domestic customers depends on port and transportation capacity. Increased competition within the metallurgical or energy coal industry for international sales could result in us not being able to obtain throughput capacity at port facilities, as well as transport capacity, could cause the rates for such services to increase to a point where it is not economically feasible to export our coal products. Further, an improvement in the distribution of South African or U.S. coal or lower ocean freight rates could improve the overall price competitiveness of South African or U.S. coal as compared to coal mined in Indonesia or Australia, such as ours. Generally, the competitiveness of our coal compared to the coal products of our competitors and alternative fuel sources is evaluated on a delivered cost per calorific value unit basis. Factors that directly influence production costs of coal producers include the geological characteristics of their coal which comprise seam thickness, strip ratios, depth of underground reserves (for underground mining companies), transportation costs, labor availability and cost, and other factors that we might not be able to control. Our inability to maintain our competitive position as a result of these or other factors could materially and adversely affect our business, financial condition, results of operations and prospects.

We also face competition from domestic and international mining companies for the acquisition of coal licenses and exploratory prospects. In conducting our exploration activities, we compete with other mining companies in connection with the search for and acquisition of concession areas producing or possessing the potential to produce coal and related resources. We must also attract and retain experts and labor, secure appropriate equipment and supplies, and obtain finance and joint venture partners for our operations. Some of these companies have substantially greater financial, technical, marketing, distribution and other resources. If we are not able to maintain or improve our competitiveness against these other coal or resource companies for coal licenses, labor or equipment and supplies, we may lose or be unable to grow our market share, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

GEAR is party to a shareholders' agreement with GMR and GMR will continue to have significant influence over the GEMS Group, including control over certain decisions that require the approval of GEMS' directors or shareholders

GEAR is party to a shareholders' agreement originally entered into on August 11, 2011 between DSS and GMR, pursuant to a deed of adherence entered into by GEAR on April 20, 2015 (collectively, the "GEMS Shareholders' Agreement"). The GEMS Shareholders' Agreement governs the relationship of GEAR and GMR as shareholders of GEMS, with respect to their respective shareholding in GEMS and the management of the GEMS Group. For a summary of the GEMS Shareholders' Agreement, see "Description of Material Agreements — GEMS Shareholders' Agreement."

The GEMS Shareholders' Agreement provides that certain reserved matters may only be passed with the approval of both the president director of GEMS, who is appointed by GEAR, and the vice president director of GEMS, who is appointed by GMR. In addition, certain agreed matters set forth in the GEMS Shareholders' Agreement may only be implemented upon approval from shareholders holding at least 80.0% of the shares of GEMS. As long as GMR continues to hold at least 10.0% of the shares of GEMS, GMR will have the ability to exercise its veto rights in respect of these reserved matters, which include, among other things, investment, procurement and operating decisions, incurring new indebtedness and finalizing strategic, financial and operating plans of GEMS and certain of its subsidiaries. GMR's interests as an equity holder of GEMS may not be aligned in all cases with those of GEAR or other investors. Our inability to obtain GMR's approval or consent, or a delay by GMR in granting its approval or consent, in relation to any reserved matters may restrict or delay the ability of the GEMS Group to implement business strategies, complete proposed acquisitions and carry out growth plans, which may have an adverse effect on our operations and on our business, financial condition and results of operations.

The GEMS Shareholders' Agreement contains certain procedures to resolve any deadlock between GEAR and GMR involving reserved matters set forth in the GEMS Shareholders' Agreement with respect to decisions relating to GEMS and its subsidiaries. If GEAR and GMR are unable to agree on decisions giving rise to deadlock, either GEAR or GMR is entitled to offer to sell to the other party all of its GEMS shares then held or to purchase all of the GEMS shares held by the other party. If, as a result of the deadlock procedures, GMR is able to purchase all of GEAR's shares of GEMS, GEAR will no longer hold any shares of GEMS and will be required to undertake a mandatory redemption of the Notes. See "Risk Factors — Risks Relating to the Notes, the Subsidiary Guarantees and the Collateral — The Issuer may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a Change of Control, or to redeem the Notes upon ceasing to own a majority of the Capital Stock of GEMS or GEMS otherwise ceasing to be a Restricted Subsidiary, as required by the Indenture governing the Notes."

The GEMS Shareholders' Agreement also contains "tag-along" rights under which GMR has the right to sell all or a proportion of its shares of GEMS to a third party in certain circumstances set forth in the GEMS Shareholders' Agreement. We may be unable to consummate or successfully complete transactions that trigger the tag-along provisions in the GEMS Shareholders' Agreement if there is no third party purchaser that is willing to purchase both GEAR's (or GEAR's affiliates') and GMR's shares of GEMS. See also "Risk Factors — Risks Relating to the Notes, the Subsidiary Guarantees and the Collateral — Transfer restrictions in the GEMS Shareholders' Agreement may affect the ability of the Common Collateral Agents to dispose of the GEMS shares and to distribute proceeds from such sale to Holders of Notes."

Discounts given to GMR under the GMR Coal Sales Agreement will reduce our gross margins

On August 11, 2011 GEMS entered into the GMR Coal Sales Agreement with GMR (as amended by an amendment agreement dated September 14, 2017), which owns 30.0% of GEMS, pursuant to which GEMS has agreed to supply GMR with two types of coal (one with lower calorific value and the other with higher calorific value) over a period of 25 years based on an agreed offtake tonnage (which will increase over the duration of the agreement) and an agreed pricing formula. We currently supply approximately 3.6 million tonnes of coal per annum to GMR, and this is scheduled to increase to 4.0 million tonnes per annum in 2022 and 2023. The pricing formula is based on the Indonesian Coal Index and the average selling price of qualifying shipments and provides for a discount of 7% for the first three delivery years for each type of coal and a discount of 6% for the remainder of the term of the GMR Coal Sales Agreement. For more information, see "Description of Material Agreements — GMR Coal Sales Agreement."

While the GMR Coal Sales Agreement serves as a partial hedge against fluctuations in the market demand for coal, the discounted pricing terms under the agreement will increasingly contribute to a decrease in the average selling price of our coal and lowers our total gross profit margins as our volume of sales to GMR under the agreement increases. See “Description of Material Agreements — GMR Coal Sales Agreement” for further details on the GMR Coal Sales Agreement.

We may not be able to benefit from rising coal prices under our long-term coal agreements

The selling prices under certain of our coal sales agreements are determined using index-linked pricing formulae that take into account recent market prices to ensure the selling price under each agreement is consistent with recent regional coal pricing trends. Because prices under these coal sales agreements are linked to coal prices from the preceding period, the selling prices under such agreements may differ from the spot market price for coal or the price of coal during periods not factored into the pricing formula under a particular offtake agreement. Accordingly, we may not benefit in the short-term from increases in coal prices and our short-term profitability and margins may be adversely affected.

We may be required to enter into offtake agreements on less favorable terms

We believe that our longer-term coal sales agreements, such as KIM’s long-term coal sale and purchase agreement with our affiliate PT Purinusa Ekapersada (“Purinusa”) and the GMR Coal Sales Agreement, provide us with greater visibility of sales as compared to coal producers that conduct a larger portion of their sales on a spot basis, while providing our management with a degree of discretion to reallocate our coal production based on market conditions. In the event that we are unable to enter into or renew our long-term offtake agreements as circumstances require, we may enter into shorter term coal sales agreements. Adverse market conditions at the time we enter into coal sales agreements with our prospective customers and other factors could compel us to accept less favorable terms.

We are dependent on a small group of customers for a substantial portion of our sales. Coal sales to our largest customer, in 2018, 2019 and 2020 accounted for 14.1%, 17.4% and 15.5% of our revenue, respectively. Our 10 largest customers in each of 2018, 2019 and 2020 accounted for 61.3%, 63.0% and 57.1% of our total revenue in such years, respectively. No assurance can be given that our existing customers will renew their coal offtake agreements at the expiration of those agreements or that we will be successful in negotiating favorable terms with the customers that renew their agreements. Any failure to obtain renewals of existing coal offtake agreements or the failure to successfully negotiate favorable terms for such renewals could result in a reduction in our revenues.

We have in the past experienced, and may continue to experience, difficulties or delays in collecting payments from our customers

We have in the past experienced delays in collecting payments from certain of our Indonesian customers and may experience similar payment collection delays in the future. A failure to obtain payment in a timely manner or at all would affect our cash flows from operations and may require us to record write-offs, impairments or adjustments in connection with such sales. Additionally, payment collection activities may result in increases in our expenses as such activities may require us to allocate additional resources and manpower.

Our insurance coverage may not be adequate to cover all potential losses or liabilities

The mining industry is subject to significant risks that could result in damage to, or destruction of, properties or production facilities, personal injury or death, environmental damage, delays in mining, and monetary losses and possible legal liability. While we intend to maintain insurance coverage in accordance with industry standards for similar operations, there can be no assurance that the insurance cover we carry would continue to be available, would be available at economically acceptable premiums or would be adequate to cover any resulting liability. In the past, we have experienced difficulty in obtaining insurance coverage from select insurance providers or have been offered insurance coverage on unfavorable terms,

we believe due to increasingly negative perceptions regarding the coal mining industry and perceived risks. We may continue to have difficulty obtaining insurance coverage on commercially reasonable terms in the future. Should any liabilities arise for which we are not insured or insurance coverage is inadequate to cover the entire liability, such liabilities could reduce or eliminate our actual or prospective profitability, and result in increasing costs which may materially and adversely affect our business, financial position, results of operations and prospects.

We rely on the performance of third-party subcontractors

We generally rely on third-party subcontractors as well as third-party equipment manufacturers and materials suppliers to assist us with our operations. Difficulties in engaging third-party subcontractors, equipment manufacturers or materials suppliers or failures by any such party to perform could result in production or project delays and cause us to incur additional costs. To the extent that we cannot engage sub-contractors or acquire equipment or materials according to our plans and budgets, our ability to operate our business effectively and at a profit may be impaired.

In addition, if a sub-contractor or a manufacturer is unable to deliver its services, equipment or materials according to the negotiated terms or on time, we may be required to purchase such services, equipment or materials from another source at a higher price. Any delay by third-party subcontractors to complete their portion of the project, any failure by a third-party subcontractor to satisfactorily complete its portion of the project, and other factors beyond our control may result in delays in the project or may cause us to incur additional costs, or both. If we are not able to renew or extend our contracts with third-party contractors on favorable terms, we may be required to obtain the services, equipment or materials that we require from other third parties on less favorable terms. Such events may have a material adverse effect on our reputation, cash flows, business, financial position and results of operations.

We have in the past engaged, and expect to continue engaging, in various transactions with related parties

A portion of our sales revenue from GEMS is derived from or depends on transactions which are conducted in the ordinary course of business with related parties. In 2018, 2019 and 2020, all of the coal produced from our KIM concession area was sold to related parties. Our coal mining customers include a number of related parties, including PT Indah Kiat Pulp & Paper Tbk. (“Indah Kiat”) (which is among our 10 largest customers in 2018 and 2019) and PT Lontar Papyrus Pulp & Paper Industry (“Lontar Papyrus”) (which is among our 10 largest customers in 2018, 2019 and 2020). Coal sales to related parties accounted for 21.5%, 12.7% and 14.6% of our total revenue in 2018, 2019 and 2020, respectively. We have entered into a principal coal sale and purchase agreement, as amended, with our affiliate Purinusa for the sale of KIM coal product to Purinusa through December 31, 2022. In addition, we have entered into the GMR Coal Sales Agreement with GMR, which owns 30.0% of GEMS. Although related party transactions that we seek to enter require the approval of our audit committee and, in certain circumstances, may also require the separate approval of a majority of GEAR’s Board of Directors, there can be no assurance that related parties will continue to enter into commercial transactions with us on the same terms or at all. Certain of the related party transactions that we have entered, or may enter, may include more favorable commercial terms than those extended to unrelated third parties. Our inability to maintain relationships with related parties and enter into similar transactions in the future may have a material adverse effect on our business, financial condition, results of operations and prospects.

We depend on mining services providers to conduct a significant portion of our mining operations

We engage mining services providers, including third-party independent mining services providers to conduct a significant portion of our mining operations. Currently, substantially all of the mining activities in the GEMS Group’s concession areas are conducted by PT Saptaindra Sejati (“SIS”), PT Putra Perkasa Abadi (“PPA”) and PT Cipta Kridatama (“CK”) under multi-year operating agreements entered into with us. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Our Results of Operations — Mining Contractors and Related Costs.”

Under these agreements, the mining services provider is responsible for providing substantially all plant and equipment (other than fixed plant and equipment, such as crushing plants, generator sets and conveyors), materials, services, supplies, labor and management required for the operation and maintenance of the designated mining pits pursuant to our mining plan.

In Australia, for Stanmore, we engage the mining services provider Golding Contractors Pty Ltd (“Golding”) for the provision of mining services, certain plant and equipment (such as excavators and trucks), materials, services, supplies, labor and management required for the operation and maintenance of the designated mining pits pursuant to our mining plan in our Isaac Plains Complex. See also “Description of Material Agreements — Goldings Mining Services Agreement.” Our mining services providers employ substantially all of the employees who operate in the mining areas under their operational control.

In the event that our mining services providers cease to perform their services or terminate their contracts with us, there is no guarantee that suitable replacement mining services providers will be found on commercially reasonable terms, within a reasonable period of time, or at all. Mining operations at the affected mine could be disrupted for a significant period of time so as to allow the mining services provider to remove its equipment and to allow a new mining services provider to install its equipment. As such, our ability to comply with the delivery obligations under our coal supply agreements in a timely fashion, at a profit or at all may be impaired. If any of our mining services providers fail to perform at a satisfactory level, or at all, under our operating agreements, whether as a result of financial or operational difficulties or otherwise, it may materially and adversely affect our business, financial condition and results of operations. Our mining services than providers’ operational performance may also not meet the standards set under our agreements for numerous reasons beyond our control, and the mining services providers’ performance may be constrained by labor disputes, supply shortages or non-delivery of equipment, labor or materials, or failure of or operational difficulties with machinery or equipment.

Delays or failures by mining services providers to perform their obligations under our operating agreements may result in delays in coal delivery and/or shortfalls in planned coal production. If such delays and/or coal production shortfalls were to occur, we may have to purchase coal from the market to meet our coal delivery obligations to our customers and we may be contractually required to compensate our customers for these delays. Further, we may be required to purchase the relevant mining services from another source at a higher price. In such event, we may not be able to recover these penalties or additional costs from our mining services providers.

In addition, since November 15, 2019, pursuant to MEMR Regulation No. 32 of 2008 on Provision, Utilization and Business of Biofuel as Other Fuel, as lastly amended by MEMR Regulation No. 12 of 2015 and MEMR Decree No. 227K/10/MEM/2019 of 2019 on Implementation of Trial of Mixing of Biodiesel Biofuel into Solar Fuel for 2019 Period, heavy equipment utilized in all Indonesian mining operations must use 30% biodiesel fuel. The switch to 30.0% biodiesel fuel from the 20.0% biodiesel fuel that our mining services providers currently utilize may impact the performance of the equipment operated by our mining services providers, may require our mining services providers to procure new equipment or additional spare parts, or undertake additional maintenance, and hence incur additional costs, and may also impact or void the warranty coverage over the existing equipment. This may affect the ability of our mining services providers to perform, which may in turn affect our ability to fulfill our obligations under our coal supply agreements in a timely fashion or without incurring further costs.

Although our mining services providers are responsible for our fuel supply, any increase in the cost of fuel may be passed on to us. If we are unable to increase the selling prices of our coal to account for this increased cost of fuel, we may not be able to cover our production costs and our business, financial condition, results of operations and prospects may be materially and adversely affected.

We may not be able to locate additional coal reserves in our concession areas or secure new concessions with coal reserves that are economically recoverable and as a result may not be able to produce sufficient amounts of coal to fulfill our customers' requirements, which may harm our customer relationships

Our coal reserves will decline as mining continues. Future growth and medium to long-term success will depend heavily on our ability to acquire additional coal mining concessions, locate additional coal resources that are economically recoverable within our concession areas or such other areas where we have permission to carry out exploration activities. We cannot assure you that new coal reserves will be found or that such coal reserves will be economically recoverable. As such, we may not be able to produce sufficient amounts of coal to meet our customers' demands or our contractual obligations. If we are unable to satisfy our contractual obligations and then negotiate a revised delivery schedule with our customers, this could result in customers' claims against us or otherwise harm our relationships with our customers. If our customers were to terminate or suspend their agreements with us as a result of failing to deliver the amount of coal required and to the required standard, we may not be able to find replacement customers, which in turn could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Increases in the price of fuel may increase our mining costs and a reduction of fuel subsidy or credits may materially affect our business, financial condition, results of operations and prospects

We do not directly purchase fuel for our operations and hauling, and we instead rely on our mining contractors for such purchases. However, any increase in the price of fuel may be passed down from our mining services providers to us, increase the cost of truck hauling operations and the expenses incurred by our barging contractors in transporting coal. In such cases, we may be unable to increase our selling prices to factor in the higher fuel costs incurred by us and mining services providers.

The MEMR Regulation No. 39 of 2014 on the Calculation of Retail Selling Price of Fuel Oil is currently being implemented by the Indonesian Government for the withdrawal of subsidized fuel for coal hauling. Australia's Fuel Tax Act 2006 (Cth) (No. 72, 2006) allows our mining services provider to (subject to certain entitlement and disentitlement rules, and other eligibility criteria) claim fuel tax credits to reduce or remove the amount of excise or duty levied on the taxable fuel used by its business in off-road operating heavy vehicles, subject to environmental criteria. If fuel tax credits are reduced, the amount spent on fuel will increase and accordingly, our operational costs and selling expenses may increase to the extent our mining services providers pass on those higher fuel costs to us.

For the foregoing reasons, increases in the price of fuel may adversely affect our business, financial condition, results of operations and prospects.

Coal mining is a capital intensive industry and our ability to carry out business activities depends on the availability of funding

The availability of adequate financing to our coal operations is critical to ensuring our ability to invest in existing processing facilities and mining operations. Our ability to carry out our plans to develop and expand our existing coal mining operations is also dependent on securing external debt funding, which may be dependent on factors outside of our control, including the general market conditions, the market's perception of the quality of its assets and the relevant industry risk, and interest rate fluctuations. Negative sentiment in the capital and credit markets in which we source our financing could lead to commercial banks or other financial institutions being less willing to provide the full amount of financing sought, or on terms that are not commercially viable. In addition, covenants in our existing indebtedness, including the Notes, may restrict our ability to obtain additional financing that our business activities require.

Our coal mining operations and forestry businesses are dependent on our ability to obtain, maintain and renew licenses, permits and approvals from the Indonesian Government, Australian Government and other relevant government authorities

We require various licenses, permits and approvals from the Indonesian Government, the Australian Government and regional governments to conduct our operations, including our coal mining concessions. These licenses include general corporate, mining, capital investment, manpower, environmental, land utilization and other licenses. See “Business — Our Mining Concession Areas and Reserves.”

Our most significant licenses in relation to our operations in Indonesia are the CCoW entered into by and between BIB and the Indonesian Government and KIM’s Mining Permits issued by the MEMR. BIB’s CCoW and each of KIM’s Mining Permits grant certain of our subsidiaries rights to mine, explore, transport and sell coal in those concession areas. BIB’s CCoW expires in 2036, the nine Mining Permits relating to KIM’s concession area expire between 2024 and 2029, TKS’ Mining Permits expire in 2026 and 2028 and WRL’s Mining Permit expires in 2026. We also own forestry concession rights to land in four regions of South Kalimantan through our subsidiary HRB. HRB’s forestry concession license is valid until 2041 with an option to extend to 2061.

Our most significant licenses and approvals in relation to our operations in Australia are the Tenements (consisting of 5 mining leases, 1 mineral development license, 17 exploration permits for coal and 6 applications for mining leases held by Stanmore and other members of the Stanmore Group).

BIB’s CCoW, KIM’s Mining Permits, the forestry concession license, the Australian Tenements and other permits may be terminated by the Indonesian Government, the Australian Government or the issuing regional government, as the case may be, before their respective expiration dates if we fail to satisfy the conditions of those permits, or if we fail to obtain any applicable licenses, relevant approvals and permits or if we breach any applicable laws and regulations. Such conditions and applicable laws and regulations may include the requirement to pay royalties and taxes to the Indonesian Government, the Australian government or regional government, as the case may be, and the satisfaction of certain mining, environmental, health and safety requirements. If BIB’s CCoW, KIM’s Mining Permits, the forestry concession license, the Australian Tenements, or other permits are terminated or the rights thereunder are restricted, we would be unable to continue mining coal within the applicable concession area. Any of the foregoing could have a material adverse effect on our future business, financial condition, results of operations and prospects.

We seek to renew all of our required permits, licenses and approvals prior to their expiration and obtain new permits, licenses and approvals when required. Further, we are currently in a process of renewing the Groundwater Extraction Permit of BSL and the B3 Waste Temporary Storage Permit of HRB. There is no certainty that the Indonesian Government or the Australian Government (whether at the central or regional level) will not revoke or refuse to issue or renew the permits, licenses or approvals which are required in the time frame anticipated or at all, or will not issue competing permits for the approvals which we require to operate our business and implement any expansion programs or that they will not impose unfavorable terms and conditions in connection with an issuance or renewal of such permits or approvals. However, as of the date of this document, the Tenements (except for those mining leases that remain in the application stage) are current and publically available information do not indicate any instances of revocations or refusals of renewals. A number of the granted Tenements are due for renewal within the next three years. See “Regulation — Australian Regulations” for further information. This uncertainty is as a result of regulatory regime within which we operate, and particularly relevant to our operations in Indonesia. See “— Risks Relating to Indonesia — The interpretation of mining laws and implementation of regional governance in Indonesia is uncertain and may adversely affect our business, financial condition, results of operations and prospects.” In relation to Australia, this uncertainty may also arise in times of drought and/or shortage of available water. In Queensland, all entitlements to the use, control and flow of water are vested in the state and regulated by the Water Act 2000 (Qld) (“Water Act”). Allocations under the Water Act can be managed by a water supply scheme operator. Further, a water license has been granted to Stanmore IP Coal for the Isaac Plains Complex, which provides for the amount of water that

is available to be taken under the area of the relevant mining leases. Where a water license is not managed under a resource operations plan or water management protocol, the Water Regulations prescribes water sharing rules which provides the arrangement for access to water within a specific water management area. These rules describe the arrangements under which access to water in a groundwater management area or sub area are managed. In situations of severely constrained supply (such as during a drought), it is possible that a water license may be amended by the relevant authority to provide for a reduced apportionment of the water allowed to be taken under the water license. Therefore, it is possible that during times of drought our water offtake entitlements in Australia could be reduced. If our water offtake entitlement was reduced, the operations would have to recycle more of the water collected in on-site dams and former mining pits, from rainfall and dewatering activities, for use in Isaac Plains Complex. This may impact our ability to maintain current production levels without incurring additional costs, which could adversely impact our operations and production.

The obtainment, retention or renewal of our licenses or approvals can be a complex and time-consuming process and may involve incurring substantial costs or undertaking unfavorable conditions imposed by the relevant authorities. A loss of, or failure to obtain or renew, any permits, approvals and licenses necessary for our operations could have a material adverse effect on our business, financial condition, results of operations and prospects. Additionally, any changes to government policies that affects our ability to obtain and/or maintain permits and licenses required to conduct our business operations could result in a temporary or permanent suspension or stay of certain business activities, which could result in a decrease in our revenue and margins.

We depend on our own and third party transportation routes and infrastructure to transport our coal, and any disruption to or inability to access such routes or infrastructure may adversely affect us

We rely on a combination of transportation routes and infrastructure for our operations, including hauling roads from the various mining sites, rail networks, barge transportation along waterways such as jetties and ports to transport and deliver our coal to transshipment ports. Our ability to transport and deliver coal, either from existing mine sites or ones which we may develop in the future, may be constrained by, among others, inadequate transportation routes and other infrastructure, disputes with landowners from which we currently have been granted a right of way, barging delays, weather related closures, natural disasters or the Indonesian Government, Australian Government or other regional governments no longer permitting such areas to be used for mining related activities or any commercial activities at all. The closure of, or inability to, access any of the haul roads, jetties and ports on which we currently rely to transport and deliver our coal would have an adverse impact on our business, financial condition and results of operations.

At times, local authorities may construct or repair infrastructure or take other actions which may limit our use of hauling roads, waterways or transportation infrastructure. For example, Stanmore ships all of its coal through the Dalrymple Bay Coal Terminal, and our ability to transport and deliver coal mined by Stanmore may be affected if the current operator or the Queensland government chooses to undertake major renovations or relocate this terminal. Our ability to transport and deliver coal may be hindered by the variety of factors described above.

Additionally, in some cases, these transportation arrangements are entered into with sole infrastructure providers (e.g. Dalrymple Bay Coal Terminal). If we encounter any issues or disputes with, or our contract is terminated by, a sole infrastructure provider, it may be difficult to find a replacement provider on commercially reasonable terms, in a reasonable amount of time or at all, and result in us not being able to transport and deliver coal.

If such problems in transportation occur, we may not be able to deliver sufficient amounts of coal to meet our coal delivery commitments. Any inability to satisfy our contractual obligations and customers' demands in the future could result in customers initiating claims against us or otherwise harm the relationship with our customers, which could have a material adverse impact on our business, financial condition, results of operations and prospects.

Fluctuations in transportation costs and disruptions in transportation generally could adversely affect demand for our coal and increase competition from coal partners in other parts of Asia and elsewhere in the world

For our customers, transportation costs are a crucial factor in purchasing decisions. Any increase in the overall price of coal due to increased transportation costs could make our coal less competitive in markets outside of Southeast Asia, such as Europe and North America, relative to coal producers that are in closer geographic proximity to such markets. On the other hand, significant decreases in transportation costs, or the absence of disruptions in coal transportation systems, could result in increased competition in Southeast Asia from coal producers in other parts of Asia, Australia and South Africa. Decreases in freight rates and the availability of coal transported from other parts of Asia, Australia, South Africa, North America and other parts of the world may give global competitors a pricing advantage over us and thus have a negative impact on our business, financial condition, results of operations and prospects.

Climate change may adversely affect demand for coal and our business, financial condition, results of operations and prospects

Policy and regulatory changes, technological developments and market and economic responses relating to climate change may affect our business. Indonesia, Australia and nearly 200 other nations are signatories to the 1992 United Nations Framework Convention on Climate Change (“UNFCCC”), which is intended to limit or capture emissions of greenhouse gases, such as carbon dioxide. In 1997, in Kyoto, Japan, the signatories to the UNFCCC adopted the Kyoto Protocol, which established country-specific targets for cutting greenhouse gas emissions for developed nations. In December 2007, the signatories to the convention also participated in the United Nations Climate Change Conference held in Bali, Indonesia, where participants agreed to the adoption of the “Bali Road Map,” which puts forward a new negotiating process for the purposes of reaching an international agreement on climate change by 2012 or thereafter. Australia is a party to the post-Kyoto Paris Agreement, which came into force in 2016. Under the Paris Agreement, Australia has committed to greenhouse gas emissions reduction (called nationally determined contributions (“NDC”)). Australia’s current NDC is the reduction of greenhouse gas emissions by 18-26% below 2005 levels by 2030. This and any future NDC, together with the enactment of any further international agreement on climate change or other comprehensive legislation focusing on greenhouse gas emissions could have the effect of restricting the use of coal in primary markets supplied by our customers. The Paris Agreement is discussed further below.

Other efforts to reduce greenhouse gas emissions and initiatives to promote alternatives to coal and environmental conservation may also affect the use of coal as an energy source. On May 26, 2010, Indonesia and Norway signed a letter of intent under which Indonesia committed to implement a two-year moratorium on granting forest and peat land concessions for clearing, commencing in January 2011. The announcement came as Norway signed a \$1 billion deal with Indonesia, aimed at reducing deforestation. On May 20, 2011, the President of Indonesia issued Presidential Instruction No. 10 of 2011 on the Moratorium for Granting New Permits and Perfection of the Management of Primary Natural Forest and Peat Lands, instructing all governmental authorities, both central and regional, to take all the necessary steps to support the moratorium policy against the granting of permits for the use of “primary natural forests” and peat lands that are located within conservation, protected, and production forests. See “Regulation — Indonesian Regulations — Forestry Regulation.” However, on 7 August 2019, the President of Indonesia issued Presidential Instruction No. 5 of 2019 on the Termination for Granting New Permits and Perfection of the Management of Primary Natural Forest and Peat Lands, under which the President of the Indonesia instructed (i) Minister of Environment and Forestry, (ii) Minister of Home Affairs, (iii) Minister of Agrarian Affairs and Spatial Planning/Head of the National Land Agency, (iv) Minister of Agriculture, (v) The Minister of Public Works and Public Housing, (vi) Secretary of the Cabinet, (vii) Head of the Geospatial Information Agency, (viii) the governors; and (ix) regents/mayors to stop granting of permits for the use of “primary natural forests” and peat lands that are located within conservation, protected, and production forests. The Australian Government has introduced several measures and policies to reduce Australia’s greenhouse gas emissions, including introducing the Renewable Energy Target scheme in 2001 (previously known as the “Mandatory Renewable Energy

Target”), which encourages the additional generation of electricity from sustainable and renewable sources while reducing greenhouse gas emissions. The Australian Government also introduced the Safeguard Mechanism in 2015, the object of which is to ensure that net covered emissions of greenhouse gases from the operation of a ‘designated large facility’ do not exceed the baseline applicable to the facility. Designated large facilities include those where the total direct greenhouse gas emissions from the operation of the facility exceed a threshold of more than 100,000 tonnes of carbon dioxide equivalence during a financial year. The Safeguard Mechanism commenced on July 1, 2016.

In 2014, the United States and China reached an agreement to reduce greenhouse emissions by 26-28% below 2005 levels by 2025. Further, following the 2015 United Nations Climate Change Conference, 196 parties, including Indonesia and Australia have signed the Paris Agreement with the UNFCCC, which aims to limit the increase in global temperatures, increase the ability to adapt to the adverse impacts of climate change and provide channels to finance projects that lead towards reducing greenhouse gas emissions. A climate-resilient development strategy was enacted globally on November 4, 2016 and Indonesia and Australia specifically ratified this strategy on October 25, 2016 and November 10, 2016, respectively. Pursuant to Indonesia’s reporting obligations under the Paris Agreement, the Ministry of Environment and Forestry published its Second Biennial Update Report in 2018 (the “2018 Update Report”) which included a national inventory report on its greenhouse gas emissions and summarized Indonesia’s efforts in response to climate change. According to the 2018 Update Report, the Indonesian Government has set several climate mitigation and adaptation targets, introduced fiscal policies to reduce emissions in energy and land use, imposed a moratorium on new forest and peat land concessions, encouraged peat land restoration, renewable energy mix targets, social forestry and degraded forest land rehabilitation.

The Australian Government’s Department of the Environment and Energy (now known as the Department of Agriculture, Water and the Environment) published its Fourth Biennial Report in December 2019, which included an overview on national greenhouse gas emissions and trends, and summarized Australia’s mitigation policies that ensure its emissions reduction targets are achieved. According to the report, the Australian Government is also supporting clean energy innovation and providing funding grants to improve the affordability and competitiveness of renewable energy sources in Australia. China has also limited its manufacturing activity to address its severe air pollution and adopted a policy to lower carbon emissions by reducing coal usage for its power plants, all of which has had a significant effect on coal demand. The enactment of comprehensive legislation focusing on greenhouse gas emissions could have the effect of restricting the use of coal in primary global markets which we service.

Technological developments may increase the competitiveness of alternative energy sources, such as renewable energy, which may decrease demand for coal. The Indonesian Government, through Government Regulation No. 79 of 2014 on the National Energy Policy, has also set out a long term plan which outlines various energy sources to be used up to 2050, where the percentage for coal is set at 30% in 2025 and reduced to 25% in 2050. Similarly in Australia, the Clean Energy Regulator administers two schemes under the banner of the “Renewable Energy Target” which incentivizes additional generation of electricity from renewable sources by large renewable power stations and the owners of small-scale systems. Other global efforts to reduce emissions of greenhouse gases and initiatives in various countries for the purposes of encouraging the use of natural gas or renewable energy may also discourage the use of coal as an energy source.

A potential gap between the current valuation of coal reserves and the reduced value may result if a significant proportion of our coal reserves were rendered incapable of extraction in an economically viable fashion due to technology, regulatory or market responses to climate change. The physical effects of climate change, such as changes in rainfall, water shortages, rising sea levels, increased storm intensities and higher temperatures may also disrupt our operations. During such weather events, our inability to utilize our coal reserves or the disruption in our operations, may adversely affect our business, financial condition, results of operations and prospects.

Our coal mining operations could be adversely affected by third parties' engaging in unauthorized mining or obtaining Mining Permits or other licenses issued by local, regional or the Indonesian Government which conflict with our mining licenses

Unauthorized extraction and removal of coal from mining concession areas is a common problem in Indonesia. Illegal mining in Indonesia has increased in recent years, primarily due to the increase in market prices for coal and increased black-market demand for coal products. The level of illegal mining typically increases as coal prices rise. We could incur losses from any illegal mining in our concession area such as reserve losses and rehabilitation costs associated with such illegally mined areas.

The decentralization of the Indonesian Government's authority and weakened control over regional activities in recent years has led to instances of the Indonesian Government (including its departments and ministries and local and regional governments) issuing permits that conflict with the Mining Permits of coal producers, their mining activities or their concession areas. For example, there have been instances in the past where a party was granted a Mining Permit for mining of resources by a regional government that overlapped with a concession granted to a coal producer by the MEMR. As Indonesia does not have a centralized system for the issuance of licenses in the mining sector, it is possible for the provincial government and the Indonesian Government to issue different licenses to different entities over the same area of land. There can be no assurance that local miners will not receive permits to mine or coal or other minerals, or obtain logging or plantation permits within the concession areas of our concessions from local or regional governments which conflict with our mining rights under the terms of our coal concessions. Although we are not aware of any such overlap with our current operations, if any overlap were to occur or is alleged to have occurred, our mining operations on such sites may be disrupted. Disputes relating to overlapping permits and licenses may require us to temporarily or permanently cease our related mining operations, which would adversely affect our business, financial condition, results of operations and prospects. See "— Risks Relating to Indonesia — The interpretation of mining laws and implementation of regional governance in Indonesia is uncertain and may adversely affect our business, financial condition, results of operations and prospects."

We are unable to eliminate the possibility of illegal coal mining or the issuance of conflicting permits within our territories and any subsequent illegal or competing coal mining operations in our mining areas could have an adverse effect on our business, financial condition, results of operations and prospects.

Potential local opposition to mining could lead to disruption of our existing operations and mine development projects

We work in conjunction with the local governments and local residents in the areas where we operate to address issues such as opposition to land acquisition, concession areas that overlap with our concessions, resident relocation and operational accidents, any of which may arise in the course of our operations. However, there may be opposition to our existing or planned operations or development projects, which may disrupt our ability to operate our mines and production facilities. Disputes may arise in relation to compensation claims for the effects of our activities, land acquisitions and land use rights, death or serious injury to our employee or an employee of the mining services provider which may result in disruptions to coal production and could result in a material adverse effect on our business, financial condition, results of operation and prospects.

We are subject to significant costs associated with environmental compliance, reclamation and rehabilitation

Our mining operations involve water use, disposal of overburden, creation of runoff, coal and ore stockpiles, overburden and top soil storage piles and discharge of emissions, which could adversely impact the environment. We are subject to Indonesian and Australian national and regional environmental, health and safety laws, forestry laws and other legal requirements. These laws govern the discharge of substances

into the air and water, the management and disposal of hazardous substances and waste, site clean-up, groundwater quality and availability, plant and wildlife protection, reclamation and rehabilitation of mined areas at the end of the life of the mine and the restriction of open-cut mining activities in conserved forest areas.

In Indonesia, we are required to submit an environmental impact analysis and an annual projected production plan which is to be incorporated into a company's work plan and budget (*rencana kerja dan anggaran biaya*) for approval by the Indonesian Government before we may undertake certain mining activities and increase our production capacity.

In Australia, proposed large mining and petroleum projects are required to prepare an environmental impact statement ("EIS") before an application for an environmental authority or resource authority can be issued. In addition, we are required to develop progressive rehabilitation and closure plans for our mines under the Mineral and Energy Resources (Financial Provisioning) Act 2018, which also introduced a Financial Provisioning Scheme, which aims to improve Queensland's management of its financial risk in the event holders of a resource activity environmental authority management of its financial risk in the event parties such as Stanmore fail to comply with their environmental management and rehabilitation obligations. As Queensland Treasury assessed that Stanmore has a moderate risk of being able to rehabilitate Isaac Plains and Isaac Plains East, Stanmore is required to contribute 2.75% of its estimated rehabilitation costs to the Queensland state pool as financial security over its future rehabilitation obligations for Isaac Plains and Isaac Plains.

While review and appeal rights are available to proponents should the Indonesian, Australian or local governments deny the grant of a relevant authority or permit or a certain level of production, there is no guarantee that any appeal will be successful or that we will be able to mine at our desired levels or amounts that meet the minimums stated in our coal supply agreements. Our mining services providers are required to review and comply with our environmental and health and safety standards and under the terms of our concession licenses, permits and approvals. We are responsible for ensuring compliance with applicable Indonesian and Australian laws and regulations and applying for relevant certifications, permits and licenses. If in the event, we or other mining services providers fail to comply with applicable environmental laws and regulations, or if an incident were to occur on a mining site which we own and are responsible for managing, we may be liable for any penalties, damages or expenses arising out of or in connection with the incident.

Our land reclamation and rehabilitation activities involve the deposit of the overburden onto mined-out areas and, as reclaimed areas reach their design profile, the grading and contouring of reclaimed land to reflect the original landscape, followed by the spreading of topsoil and revegetating with various local trees. As we undertake mining activities in new areas, we record an expense for the estimated cost of these reclamation and rehabilitation activities (including reclamation and rehabilitation expenses for areas being mined by our mining services providers) and record a liability for the estimated future cash outlays for future reclamation and rehabilitation activities.

While mining service providers are responsible under our operating agreements for the reclamation and rehabilitation of mining areas under their control, we work alongside our mining services providers and are ultimately responsible to the government for the reclamation and rehabilitation of all areas being mined within our concession areas and for which we hold an environmental authority. Our mine reclamation and rehabilitation liabilities can change significantly if the actual costs of our mining services providers vary from our estimates, if governmental regulations change or if our mining services providers fail to satisfy their obligations for reclamation and rehabilitation.

Our expenses in respect of reclamation and rehabilitation will increase as we expand our current mines and undertake mining activities in additional areas to maintain or increase coal production. For further information regarding environmental protection in Indonesia and Australia, see "Regulation." Any significant unanticipated increase in our reclamation and rehabilitation costs could materially and adversely affect our business, financial condition, results of operations and prospects.

We incur significant costs complying with laws relating to mine reclamation and rehabilitation. These have had, and will continue to have, an impact on our operating costs and competitive position. Estimates of such costs are subject to revision and can vary in response to many factors including future changes to relevant legal requirements or the emergence of new restoration techniques. We have made deposits in respect of environmental compliance and rehabilitation costs for GEMS of a cumulative aggregate amount of \$7.9 million. We may also be required to bear substantial costs as a result of non-compliance, liabilities under or changes in environmental, health and safety laws and regulations.

In response to changes in coal reserves or processing levels, the expected production timing and extent of our expenditure in this regard may also change. As a result, we may need to make significant adjustments to our contributions and monetary deposits which may in turn affect our future financial results, and also have a material adverse effect on our business, financial condition, results of operations and prospects. In relation to Stanmore, there is no certainty that we may continue to enjoy the benefit of being part of the Queensland state pool for our existing concessions or any new concessions.

Our mining licenses could be suspended if there is evidence of a serious failure to meet environmental standards or conditions, or withdrawn permanently in the event of extreme failures. The impact of our mining operations on the environment could be materially greater than we anticipate or could breach Indonesian or Australian environmental laws. Also, the requirements for compliance and remediation could be materially increased by new laws or changes in the interpretation or implementation of existing laws. We cannot guarantee you that we will not experience difficulties in complying with any new environmental requirements and obligations. Any material increase in the costs of environmental compliance and remediation, or the occurrence of a serious environmental incident at our mines, could result in material and adverse consequences to our business, financial condition, results of operations and prospects.

We are also subject to Indonesian national and regional forestry laws and regulations in respect of the environment. We incur compliance costs in respect of these laws and may incur additional costs to comply with changes to these laws and regulations or any violations thereof.

Compliance with stricter environmental standards and technological developments may cause our customers to switch to alternative fuels

If more stringent amendments are made to existing environmental regulations relating to coal-fired power generation plants and other industrial plants that burn coal and produce fuel, or if existing regulations are replaced with more stringent ones, such regulations may increase costs associated with coal use and in turn reduce the demand for coal in favor of alternative fuels. In addition, technological developments may increase the competitiveness of alternative energy sources, such as renewable energy. The increasing focus on renewable energy generation, competition from alternative fuel sources, including natural gas, amendments to environmental regulations and the consequential decline in electricity generation from fossil fuels (including from the retirement of coal fired capacity), may in the future result in a decline in coal-fired electricity generation in favor of alternative energy sources. The low price of natural gas in recent years has resulted in some U.S. electric generators increasing natural gas consumption while decreasing coal consumption. Electricity generation from natural gas surpassed coal as the leading source of U.S. electricity generation in 2016. However, coal remains the leading source of electricity generation in Australia and Indonesia, although there can be no assurance that it will remain so in the future, in light of the increasing level of consumer awareness regarding the impact of mining production on its surrounding areas, communities and environment. Other efforts to reduce emissions of greenhouse gases and initiatives in various countries for the purposes of encouraging and incentivizing the use of natural gas or renewable energy may also discourage the use of coal as an energy source. Technological developments may also result in the development of new steelmaking technologies or practices that can be substituted for metallurgical coal in the integrated steel mill process, which may adversely affect metallurgical coal prices and demand. It is noted that steel producers and certain iron ore miners are investing heavily in research and development to use hydrogen in place of coal for the production of steel. These changes could adversely affect our coal sales volume and prices, which could materially and adversely affect our business, financial condition, results of operations and prospects. See also “— Climate change may adversely affect demand for coal and our business, financial condition, results of operations and prospects.”

Our mining and forestry businesses may become subject to adverse publicity, including from consumer and environmental groups, which could adversely affect our reputation and brand

There is an increasing level of consumer awareness relating to the effect of mining production on its surroundings, communities and environment. Consumers and environmental groups encourage participants in the mining industry to incorporate practices which minimize any adverse impact that mining may have on communities, workers and the environment. Adverse publicity generated by such groups, whether related to the coal mining industry as a whole or to us in particular, could have an adverse effect on our reputation and financial position.

We may be subject to business interruptions and have been and may in the future be subject to negative publicity in connection with our forestry business. HRB holds a forestry concession right of approximately 265,095 hectares across four regions in South Kalimantan and has in the past been the subject of unsubstantiated allegations of conducting deforestation activities. Adverse publicity, even if unfounded, could have an adverse effect on our reputation and financial position. In addition, there is no assurance that our forestry operations will not be disrupted by consumer/environmental groups or unrest. If our operations are disrupted in the future by protests or complaints from consumer or environmental groups we may be unable to continue our forestry operations, which may have an adverse effect on our business, financial condition, results of operations and prospects. In addition, to the extent that we use HRB's forestry concession area for our forestry operations, we will be unable to use such land for other potential revenue-generating activities, such as for farming of commercial crops or the development of commercial spaces. Certain areas of our forestry assets have also been encroached in the past by illegal loggers and miners. While we have lodged reports to the relevant law enforcement agencies, including the Police and Forestry Division pertaining to those activities and taken active steps to increase security patrols, there can be no assurance that similar illegal activities will not occur in the future, which may adversely affect our reputation and require us to incur additional costs in response.

We are subject to operational risks which may disrupt our operations

Our coal mining operations are subject to a number of operational risks, some of which are beyond our control, which could delay the production and delivery of coal. These risks include unexpected maintenance or technical problems, inclement or hazardous weather conditions and natural disasters, industrial accidents, power or fuel supply interruptions and critical equipment failure, including the malfunction and breakdown of shovels, upon which our coal mining operations are heavily reliant and which would require considerable time to replace. These risks and hazards may result in personal injury, damage to or destruction of properties or production facilities, environmental harm, business interruption and/or damage to our business reputation. The breakdown of equipment, difficulties or delays in obtaining replacement shovels and other equipment or spare parts, natural disasters, industrial accidents or other causes could temporarily disrupt our operations, which in turn may materially and adversely affect us. Our mining operations are concentrated in mines located in Kalimantan and Sumatra, Indonesia and Australia's Bowen Basin. In addition, Stanmore is a single-mine producer and therefore reliant on continued performance of operations at the Isaac Plains Complex, and most of the coal reserves, production and earnings of the GEMS Group derived from BIB's mine in South Kalimantan. As a result, the impacts of any of these operational risks may, if enlivened, have a disproportionate impact on our results of operations and assets. Any such operational risks could also result in disruption to our key infrastructure (including infrastructure located at or serving our mining activities, as well as the infrastructure that supports freight and logistics). These conditions and events could also result in the partial or complete closure of particular railways, ports or significant inland waterways or sea passages, potentially resulting in higher costs, congestion, delays or cancellations on some transportation routes. Any of these conditions or events could adversely impact our business and results of operations.

Our mining operations, which are located in Queensland, Kalimantan and Sumatra, and forestry operations, which are located in Kalimantan and Sumatra, are subject to periodic interruptions due to inclement or hazardous weather conditions and natural disasters. The Bowen Basin region in Queensland has in the past experienced serious tropical cyclones, which have caused flooding, damage to

transportation infrastructure, mine closures and coal export disruption. Additionally, Queensland has in the past experienced droughts, which affects operations as water is necessary for multiple stages of our mining operations, including dampening dust and cooling machinery. We may have to stop our mining operations in the case of water shortages. Conversely, Kalimantan and Sumatra experience an annual rainy season, which usually occurs from October to April. During the rainy season, the mining areas typically experience heavy rains and occasional flooding. Heavy rains affect operations by increasing truck cycle times, reducing the efficiency of equipment and otherwise slowing or stopping overburden removal, coal mining, coal haulage and barging. When it rains, we lose production time either because of complete stoppage of operations or lower equipment or labor efficiency. Severe weather conditions such as the foregoing could adversely impact our business and results of operations.

Stanmore is a party to certain long-term contracts that give rise to contract liabilities

Together with its acquisition of the Isaac Plains Coal Mine, which was completed in November 2015, Stanmore acquired various long-term contracts necessary for mining activities at the Isaac Plains Complex including rail haulage, port allocations, water supply, electricity supply and accommodation. Based on the mine plans for the Isaac Plains Coal Mine, a portion of these contracts are estimated to be underutilized and the fixed charges incurred above the deemed requirement are recognized in Stanmore's financials as an onerous contract liability at fair value. The presence of such liabilities, which amounted to A\$5.4 million and A\$6.1 million as of June 30, 2020 and 2019, respectively, adversely affects the presentation of our financial results. The last of these long-term contracts will expire in 2027. Additionally, under the terms of certain acquisitions and to secure its obligations under certain financing and vendor agreements, Stanmore has entered into various long-term royalty arrangements which require Stanmore to pay certain vendors a royalty stream until a predetermined royalty cap is reached and subject to certain coal price thresholds (in case of vendor agreements). In some cases, these royalty arrangements may not be triggered until the mine is in operation and may exist for the life of the mine. These royalty arrangements create a long-term contractual obligation for Stanmore to fulfill.

Take-or-pay arrangements entered into by Stanmore could unfavorably affect our profitability

Stanmore has entered into long term rail agreements and port agreements on a take-or-pay basis. We may enter into other take-or-pay arrangements in the future in relation to other rail or port infrastructure. Where we have entered into take-or-pay contracts, we will generally be required to pay for our contracted rail or port capacity, even if it is not utilized by us or other shippers. Although Stanmore's take-or-pay arrangements provide certain security over minimum rail and port infrastructure availability, unused capacity can arise as a result of varying unforeseen circumstances, including insufficient production from a given mine, a mismatch between the timing of required rail capacity for a mine, or an inability to transfer the used capacity due to contractual limitations, such as required consent of the provider of the services. Paying for unused rail or port capacity could materially and adversely affect our cost structures and financial performance.

We may experience safety incidents or accidents at our mine sites and port facilities

Operations at our mine sites and the ports at which we process and ship our coal involve the use of heavy machinery and industrial accidents resulting in damage to property, personal injury or death may occur. In such an event, we may be liable for loss of life and property, medical expenses, medical leave payments and fines or penalties for violation of applicable Indonesian laws and regulations. We may also be subject to business interruption or negative publicity as a result of equipment shutdowns for government investigations or the implementation or imposition of enhanced safety measures as a result of such accidents. These types of accidents or enhanced safety measures imposed by government authorities could have a material adverse effect on the manner in which we conduct operations, thereby adversely affecting our business, financial condition, results of operations and prospects. For more information, see "— Risks Relating to Australia — We may experience safety incidents or accidents at our mine sites and port facilities."

Mine closures entail substantial costs. If we prematurely close one or more of our mines, our operations and financial performance would likely be affected adversely

Government and regulatory authorities have the ability following significant health and safety incidents, such as fatalities, to order a worksite to be temporarily or permanently closed. If we were to prematurely close one or more of our mines for any reason, we could be required to close or discontinue operations at particular mines before the end of their mine life due to environmental, geological, geotechnical, commercial, leasing or other issues. Such closure or discontinuance of operations could result in significant closure and rehabilitation expenses, employee redundancy costs, contractor demobilization costs and other costs or loss of revenues. If and when incurred, these closure and rehabilitation costs could exceed our current estimates. If one or more of our mines is closed earlier than anticipated, we would be required to fund the reclamation and closure costs on an expedited basis and potentially lose revenues and, for some of our operations, pay for any take-or-pay arrangements entered into that we no longer use, which would have an adverse impact on our operating and financial performance. Many of these costs could also be incurred if a mine was unexpectedly placed on care and maintenance before the end of its planned mine life.

We may be subject to risks associated with litigation

Legal proceedings or litigation may arise from time to time in the ordinary course of business, and we may not be able to anticipate and/or prevent legal proceedings or litigation from being brought against us. Regardless of whether such claims are valid, we could be required to expend valuable resources to defend against these claims. Any adverse outcome from any legal proceedings or litigation, whether brought by or against us, could have an adverse effect on our business, financial condition, results of operations and prospects.

Our ability to operate effectively could be impaired if we lose key personnel or we or our mining services providers are unable to attract and retain skilled and qualified personnel

Our business is dependent on the experience and expertise of our key personnel, including GEAR's directors and executive officers and the management personnel of GEAR, GEMS, Stanmore and our other subsidiaries. These individuals have specific skills, qualifications and experience relevant to our operations and have established relationships with our mining services providers and key customers. If we lose the services of any of our key personnel, it could be difficult to attract, relocate and integrate adequate replacement personnel into our operations. Further, the loss could negatively affect our ability to retain our mining services providers and customers.

We rely on our mining services providers and their employees to conduct substantially all of our coal mining operations. Our success depends on these entities continued ability to attract and retain skilled and qualified personnel. Any difficulty in our, our mining services providers' abilities to attract, recruit, train and retain skilled and qualified personnel could materially and adversely affect our mining operations and our business, financial condition, results of operations and prospects.

Our indebtedness could adversely affect our financial condition and restrict our ability to pursue our business strategies

As of December 31, 2020, we had total loans and borrowings of \$382.0 million, primarily comprising the 2023 Notes, the CS/Mandiri Facility, working capital and other loans, equipment finance and lease liabilities. As of December 31, 2020 and after giving effect to our drawdown of \$15.0 million under the Mandiri Facility in March 2021, this offering and the use of proceeds from this offering as described elsewhere in this Offering Memorandum, we would have had total loans and borrowings of \$460.4 million. For more information, see "Capitalization and Indebtedness."

Our level of indebtedness may have important consequences, including the following:

- we may have difficulty satisfying our obligations under our existing indebtedness, which could in turn result in an event of default. The lenders under such facilities could then vote to accelerate the payment of the indebtedness. Other creditors might then accelerate the payment of other indebtedness;
- we may be required to dedicate a substantial portion of our cash flow from operations to required payments of indebtedness, thereby reducing the availability of cash flow for working capital, capital expenditures and other general corporate activities;
- covenants relating to our indebtedness may limit our ability to obtain additional financing for working capital, capital expenditures and other general corporate activities;
- we may be more vulnerable to general adverse economic and industry conditions if we are limited in our flexibility in planning for, or reacting to, changes in the business and the industry in which we operate;
- covenants relating to our indebtedness may limit our flexibility in planning for, or reacting to, changes in our business and the coal industry;
- we may be unable to obtain financing for the development of existing mines, acquisitions of new businesses and projects, insurance coverage, surety bonds or letters of credit;
- it may be more difficult for us to pay interest and satisfy our debt obligations, including our obligations under the Notes;
- we may be placed at a competitive disadvantage relative to our competitors that have less leverage; and
- our indebtedness exposes us to fluctuations in interest rates as certain of our borrowings are, or may in the future be, at variable rates of interest.

Our level of indebtedness or the occurrence of any of these or similar events could have a material adverse effect on our business, financial condition, results of operations and prospects.

Subject to restrictions in the Indenture governing the Notes, we may incur additional indebtedness, which could increase the risks associated with our existing indebtedness. If we incur any additional indebtedness that ranks equally with the Notes, the relevant creditors will be entitled to share ratably with the Noteholders in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of GEAR or a Subsidiary Guarantor. Covenants in agreements governing debt that we may incur in the future may also materially restrict our operations, including our ability to incur debt, pay dividends, make certain investments and payments, and encumber or dispose of assets. In addition, we could be in default of financial covenants contained in agreements relating to our future debt in the event that our results of operations do not meet any of the terms in the covenants, including the financial thresholds or ratios. A default under one debt instrument may also trigger cross-defaults under other debt instruments. An event of default under any debt instrument, if not cured or waived, could have a material adverse effect on us.

Risks Relating to Our Gold Mining Businesses

We do not have a proven track record or business history in the mining of precious metals

We do not have a proven track record, and a majority of our management team does not have the relevant experience and expertise required, to carry out or implement our plan to develop and expand the mining operation of the Ravenswood Gold Mine. The Ravenswood Gold Mine represents a new area of business for our Company, and accordingly, we will encounter the usual risks, uncertainties and problems associated with entering into any new business. The risks, uncertainties and problems include, for example, the inability to manage the operations and costs, the failure to attract customers, the failure to provide the results, level of revenue and margins we are expecting, the failure to identify, attract, retain and motivate qualified personnel, and the inability to find the suitable joint venture, strategic or other business partners. When put in practice, mining for precious metals and minerals may involve the use of different types of equipment that we have no experience in handling, and as such we will need to learn, upskill and set up new facilities to process the resources extracted from this mine. There is no guarantee that we will be able to ensure successful operation in undertaking this new business.

We may be unable to complete our proposed expansion and development of Ravenswood Gold Mine

We have plans to develop and expand the mining operation of Ravenswood Gold Mine. However, the execution of such plans will require substantial capital outlay and it may take years before positive cashflow may be generated by Ravenswood Gold Mine's expanded operations. Under current development plans, the proposed expansion activities are scheduled to be carried out between March 2021 and March 2022. However, development activities are subject to a multitude of risks including technical risks (such as unforeseen engineering or geological problems and shortage and increased cost of labour and materials), project management risks (such as labor disputes, project site safety, work stoppages, changes in regulations and failure or delay in obtaining necessary regulatory permits and approvals), environmental risks (such as the need to remove toxic or hazardous substances found on the property and weather and natural disaster interference), financial risks (such as increased costs of construction and decreased gold prices or market demand during the development of a project, increase in operating cost, and disputes with third parties), and execution risks (such as any reliance on third party contractors to complete according to agreed specifications, quality standards or schedule). As a result of this and other factors described herein, no assurance can be given as to whether or when the proposed expansion and development of Ravenswood Gold Mine will be successfully completed and that, once completed, it will generate anticipated returns (including but not limited to increased production capacity and processing power) and profits. Non-completion or delays in completion of the proposed expansion and development of Ravenswood Gold Mine may result in substantial capital outlay being required to complete the proposed expansion and lower returns on investments than originally forecasted.

We may be adversely affected by decreases in gold prices

The value and price of our securities, our financial results, and our exploration activities may be adversely affected by a decline in the price of gold and other precious metals. Gold prices can be subject to large fluctuations and are affected by numerous factors beyond our control such as interest rates, exchange rates, inflation or deflation, fluctuation in the relative value of the Australian dollar against foreign currencies on the world market, global and regional supply and demand for gold, a shift to new alternative stores of wealth such as cryptocurrencies, and the political and economic conditions of gold producing countries throughout the world. The price for gold fluctuates in response to many factors beyond anyone's ability to predict. The prices that would be used in making any economic assessment estimates of mineralized material on our properties would be disclosed and may differ from daily prices quoted in the news media. Fluctuations in the price of gold do not solely have direct bearing on to any estimated resource quantities at any of our properties, as these quantities are subject to a number of additional factors and considerations. For example, a ten percent change in the price of gold may have little impact on any estimated quantities of commercially viable mineralized material at Ravenswood Gold Mine but would ultimately affect cash flow. Consequently, we would continue our mining operations at

Ravenswood Gold Mine during periods in which cash flows are temporarily negative for a variety of reasons, including the belief that the low price of gold is temporary and/or that a greater expense would be incurred in temporarily or permanently closing the mine.

Mineralized material calculations and life-of-mine plans, if any, using significantly lower gold and precious metal prices could result in material write-downs of our investments in mining properties and increased reclamation and rehabilitation costs.

In addition to adversely affecting any of our mineralized material estimates and its financial aspects, declining metal prices may impact our operations by requiring a reassessment of the commercial feasibility of a particular project. Such a reassessment may be the result of a management decision related to a particular event, such as a cave-in of a mine tunnel or open pit wall. Even if any of our projects may ultimately be determined to be economically viable, the need to conduct such a reassessment may cause substantial delays in establishing operations or may interrupt on-going operations, if any, until the reassessment can be completed.

The operations of Ravenswood Gold Mine are susceptible to risks and hazards inherent in the mining industry

The operations of Ravenswood Gold Mine may be affected by various factors and subject to risks and hazards inherent in the mining industry, including but not limited to, unanticipated variations in grade and other geological problems, operational and technical difficulties encountered in mining, insufficient or unreliable infrastructure, water conditions, surface or underground conditions, metallurgical and other processing problems, mechanical equipment performance problems, plant breakdowns, the lack of availability of materials and equipment or trained manpower, the occurrence of accidents, labor force disruptions, force majeure factors, unanticipated transportation costs, and weather conditions. Any of these factors may materially and adversely affect our business, financial condition, results of operations and ability to realize value from our investment in Ravenswood Gold Mine.

Gold mining is a capital intensive industry and our ability to carry out business activities depends on the availability of funding

The availability of adequate financing to Ravenswood and the entities controlled by it (“Ravenswood Group”) is critical to ensuring its ability to invest in its existing processing facilities and mining operations. There is no guarantee that the Ravenswood Group will have sufficient internal funds for such investments.

The Ravenswood Group’s ability to carry out our plans to develop and expand the mining operation of Ravenswood Gold Mine is also dependent on securing external debt funding, which may be dependent on factors outside its control, including the general market conditions, the market’s perception of the quality of its assets and the relevant industry risk, and interest rate fluctuations. Negative sentiment in the capital and credit markets in which the Ravenswood Group sources its financing could lead to commercial banks or other financial institutions being less willing to provide the full amount of financing sought, or on terms that are not commercially viable.

The Ravenswood Group may be dependent on its shareholders, including our wholly-owned subsidiary, GEAR SPV, EMR through Raven Gold and ourselves to seek external financing to fund working capital or capital expenditure to support the growth and maintenance of its business operations, including the development plan. The Ravenswood Group’s ability to arrange for external financing on terms that will allow the Ravenswood Group a commercially acceptable return and the cost of such financing are dependent on numerous factors that are beyond its control, including general economic and capital market conditions, interest rates, credit availability from banks or other lenders, investor confidence in the Ravenswood Group, success of the Ravenswood Group’s businesses, tax and securities laws that may be applicable to our efforts to raise capital, changes in laws and regulations which may affect the terms on which financial institutions are willing to extend credit to the Ravenswood Group, any

restrictions imposed by various banking institutions on providing financing to companies operating in the mining sector in the relevant countries and political and economic conditions. As Ravenswood is not a subsidiary of our Company, our ability under the covenants in the Indenture to invest in the Ravenswood Group will, subject to certain exceptions, be restricted.

We rely on Ravenswood Gold and EMR to run and operate the Ravenswood Gold Mine

Our joint venture partner, EMR, is a specialist mining private equity fund which invests in global resource projects and operating companies and, through Raven Gold Nominee Pty Ltd (as trustee on behalf of investors managed or advised by EMR Capital) (“Raven Gold”), is the operating partner of Ravenswood with primary responsibility for operation and management matters under the terms of the Ravenswood’s Shareholders’ Deed. We need EMR’s cooperation and consent in connection with the operations of the Ravenswood Group, and such cooperation and consent may not always be forthcoming. Disagreements with EMR may lead to deadlock situation, which could adversely affect our ability to undertake commercial decisions in an efficient and timely manner. There is no assurance that we will be able to resolve disagreements with EMR in a manner that will be in our best interests or at all, which may adversely affect our business, financial condition, results of operations and prospects. See “— General Risks Relating to Our Business — A significant portion of our business is conducted as or through joint ventures, which prevents us from fully controlling their operations or operating those businesses solely for our benefit, and we may in the future conduct more of our business through such joint ventures.”

Ravenswood Gold Mine is run by staff employed by Ravenswood Gold Pty Ltd (“Ravenswood Gold”). There is no assurance that there will not, in the future, be any disputes between us and EMR, or that Ravenswood Gold will be able to attract and retain essential qualified or skilled personnel in the future. Any disputes between us and EMR, which may cause EMR to exit Ravenswood, or inability by Ravenswood Gold to attract, recruit, train and/or retain key personnel or skilled workers could adversely affect Ravenswood Gold Mine and our business, financial condition, results of operations and prospects.

Risks Relating to Indonesia

Political instability in Indonesia could adversely affect the economy, which in turn could affect our business, financial condition, results of operations and prospects

Following the collapse of President Suharto’s regime in 1998, Indonesia has experienced a process of democratic change. Although Indonesia successfully conducted its first free elections for parliament and president in 1999, as a new democratic country, Indonesia continues to face various socio-political issues and has, from time to time, experienced political instability and social and civil unrest.

Since 2000, thousands of Indonesians have participated in demonstrations in Jakarta and other Indonesian cities both for and against former President Wahid, former President Megawati, former President Yudhoyono and current President Widodo as well as in response to specific issues, including fuel subsidy reductions, privatization of state assets, anti-corruption measures, decentralization and provincial autonomy and the American-led military campaigns in the Middle East. Although these demonstrations were generally peaceful, some have turned violent.

Political and related social developments in Indonesia have been unpredictable in the past. There can be no assurance that this situation or future sources of discontent will not lead to further political and social instability. Social and civil disturbances could directly or indirectly, materially and adversely affect our business, financial condition, results of operations and prospects.

Indonesia is located in an earthquake zone and is subject to significant geological and meteorological risks that could lead to social unrest and economic loss

The Indonesian archipelago is one of the most volcanically active regions in the world. Indonesia is located in the convergence zone of three major lithospheric plates and therefore is subject to significant seismic activity that in the past has led to, and in the future may lead to, destructive earthquakes and tsunamis or tidal waves cause major losses of life and property. Future geological occurrences could significantly affect the Indonesian economy.

Our operations are mainly located in Kalimantan and Sumatra, Indonesia. While these events have not directly affected the Kalimantan region nor have they had a significant economic impact on Indonesian capital markets, the Indonesian Government has had to expend significant amounts of resources on emergency aid and resettlement efforts. If the Indonesian Government is unable to timely deliver foreign aid to affected communities, political and social unrest could result. Any such failure on the part of the Indonesian Government, or declaration by it of a moratorium on its sovereign debt, could trigger an event of default under numerous private sector borrowings including ours, thereby materially and adversely affecting our business, financial condition, results of operations and prospects.

Although the risk of Kalimantan being affected directly by an earthquake, tsunami or volcano eruption is relatively low, Kalimantan experiences floods from time to time. There can be no assurance that Kalimantan will not experience geological disturbances or floods in future or that such geological disturbances or floods will not significantly impact our operations. Sumatra is prone to earthquakes. In the event that natural disasters occur affecting our operations in Sumatra, our business, financial condition, results of operations and prospects will be adversely affected.

There is also no assurance that future geological or meteorological occurrences will not have more of an impact on the Indonesian economy. A significant earthquake, other geological disturbance or weather-related natural disaster in any of Indonesia's more populated cities and financial centers could severely disrupt the Indonesian economy and undermine investor confidence, thereby materially and adversely affecting our business, financial condition, results of operations and prospects.

The interpretation of mining laws and implementation of regional governance in Indonesia is uncertain and may adversely affect our business, financial condition, results of operations and prospects

Regional autonomy laws and regulations have changed the regulatory environment for mining companies in Indonesia by decentralizing certain regulatory and other powers from the Indonesian Government to regional governments, thereby creating uncertainty for mining companies. These uncertainties include the validity, scope, interpretation and application of a mineral and coal mining law, Mining Law (as amended), the implementation of the regional autonomy laws, a lack of implementing regulations on regional autonomy and a lack of government personnel with minerals sector experience at some regional government levels. We cannot clearly ascertain the impact of the regional autonomy laws on the powers of the MEMR and the regional governments for the grant, renewal and extension of mining licenses and approvals and on the supervision of our mining activities. Moreover, limited precedents or other legislative guidance exist on the interpretation and implementation of the regional autonomy laws and regulations. This uncertainty has increased the risks, and may increase the costs, involved in mining activities in Indonesia. The regional governments, where our concession areas are located, could adopt regulations or decrees, or interpret or implement the regional autonomy laws or regulations, in a manner that conflicts with our rights under our mining licenses or otherwise adversely affect our operations. Any new regulations, and the interpretation and implementation of those new regulations, may differ materially from the legislative and regulatory framework of the Mining Law 4 and its current interpretation and implementation.

We may also face conflicting claims between the Indonesian Government and regional governments regarding jurisdiction over our operations. We may face claims by regional governments, including, among other things, claims for participating interests in our coal mining operations, new or increased local taxes or claims for additional concessions.

Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and prospects. In general, there can be no assurance that future regulatory changes affecting the mining industry in Indonesia would not be introduced or unexpectedly repealed which might have a materially adverse impact on us.

The regulatory framework governing the Indonesian mineral resource and mining industry sectors, and adverse changes or developments thereto, may be difficult to comply with, may significantly increase our operating costs or may otherwise adversely affect our business, financial condition, results of operations and prospects

The Indonesian mining industry is subject to extensive regulation within Indonesia, and there have been major developments in laws and regulations applicable to coal concession holders and mining service operators. Our coal mining operations are regulated by the Indonesian Government primarily through the MEMR, as well as the Ministry of Forestry, the Ministry of Environment of Indonesia, and the National Investment Coordinating Board (Badan Koordinasi Penanaman Modal). In addition, the local governments where our concession areas are located may implement regulations affecting our concession areas.

The Indonesian regulatory framework for the mining industry sets forth various restrictions and requirements that affect our business and results of operations, including the following:

- MEMR Regulation No. 7 of 2017 on the Procedure of Determining Benchmark Price of Metal Minerals and Coal as lastly amended by MEMR Regulation No. 11 of 2020 on the third amendment of MEMR Regulation No. 7/2017 (“MEMR Regulation 11/2020”) sets forth the procedures with which the Indonesian Government issues monthly coal and metal mineral benchmark prices as well as reporting obligations. Failure to comply with monthly benchmark prices or reporting obligations may subject us to administrative sanctions, potentially including the temporary cessation of part or all mining activities or the revocation of our operational licenses.
- MEMR Regulation No. 7 of 2020 on Procedures for the Granting of Areas, Licensing, and Reporting in relation to Mineral and Coal Mining Business Activities (“MEMR Regulation 7/2020”), which revoked MEMR 34/2017, requires any party (other than an IUP-E, IUP-OP or Special IUP-OP holder) who intends to perform mining services activities within Indonesia is required to first obtain a mining services business license (*Izin Usaha Jasa Pertambangan*, “IUIP”) issued by (i) MEMR, for mining services activities that are carried out across Indonesian territory or (ii) governor, for mining services activities that are carried out within 1 provincial region. Further, in the implementation of mining activities, IUIP holders may only accept work stripping of overburden from the Holder of IUP-OP or IUPK-OP.
- Indonesian coal producers are restricted from engaging their subsidiaries or affiliates to provide mining services on their concessions without obtaining prior ministerial approval, and are required to prioritize domestic contractors, labor, products and services. Indonesian coal producers must also sell a portion of their output in the domestic market and at prices set by the Indonesian Government.
- Ministry of Finance Regulation No. 34/PMK.010.2017 Tahun 2017 as amended by Ministry of Finance Regulation No. 110/PMK.010/2018 also established a 1.5% tax on coal exports, with effect from March 1, 2017. The introduction of a coal export tax will likely impact the cost competitiveness of Indonesian coal, causing some of Indonesia’s less efficient coal producers to exit the export market or stop operations completely.

- Law No. 32 of 2009 on Environmental Protection and Management as amended by the Omnibus Bill (the “Environmental Law No. 32/2009”) imposes new environmental obligations on businesses, the requirement that all of our environmental approvals and permits be consolidated into a single environmental permit (*Izin Lingkungan*). The law also requires businesses to deposit an environmental guarantee at a state-owned bank to ensure sufficient funds for the rehabilitation of the environment. Businesses must also conduct environmental risk analysis and environmental audits on a periodic basis.

For more information on Indonesian Government laws and regulations applicable to our industry and our business, see “Regulation — Indonesian Regulations.”

Certain laws and regulations governing our industry, including Mining Law 4, contain only substantive principles for regulation and leave specific issues to be addressed in implementing regulations, such as the appointment of mining services providers and domestic processing. For instance, under the Mining Law 4, coal and other minerals mined within Indonesia must be processed domestically, however there are no specific standards for coal that is exported. A court or an administrative or regulatory body may in the future render interpretations of the laws and regulations, or issue new or modified regulations, that differ from our interpretation. There can be no assurance that future regulatory changes affecting the mining industry in Indonesia would not be introduced or unexpectedly repealed. Our business could also be adversely affected by any changes to government policies that affect the pricing structures we have in place with our customers.

Failure by us comply with any applicable laws or regulations may result in, among other things, administrative sanctions, the temporary or permanent loss or suspension of our mining licenses and permits, and administrative sanctions, such as those requiring the reduction of our coal production in the following year by up to 50.0%.

For the foregoing reasons, the regulatory framework governing the Indonesian mineral resource and mining industry sectors, and adverse changes or developments thereto, may be difficult to comply with, may significantly increase our operating costs or may otherwise adversely affect our business, financial condition, results of operations and prospects.

Labor activism and legislation could adversely affect us, our customers and Indonesian companies in general, which in turn could affect our business, financial condition and results of operations

Laws and regulations that facilitate the formation of labor unions, combined with weak economic conditions, have resulted and may continue to result in labor unrest and activism in Indonesia. A labor union law passed in 2000 permits employees to form unions without intervention from their employers. Law No. 11 of 2020 on Job Creation (“Job Creation Law”), which partially revoked the Law No. 13 of 2003 on Manpower Affairs (the “Labor Law”), issued on November 2, 2020, amended several provisions of the Labor Law, such as the permitted grounds on which employers may terminate an employee’s employment, and the amount of severance payable on termination, among others. There have been several protests against the Job Creation Law and labor unrest may continue as the implementing regulations are issued. Labor unrest and activism in Indonesia could disrupt our operations, suppliers or mining services providers and could affect the financial condition of Indonesian companies in general, depressing the prices of Indonesian securities on the Jakarta or other stock exchange and the value of the Indonesian Rupiah relative to other currencies. Such events could materially and adversely affect our business, financial condition, results of operations and prospects. In addition, general inflationary pressures or changes in applicable laws and regulations could increase labor costs, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

The Job Creation Law also provides that the employer is not allowed to pay an employee below the minimum wage stipulated annually by the provincial or regional/city government. The minimum wage is set in accordance with the need for a decent standard of living and taking into consideration the productivity and growth of economy, however as there are no specific provisions on how to determine the

amount of a minimum wage increase, minimum wage increases can be unpredictable. For example, pursuant to local regulations promulgated in Jambi province, the minimum wage increased from Rp2,243,718.56 per month in 2018 to Rp2,423,889.16 per month in 2019 to Rp2,630,162.13 per month in 2020. The minimum wage for 2021 is the same as in 2020. Further minimum wage increases in Indonesia could have a material adverse effect on our business, cash flows, financial condition, results of operations and prospects.

Coal remains the legal property of the Indonesian Government until payment of royalty

General mining activities in Indonesia are governed by Mining Law 4 which came into effect on January 12, 2009 which revoked Law No. 11 of 1967 on Principle Provisions on Mining. Under the Mining Law 4, we do not hold legal title to any coal. The Indonesian Government retains title to all coal until payments of royalties to the Indonesian Government and regional government are made. Although the property, plant and equipment purchased by us are classified as our assets on our balance sheet, we do not have legal title to these assets. Based on these regulations, we are currently required to pay royalties totaling 13.5% (in the case of BIB) and 5.0% (in the case of KIM) of the net revenue derived from the sale of final processed coal production in each year, net of certain costs, together with an administration fee of 2.5% of such net revenue, to the Ministry of Energy and Mineral Resources. We also participate in the payment of regional development fees by paying 2% of our revenues from our coal sales to our local governments, based on each local government's customary requirements. There can be no assurance that royalties and development fees will not increase in the future. Any such increase could have a material adverse effect on our business, financial condition, results of operations and prospects.

Furthermore, the Mining Permits may be revoked by the issuing regional government at their option without compensation if we, and/or any of our subsidiaries holding the concession, were declared bankrupt. Since the coal we produce in our operations is the property of the Indonesian Government, our assets may not be sufficient to satisfy outstanding claims of its creditors and make distributions to its shareholders if we were to be declared bankrupt, liquidated or wound up.

An Indonesian law requiring agreements involving Indonesian parties to be written in the Indonesian language may raise issues as to the enforceability of any such agreements entered into

On July 9, 2009, the Indonesian Government enacted Law No. 24/2009 requiring that agreements involving Indonesian parties be written in the Indonesian language. Where an agreement also involves foreign parties, it may be executed in both the Indonesian language and a foreign language, provided that the agreement in the foreign language and the agreement in the Indonesian language are equally authoritative. Law No. 24/2009 does not state which language should be the governing language if there an agreement is written in more than one language. In July 2014, the Indonesian Government issued GR 57/2014 to implement certain provisions of Law No. 24/2009. While this regulation, similar to Article 40 of Law No. 24/2009, focuses on the promotion and protection of the Indonesian language and literature and is silent on the question of contractual language, it reiterates that contracts involving Indonesian parties must be executed in the Indonesian language (although versions in other languages are also permitted). In addition, a series of rulings by Indonesian courts since 2013 have also held that certain legal documents governed by English law and entered into in only English were null and void for failure to enter into such agreements in the Indonesian language.

On September 30, 2019, the Indonesian Government issued Presidential Regulation No. 63 of 2019 on Use of Indonesian Language as the implementing regulation of Law No. 24/2009 ("PR No. 63/2019"). PR No. 63/2019 contains additional requirements with respect to agreements to which an Indonesian party is a party. According to Article 26 (3) of PR No. 63/2019, if a foreign entity is a party to an agreement together with an Indonesian party, the foreign language version of such agreement may be used as an equivalent or translation of the Indonesian language version. This provision implies that Indonesian language version and the English version must be made available together and at the same time, which leads to the prudent approach of having to execute the Indonesian language version and the English

version concurrently (either in dual-language format or separately). Further, Article 26 (4) of PR No. 63/2019 clarifies that the parties may contractually agree on the governing language of the agreement (which may be either Indonesian language, English language or the national language of the foreign party).

Although the Indenture governing the Notes and any other agreements will be prepared in dual English and Indonesian versions as required under PR No. 63/2019 and Law No. 24/2009, we cannot assure you that, in the event of inconsistencies between the Indonesian language and English language versions of these agreements, and the parties intend the English version to prevail. Some concepts in the English language may not have a corresponding term in the Indonesian language and the exact meaning of the English text may not be fully captured by the Indonesian language version. If this occurs, there can be no assurance that the terms of the Notes, will be as described in this Offering Memorandum, or will be interpreted and enforced by the Indonesian courts as intended.

Downgrades of credit ratings of Indonesia and Indonesian companies could adversely affect us and the market price of the Notes

In 1997, certain internationally recognized statistical rating organizations, including Moody's, S&P and Fitch, downgraded Indonesia's sovereign rating and the credit ratings of various credit instruments of the Indonesian Government and a large number of Indonesian banks and other companies. Currently, Indonesia's sovereign foreign currency long-term debt is rated "Baa2" by Moody's, "BBB" by S&P and "BBB" by Fitch, with a stable outlook from Moody's and Fitch and a negative outlook from S&P, and its short-term foreign currency debt is rated "P2" by Moody's, "A2" by S&P and "F2" by Fitch. These ratings reflect an assessment of the Indonesian Government's overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due. No assurance can be given that Moody's, S&P or any other statistical rating organization will not downgrade the credit ratings of Indonesia or Indonesian companies in general. Any such downgrade could have an adverse impact on liquidity in the Indonesian financial markets, the ability of the Indonesian Government and Indonesian companies (or foreign companies operating in Indonesia, for example us) to raise additional financing and the interest rates and other commercial terms at which such additional financing is available to us, which could materially and adversely affect our business, financial condition and results of operations.

Obligations arising under the Bank Indonesia Regulation on the Mandatory Use of Indonesian Rupiah may affect us

On June 1, 2015, Bank Indonesia ("BI") issued CL 17/11/2015 concerning the mandatory use of Indonesian Rupiah within the territory of Indonesia. The BI Regulation restricts the use of foreign currency in domestic transactions and prescribes the mandatory use of Indonesian Rupiah in transactions carried out in the territory of Indonesia. Under the BI Circular Letter, any cash or non-cash transaction must use and be settled in Indonesian Rupiah. The requirement also extends to quotations. BI has exempted certain transactions including infrastructure projects related to transportation, road construction and irrigation, water supply, power utilities and oil and gas projects. However, this exemption does not extend to mining activities and there can be no assurance that the provisions of the BI Regulation and the BI Circular Letter will not materially affect our operations. As such, the BI Circular Letter and the BI Regulation may materially adversely affect any transactions carried out in Indonesia where substantially all of our operations are conducted.

Risks Relating to Australia

We may be exposed to risks associated with changes to laws and policies in Australia

Through Ravenswood and the Stanmore Group, we are subject to, state and federal laws and regulations regarding, among others, mining, environmental protection, land access, native titles, labor laws, securities laws and tax laws in Australia, and any unexpected changes to the same. The effect of the Native Title Act 1993 (Cth) ("NTA") is that existing and new tenements held by us may be affected by native title claims and procedures. Although we generally conduct due diligence that we deem reasonable

and appropriate based on the facts and circumstances applicable to each acquisition or an investment before making acquisitions and investments, the due diligence investigations carried out may not reveal or highlight all relevant facts. In addition, we have not undertaken the historical, legal or anthropological research and investigations as of the date of this Offering Memorandum that would be required to form an opinion as to whether any existing or future claim for native title could be upheld over a particular parcel of land covered by a tenement. The existence of such rights would affect the operation of our business and development activities. However, the NTA only applies to land and waters in respect of which native title rights and interests have not been extinguished by previous “extinguishing acts” and the future act procedures under the NTA do not generally apply to renewals or extensions of earlier validly granted mining tenements provided the renewal is on the same terms. See “Regulations — Australian Regulations” for further information.

Further, as with most exploration projects and mining operations, our operations are expected to have an impact on the environment. Under Australian regulations, we are required to rehabilitate areas impacted by our mining activities, including providing financial assurances in respect of the likely costs and expenses that may be incurred when taking action to rehabilitate areas impacted by our mining activities. The Mineral and Energy Resources (Financial Provisioning) Act 2018 (Qld), which commenced in April 2019, introduced changes to the method of calculating such financial assurance. Although such changes did not materially impact the amount of financial assurance we are required to provide, there can be no assurance that our investments will not be negatively impacted as a result of other regulatory changes or measures and policies introduced by the Australian Government at the state and federal levels.

Further investments in Australia by our Company may be subject to Australia’s foreign investment regime

Australian foreign investment policy provides for government scrutiny of many proposed foreign purchases of Australian businesses and properties, including in some circumstances the granting and enforcement of security interests in such Australian business and property. The Australian federal government has the power under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (“FATA”) to block proposals that are determined to be contrary to the national interest or national security interest. FATA also provides legislative backing for ensuring compliance with Australian foreign investment policy. In the majority of industry sections, small proposals are exempt from notification and larger proposals are approved unless judged contrary to the national interest or national security interest. The screening process is undertaken by the Foreign Investment Review Board.

In relation to investments in Australia, we are currently a “foreign person” for the purposes of FATA. Any further investments by our Company in Australia may be subject to notice (and no objection determination) requirements under the FATA (which may or may not be given subject to conditions). If such notice is required and not given in relation to an investment, we may not be able to proceed with that investment.

There can be no assurance that we will be able to obtain or renew the required government approvals, permits and licenses required for our activities in Australia and in the event that the requisite approvals are not obtained or renewed, there may be an adverse effect on our business, financial condition and results of operations.

We may be exposed to risk of loss from interruptions resulting from industrial disputes and work stoppages

Under Australian law, our direct employees, and the employees of our mining service providers, may apply to the Fair Work Commission to take lawful industrial action (including stoppages of work) in support of negotiating an enterprise agreement. They may do this with or without the assistance and representation of a union. Freedom of association laws also entitle employees to be given the freedom to join or not join a union, and bargain for an enterprise agreement, without employer pressure or influence. Around 14% of employees in Australia are members of a union however some industries (including the

coal mining industry) have a higher union density than others. Employees in the coal mining industry are generally represented by an active and well-resourced union (the CFMMEU (as defined herein)). In the event our direct employees or our mining service provider's employees became unionized, or sought to negotiate an enterprise agreement, operating costs may be adversely effected. This adverse effect may be a result of any lawful industrial action taken in support of negotiating an enterprise agreement, such as a stoppage of work, or increases in pay and conditions resulting from a negotiated enterprise agreement being registered, which may significantly affect our financial position, as operational costs are increased to meet higher wages or entitlements.

Our direct employees, or employees of our mining service providers, may also take unlawful industrial action, being industrial action not authorized by the Fair Work Commission. This may arise because of union disputation, safety incidents or general workplace discontent. The same risks and consequences are likely to apply in the event of unlawful industrial action as lawful industrial action; however the employer and other interested parties can take legal action to stop the unlawful industrial action.

Risks Relating to the Notes, the Subsidiary Guarantees and the Collateral

Payments with respect to the Notes and Subsidiary Guarantees are structurally subordinated to liabilities, contingent liabilities and obligations of the GEMS Group and Stanmore Group and certain of our other subsidiaries and our ability to pay our obligations under the Notes may be limited because certain of our subsidiaries, including the GEMS Group and Stanmore Group, are not guarantors of the Notes

As soon as practicable following the repayment of the CS/Mandiri Facility, but in no event later than 10 days after the Original Issue Date, the Notes will be guaranteed only by GIAPL. None of the Issuer's other subsidiaries, including GEMS and Stanmore and their respective subsidiaries, will provide a Subsidiary Guarantee. Furthermore, none of Anrof Singapore Limited, PT Hutan Rindang Banua and Shinning Spring Resources Limited that provided a subsidiary guarantee of the 2023 will be guaranteeing the Notes.

The Issuer and the Subsidiary Guarantor are holding companies with no material assets or operations other than investments. Substantially all of our revenue is generated by the GEMS Group and the Stanmore Group, which also hold substantially of our assets. None of GEAR's other subsidiaries, including GEMS and Stanmore and their respective subsidiaries, nor Ravenswood, will guarantee the Notes. The ability of the Issuer and the Subsidiary Guarantor to satisfy their obligations under the Notes will depend on the distribution of funds from GEAR's subsidiaries and its joint venture investment in the Ravenswood Gold Mine. See "— GEAR is a holding company, and our ability to pay principal and interest on the Notes will be limited by the distribution of funds from our subsidiaries."

Creditors, including trade creditors of our non-guarantor subsidiaries and any holders of preferred shares in such entities, would have a claim on our non-guarantor subsidiaries' assets that would be prior to the claims of the Noteholders. As a result, our payment obligations under the Notes and the Subsidiary Guarantees will be effectively subordinated to all existing and future obligations of our non-guarantor subsidiaries (including obligations of our non-guarantor subsidiaries under guarantees issued in connection with our business), and all claims of creditors of our non-guarantor subsidiaries will have priority as to the assets of such entities over our claims and those of our creditors, including the Noteholders.

Claims of the secured creditors of the Issuer or Subsidiary Guarantors will have priority with respect to their security over the claims of unsecured creditors, such as the Noteholders, to the extent of the value of the assets securing such indebtedness

The Indenture governing the Notes permits us and our subsidiaries, to incur additional debt (including secured debt) in the future. Claims of the secured creditors of the Issuer and the Restricted Subsidiaries will have priority with respect to the assets securing their indebtedness over the claims of the Noteholders (other than the Collateral, to the extent applicable). Therefore, the Notes and the Subsidiary Guarantees will be effectively subordinated to any secured indebtedness and other secured obligations of the Issuer and the Subsidiary Guarantors to the extent of the value of the assets securing such indebtedness or other obligations (other than the Collateral, to the extent applicable). In bankruptcy, the holder of a security interest with respect to any assets of the Subsidiary Guarantors would be entitled to have the proceeds of such assets applied to the payment of such holder's claim before the remaining proceeds, if any, are applied to the claims of the Holders of the Notes.

The terms of the Notes and the Subsidiary Guarantees will contain, and certain of our credit agreements contain and in the future would likely contain, covenants limiting our financial and operating flexibility

Covenants contained in the Indenture and the Subsidiary Guarantees will restrict the ability of the Issuer, the Subsidiary Guarantors and any Restricted Subsidiary (as defined in "Description of the Notes") to, among other things:

- incur additional Indebtedness and issue preferred stock;
- make investments or other specified Restricted Payments;
- enter into agreements that restrict the Restricted Subsidiaries' ability to pay dividends and transfer assets or make intercompany loans;
- issue or sell Capital Stock of Restricted Subsidiaries;
- issue guarantees by Restricted Subsidiaries;
- enter into transactions with equity holders or affiliates;
- create any Lien;
- enter into Sale and Leaseback Transactions;
- sell assets;
- engage in different business activities; and
- effect a consolidation or merger.

All of these covenants are subject to the limitations, exceptions and qualifications described in "Description of the Notes — Certain Covenants." These covenants could limit our ability to pursue our growth plan, restrict our flexibility in planning for, or reacting to, changes in our business and industry, and increase our vulnerability to general adverse economic and industry conditions. We may also enter into additional financing arrangements in the future, which could further restrict our flexibility.

Any defaults of covenants contained in the Notes may lead to an event of default under the Notes and the Indenture and may lead to cross-defaults under our other indebtedness. No assurance can be given that the Issuer will be able to pay any amounts due to the Holders of Notes in the event of such default, and any default may significantly impair the Issuer's ability to pay, when due, the interest of and principal on the Notes and any Subsidiary Guarantor's ability to satisfy its obligations under the Subsidiary Guarantees.

In addition, certain of our credit agreements contain, and any future indebtedness would likely contain, restrictive covenants that impose significant operating and financial restrictions, including restrictions on our ability to engage in acts that may be in our best long-term interests. Our credit agreements include covenants that, among other things, restrict our ability to create liens on, sell, transfer or otherwise dispose of our assets, engage in mergers, consolidations, acquisitions, joint ventures or corporate reconstructions, make loans, grant credit or give guarantees or indemnities, pay, make or declare dividends or other distributions and incur additional indebtedness. See "Description of Material Indebtedness." The operating and financial restrictions and covenants in our current credit agreements and any future financing agreements could adversely affect our ability to finance future operations or capital needs or to engage in other business activities.

GEAR is a holding company, and our ability to pay principal and interest on the Notes will be limited by the distribution of funds from our subsidiaries

GEAR is a holding company and its investments in its operating subsidiaries constitute all of its assets. Its subsidiaries conduct all of its business and own substantially all of its assets. Therefore, the availability of funds to pay principal and interest on the Notes partly depends on dividends received from these subsidiaries. The ability of our subsidiaries to pay dividends or make other advances and transfers of funds will depend on any local law restrictions on declaration and payment of dividends their results of operations and financial performance which, in turn, will depend on the successful implementation of our strategy and on financial, competitive, regulatory, general economic conditions, demand and other factors specific to our industry, many of which are beyond our control, as well as the availability of funds. Moreover, the terms of credit arrangements that such subsidiaries may obtain from time to time may contain restrictions on the ability of these subsidiaries to pay dividends. Statutory and other legal restrictions of the respective jurisdictions of incorporation of such subsidiaries may also prevent such subsidiaries from paying dividends.

We may not be able to generate sufficient cash flows to meet our debt service obligations

Our ability to make scheduled payments on, or to refinance our obligations with respect to, our indebtedness, including the Notes, will depend on our financial and operating performance, which in turn will be affected by general economic conditions and by financial, competitive, regulatory and other factors beyond our control. We may not generate sufficient cash flow from operations and future sources of capital may not be available to us in an amount sufficient to enable us to service our indebtedness, including the Notes, or to fund our other liquidity needs.

If we are unable to generate sufficient cash flow and capital resources to satisfy our debt obligations or other liquidity needs, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. We cannot assure you that any refinancing would be possible, that any assets could be sold or, if sold, of the timing of the sales and the amount of proceeds that may be realized from those sales, or that additional financing could be obtained on acceptable terms, if at all. In the absence of such cash flow and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. Other credit facilities and the Indenture that will govern the Notes will restrict our ability to dispose of assets and use the proceeds from the disposition. We may not be able to consummate those dispositions or to obtain the proceeds which we could realize from them and such proceeds may not be adequate to meet any debt service obligations then due. Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our

indebtedness on commercially reasonable terms and in a timely manner, would materially and adversely affect our business, financial condition and results of operations and the Issuer's ability to satisfy its obligations under the Notes. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources."

We may adjust our capital structure and increase our debt leverage, which would make us more sensitive to the effects of economic downturns

It is possible that we may need to raise additional debt or equity funds in the future. Our existing debt facilities and operating cash flows may not be adequate to fund our ongoing capital requirements for any future acquisitions or projects, meet our debt service obligations, or to refinance our debt. We cannot assure you that any refinancing would be possible, or if we possible, there is no guarantee that such new funding will be on acceptable terms.

Global credit markets have been severely constrained in the past, and the ability to obtain new funding or refinance in the future may be significantly reduced. If we are unable to obtain sufficient funding, either due to banking and capital market conditions, generally, or due to factors specific to our business, we may not have sufficient cash to meet our ongoing capital requirements, which in turn could materially and adversely affect our financial condition. Failure to obtain sufficient financing could cause delays or abandonment of business development plans and have a material adverse effect on our business, operations and financial condition.

Recently, certain financial institutions, investment managers and insurance companies globally have responded to pressure to take actions to limit or divest investments in, financing made available to, and insurance coverage provided for, the development of new coal-fired power plants and coal miners that derive revenues from thermal coal sales. For example, in 2017, some financial institutions publicly announced that they would stop funding new thermal coal projects or would otherwise reduce their overall lending to coal. These or similar policies may adversely impact the coal industry generally, our ability to access capital and financial markets in the future, our costs of capital and the future global demand for coal.

Transfer restrictions in the GEMS Shareholders' Agreement may affect the ability of the applicable Common Collateral Agent to dispose of the GEMS shares and to distribute proceeds from such sale to Holders of Notes

The GEMS Shareholders' Agreement contains provisions prohibiting transfers of GEAR's shares in GEMS, except in compliance with the terms of the GEMS Shareholders' Agreement. Under the GEMS Shareholders' Agreement, if GEAR proposes to transfer its shares of GEMS to any third party (or if the relevant Common Collateral Agent were to seek to sell GEAR's shares of GEMS under the Pari Passu Collateral Documents), GMR will have the right to purchase such shares at the same price and on the same terms of the proposed sale to the third party. In addition, the GEMS Shareholders' Agreement contains "tag-along" rights which enables GMR to sell all or a proportion of its shares of GEMS if GEAR's transfer of its shares of GEMS to a third party will result in GEAR or its affiliates owning less than 51.0% of the total shares issued by GEMS.

Such limitations on the transfer of shares may restrict the applicable Common Collateral Agent's ability to dispose of such shares in GEMS without the consent of GMR. We cannot assure you that the applicable Common Collateral Agent will be able to obtain any such consent from GMR or that in the event GMR exercises its "tag-along" rights under the GEMS Shareholders' Agreement, a third party purchaser would be able to complete the purchase of all of the Pari Passu Collateral and the shares of GEMS held by GMR. Accordingly, there is no assurance that the applicable Common Collateral Agent will be able to effectively enforce on the Pari Passu Collateral to dispose of the shares of GEMS and realize any proceeds for distribution to Holders of Notes.

There may be limitations on foreclosure or enforcement of rights in the Collateral

The Notes Collateral Document will be governed by, and construed in accordance with, the laws of Singapore. The Pari Passu Collateral Documents will be governed by, and construed in accordance with, the laws of Indonesia, Australia and Singapore. The laws relating to the creation and perfection of security interests in such jurisdictions differ from those in the United States and may be subject to restrictions and limitations, including the effect of fraudulent conveyance and similar laws.

Australian law requires that a security interest in certain tangible and intangible assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party and/or the grantor of the security. The security may not be perfected with respect to the claims of the Notes if the relevant party fails or is unable to take the actions necessary to perfect the security.

To the extent that other first-ranking security interests, pre-existing liens (including permitted security interests and liens) and other encumbrances exist over the Pari Passu Collateral over the Stanmore Shares, the holders of those rights may have or may exercise rights and remedies with respect to that Pari Passu Collateral that could adversely affect the value of the security and the ability of the Common Collateral Agents to realize or foreclose on the security.

These restrictions and limitations may have the effect of preventing, limiting and/or delaying the foreclosure and subsequent disposition of the Collateral, and may materially impair the claims of Holders of Notes. Any such delay in having an enforceable claim could also diminish the value of the interest of the Holders of Notes in the Collateral due, among other things, to the existence of other potential creditors and claimants.

The right and ability of any of the Common Collateral Agents to realize or foreclose upon the equity of GEMS, GIAPL and Stanmore (as the case may be) upon the occurrence of an event of default is likely to be significantly impaired by applicable bankruptcy law if a bankruptcy proceeding were to be commenced by or against us prior to such Common Collateral Agent having foreclosed upon and sold the equity. Under applicable bankruptcy law, secured creditors such as the Common Collateral Agents may be prohibited from foreclosing upon its security from a debtor in a bankruptcy case or from disposing of security repossessed from such debtor without bankruptcy court approval, which may not be given.

Australian governmental authorizations or exemptions may be required to enforce or foreclose the Pari Passu Collateral over the GIAPL shares or the Stanmore Shares. There is no guarantee that such approvals or exemptions will be forthcoming.

Any sale of the GIAPL Shares or Stanmore Shares will be subject to Australia's takeover law and foreign investment regime

Upon enforcement of the security over the GIAPL Shares or Stanmore Shares, prospective buyers of Stanmore Shares or GIAPL shares may require governmental consents, such as approval by the Department of the Treasury of Australia under the Foreign Acquisitions and Takeovers Act 1975, if the buyer is not an Australian person. The Department of Treasury of Australia has the power to scrutinize and to block proposals that are determined to be contrary to the national interest or national security interest. FATA also provides legislative backing for ensuring compliance with Australian foreign investment policy, including a 'call-in' and 'last resort power', which empower the Department of the Treasury to require the scrutinizing and unravelling of certain transactions that are contrary to national security interest. There can be no assurance that any prospective foreign buyer(s) will be able to obtain the required government approvals.

Additionally, under Chapter 6 of the Corporations Act 2001, any acquisition which involves a person's voting power in Stanmore increasing from under 20% to over 20% or increasing from a starting point that is above 20% and below 90% is prohibited under the Corporations Act 2001 unless the acquisition falls under a permitted exemption (such as an acquisition under a takeover bid, or an acquisition that is approved by resolution of the Stanmore shareholders). In the event that the Common Collateral Agent proposes to dispose of the Stanmore Shares, the transfer will need to comply with requirements of Chapter 6 of the Corporations Act 2001. Therefore, the Common Collateral Agents may be unable to foreclose their security in a timely manner and may encounter difficulties realizing the full value of the security due to an inability to dispose of GIAPL Shares or Stanmore Shares in a manner that gives a person (together with their associates) a voting power in Stanmore of above 20%.

The value of the Collateral may not be sufficient to satisfy the obligations under the Notes

No appraisal of the value of the Collateral has been prepared by us or on our behalf in connection with this offering. The value of the Collateral and the amount to be received upon a sale of such Collateral will depend on many factors, including the ability to sell the Collateral in an orderly sale, prevailing market and other economic conditions and the availability of suitable buyers at the time of any such sale. Similarly, we cannot assure you that there will be a market for the sale of the Collateral, or, if such a market exists, that there will not be a substantial delay in the liquidation of the Collateral. The book value of the Collateral should not be relied on as a measure of the realizable value for such assets. The value of the Collateral could be impaired in the future as a result of obsolescence, changing economic conditions (including the availability of suitable buyers for the Collateral), failure to implement our business strategy, competition and other future trends and may be without any value if that entity is subject to an insolvency or bankruptcy proceeding.

The amount of proceeds that ultimately would be distributed in respect of the Notes upon any enforcement action or otherwise may not be sufficient to satisfy the Issuer's obligations under the Notes. If the proceeds of Collateral were not sufficient to repay amounts outstanding under the Notes, then Holders of the Notes (to the extent not repaid from the proceeds of the sale of the Collateral) would only have an unsecured claim against the Issuer's remaining assets. See also "— The interests of our controlling shareholder may conflict with the interests of the Noteholders, and they may take actions that are not in, or may conflict with, the interest of the Noteholders" below.

None of the security interests in any of the Collateral will be granted, created or perfected on the date of issuance of the Notes, which may adversely affect the rights of holders of the Notes in the Collateral.

The obligations of the Issuer under the Notes and the Indenture will be secured by a security interest in the Notes Collateral following the repayment of the CS/Mandiri Facility. The obligations of the Issuer under the Notes and the Subsidiary Guarantor under the Subsidiary Guarantee will be secured by a security interest (subject to Permitted Liens and the Intercreditor Agreement) in the Pari Passu Collateral in favor of the Common Collateral Agents only upon the redemption and repayment of the Issuer's debt obligations as described in "Use of Proceeds" and release of the liens over the existing collateral securing such obligations. Accordingly, none of the security interests in any of the Collateral will be granted, created or perfected on the date of issuance of the Notes and rights of Holders of the Notes in such Collateral may be adversely affected. Under the terms of the Indenture, the Issuer will grant a security interest in the Notes Collateral as soon as practicable following the repayment of the CS/Mandiri Facility, but in no event later than 10 days after the Original Issue Date and the Issuer will procure that its obligations under the Notes and the obligations of the Subsidiary Guarantor under the Subsidiary Guarantee be secured by security interests in the Pari Passu Collateral within 30 days following the date of issuance of the Notes. See "Description of Notes — Interest Reserve Account" and "Description of Notes — Security." Until the security interests in the Collateral are granted and perfected in favor of the applicable Collateral Agents, the Holders of the Notes will not have the benefit of the Collateral. If the Issuer and/or the Subsidiary Guarantor fails to grant or properly perfect such security interest in any of the Collateral for the benefit of the Holders of the Notes as provided in the Indenture, it would constitute a default under the indenture. In addition, in such case, the claims of the Holders of the Notes with respect to the assets constituting the Collateral will rank *pari passu* with those of other senior unsecured creditors of the Issuer.

Enforcing the rights of Holders of Notes under the Notes, the Subsidiary Guarantees and the Collateral across multiple jurisdictions, including Indonesia, Australia and Singapore may prove difficult

The Notes will be issued by the Issuer and guaranteed by the Subsidiary Guarantors. The Issuer and the Initial Subsidiary Guarantor are each incorporated under the laws of Singapore. The Notes, the Subsidiary Guarantees and the Indenture will be governed by and will be construed in accordance with the laws of the State of New York. The Notes Collateral Document will be governed by, and construed in accordance with, the laws of Singapore. The Pari Passu Collateral Documents will be governed by, and construed in accordance with, the laws of Indonesia, Australia and Singapore.

In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in Indonesia, Singapore and the United States. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. The rights of Holders of Notes under the Notes, the Subsidiary Guarantees and the Collateral will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that you will be able to effectively enforce your rights in such complex multiple bankruptcy, insolvency or similar proceedings. In addition, the bankruptcy, insolvency, administrative and other laws of Indonesia, Singapore and the United States may be materially different from, or be in conflict with, each other and those with which may be familiar, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce your rights under the Notes, the Subsidiary Guarantees and the Collateral in the relevant jurisdictions or limit any amounts that you may receive.

A significant portion of the assets securing the Issuer's obligations in respect of the Notes are located in Indonesia and Australia and are subject to the Pari Passu Collateral Documents, which are governed by laws of Indonesia, Australia and Singapore. Enforcement of the Pari Passu Collateral Document would be subject to certain generally available defenses. Local laws and defenses may vary, and may include those that relate to corporate benefit (*ultra vires*), fraudulent conveyance or transfer (*actio pauliana*), voidable preference, financial assistance, corporate purpose, liability in tort, subordination and capital maintenance or similar laws and concepts. They may also include regulations or defenses which affect the rights of creditors generally. If a court were to find the Pari Passu Collateral Document, or a portion thereof, void or unenforceable as a result of such local laws or defenses, Holders would cease to have any claim under the Pari Passu Collateral Document and would be creditors solely of the Issuer.

There may be greater uncertainty as to whether the Pari Passu Collateral Documents can be enforced in full and in accordance with their terms in relation to Indonesia, for the following reasons:

- The ability of the Trustee or the Common Collateral Agents to enforce each of its rights under the Pari Passu Collateral Documents will depend on whether an Indonesian court is willing to recognize and enforce the principal debt obligation represented by the Indenture constituting the Notes. Accordingly, enforcement of claims will be subject to an Indonesian court accepting New York law as the governing law of the Notes and the Indenture or, alternatively, how an Indonesian court will interpret the New York law principles therein in the event that Indonesian law was applied. Indonesian courts have, from time to time, disregarded the parties' choice of foreign law and applied Indonesian law in such cases, and we cannot assure you that an Indonesian court would apply New York law in any proceedings relating to the enforcement of the Notes or the Indenture.
- Judgments of foreign courts, including New York courts, are not enforceable in Indonesia. As a result, the Trustee or the Common Collateral Agents may be required, prior to the enforcement of Pari Passu Collateral Documents, to pursue claims based upon the Notes and the Indenture through the Indonesian courts.

- The Pari Passu Collateral will be subject to higher ranking society priority rights created by statute, including rights created pursuant to Articles 1137 and 1139 of the Indonesian Civil Code in respect of claims made by the Indonesian Government, such as auction and court and other administrative costs relating to enforcement of the Pari Passu Collateral Documents and the safeguarding of the relevant secured assets. Specific performance may not always be available under the laws of Indonesia.
- In connection with any permitted refinancing or incurrence of indebtedness that will be permitted to share in security over the Collateral, the Pari Passu Collateral may need to be released and replacement security documents executed. The perfection of the security represented by the replacement fiduciary security may be completed after a significant period of time after the release of the old fiduciary security, during which the Notes will not have the benefit of a perfected security rights over certain Collateral.
- There are two ways to enforce security under Indonesian law. The first one, absent any prior agreement is through a public auction, which in practice would require a prior court decision from the relevant district court. The second one is through a private sale, which in practice would require a court approval to confirm the effectiveness of the transaction (which will be issued upon petition filed by the investors). There is no guarantee that these court decisions will be issued accordingly by the relevant district courts.

In relation to Singapore, it may not be possible for investors to enforce against the Issuer, the Subsidiary Guarantor or such persons in U.S. courts judgments predicated upon the civil liability provisions of U.S. federal securities laws. In particular, investors should be aware that judgments of United States courts based upon the civil liability provisions of the federal securities laws of the United States may not be enforceable in Singapore courts and there is doubt as to whether Singapore courts will enter judgments in original actions brought in Singapore courts based solely upon the civil liability provisions of the federal securities laws of the United States.

Indonesian companies have filed suits in Indonesian courts to invalidate issuances of debt and guarantees and have brought legal action against lenders and other transaction participants; moreover, such legal actions have resulted in judgments against such defendants invalidating all obligations under the applicable debt instruments and in damages against such defendants in excess of the amounts borrowed

In several court cases in Indonesia, Indonesian companies that had defaulted on debt incurred through offshore entities and guaranteed by Indonesian companies have sued their creditors under such debt to, among other things, invalidate their debt obligations, and have sought damages in amounts exceeding the original principal amounts of the relevant debt from such creditors. In a case which was subsequently settled, an Indonesian court voided the transaction documents under a transaction involving a guarantee issued by an Indonesian company of the debt of an offshore subsidiary. In another case, an Indonesian court declared a loan agreement between an offshore entity and its creditors null and void and awarded damages to the defaulting borrower.

Publicly available reports, including these court decisions, do not provide a clear factual basis or legal rationale for these judgments. In reaching these decisions, however, the courts have not appeared to follow the contractual selection of non-Indonesian law as the governing law. These courts have in certain instances barred the exercise of any remedies available to the investors anywhere in the world.

In June 2006, the Indonesian Supreme Court affirmed the decisions of a District Court and High Court in Indonesia that invalidated \$500 million of notes issued through offshore financing entities (using structures involving a guarantee issued by Indonesian companies). The decision involved an Indonesian listed company, Indah Kiat as plaintiff and various parties as the defendants, whereby notes were issued through a Dutch subsidiary of Indah Kiat and guaranteed by Indah Kiat. The Indonesian courts decided in favor of Indah Kiat and ruled that the defendants (including the trustee, underwriter and security agent

for the issuance of the notes) committed a tort (perbuatan melawan hukum) on the basis that the contracts made in relation to the notes were signed without any legal cause, and the issuance of the notes was declared null, void and unenforceable (the “June 2006 Decision”). The June 2006 Decision was released in November 2006. The Indonesian courts accepted the plaintiff’s argument that Indah Kiat acted both as a debtor and as a guarantor of the same debt even though, as established by the facts of the case, the Dutch subsidiary established for the purpose of the issuance of the notes was the issuer of the notes and Indah Kiat was the guarantor of such notes. The Indonesian courts also ruled that the establishment of Indah Kiat’s Dutch subsidiary to issue the notes was unlawful as it was intended to avoid Indonesian withholding tax.

On August 19, 2008, the Indonesian Supreme Court granted a civil review (peninjauan kembali) and overturned the June 2006 Decision (the “August 2008 Decision”). The Indonesian Supreme Court in the August 2008 Decision stated that Indah Kiat had failed to prove that the transaction was an act of manipulation of the law from which Indah Kiat suffered a loss. Therefore, the Indonesian Supreme Court concluded that the defendants did not commit any unlawful act. The Indonesian Supreme Court further stipulated that it was clear that the money borrowed by Indah Kiat from the Dutch subsidiary originated from the issuance of notes, as evidenced in the recital of the relevant loan agreement, and the claim that the whole transaction was a manipulation of the law had no merit. On the tax issues, the civil review considered that the Supreme Court had misapplied the tax law as it did not prohibit tax saving and thus the claim relating to tax was annulled. The Indonesian Supreme Court also stated that claims arising out of and in connection with the New York law governed agreements in that transaction (such as the indenture, the loan agreement, the amended and restated loan agreement and the underwriting agreement), should be brought to the appropriate court in the state of New York and not in the District Court of Bengkalis, Indonesia.

Despite the decision described above, the Indonesian Supreme Court has taken a contrary view with respect to Lontar Papyrus, a sister corporation of Indah Kiat. In a March 2009 Indonesian Supreme Court decision in the civil review level (the “March 2009 Decision”), the Indonesian Supreme Court refused a civil review petition against a judgment which originated from the District Court of Kuala Tungkal, in South Sumatra, which was upheld by the Indonesian Supreme Court in cassation. This judgment invalidated \$550 million of notes issued by APP International Finance Company B.V. (“APP International”), a Dutch subsidiary of Lontar Papyrus, which were guaranteed by Lontar Papyrus. Lontar Papyrus’ legal arguments in its lower court case were fundamentally similar to those in the earlier cases by Indah Kiat, namely that, under the notes structure, the plaintiff was acting as both the debtor and guarantor for the same debt and, therefore, the structure was invalid. The Indonesian Supreme Court’s refusal to grant a civil review over the lower court’s decision effectively affirmed that the lower court’s decision to invalidate Lontar Papyrus’ obligations under the notes and that the judgment was then final.

In September 2011, the Indonesian Supreme Court refused a civil review of a decision by the District Court of Bengkalis (whose judgment was the subject of the Indonesian Supreme Court’s June 2006 Decision and August 2008 Decision), which invalidated notes issued by Indah Kiat International Finance Company B.V. (the “September 2011 Decision”). The facts and legal claims presented by Indah Kiat International Finance Company B.V. were substantially the same as those made by Indah Kiat in the lower court cases that were the subject of the June 2006 Decision. In the September 2011 Decision, which has not been made publically available, the Indonesian Supreme Court specifically chose not to consider its August 2008 Decision despite the fact that such decision involved substantially similar facts and legal claims.

The Indonesian Supreme Court’s refusal to grant civil reviews of the lower court decisions in the March 2009 Decision and September 2011 Decision effectively affirmed the lower courts’ decisions to invalidate the relevant notes and the issuers’ and guarantors’ obligations under such notes. Those decisions are final and are not subject to further review.

Indah Kiat, Lontar Papyrus and APP International are our affiliates and members of the Sinar Mas Group (as defined herein).

The outcome of specific cases in the Indonesian legal system is subject to considerable discretion and uncertainty. The Indonesian legal system does not recognize the concept of “precedent” recognized in the common law system but does acknowledge the concept of jurisprudence. This means that Indonesian court decisions are not binding precedents and do not constitute a source of law at any level of the judicial hierarchy as would be the case in common law jurisdictions. Nevertheless, there can be no assurance that in the future an Indonesian court will not take a similar approach to the June 2006 Decision or the March 2009 Decision in relation to the validity and enforceability of the Notes and the Subsidiary Guarantees or grant additional relief to the detriment of Holders of Notes, if the Issuer were to contest efforts made by Holders of Notes to enforce these obligations.

Furthermore, Holders of the Notes may have difficulty in enforcing any rights under the Notes, the Subsidiary Guarantees or the other transaction documents in Indonesia, where most of our assets are located. Depending on the recognition foreign courts grant to such Indonesian decisions, the Holders of the Notes may also be precluded from enforcing any right under the Notes or any Pari Passu Collateral Document, in particular those governed by Indonesian law, or collecting on the Issuer’s assets, anywhere else in the world.

Affirmative relief, if granted against the Holders of the Notes by Indonesian courts, may be enforced by foreign courts against the assets of the Holders of the Notes (or other transaction participants) located outside Indonesia (and each Holder of Notes should seek legal advice in that regard). As a result, your participation as a Holder of Notes in this transaction may expose you to affirmative verdicts by Indonesian courts (beyond the value of the Notes you purchased).

The Pari Passu Collateral will be shared by the Holders of the Notes and the holders of our other secured indebtedness

The Pari Passu Collateral will be shared on a *pari passu* basis by the Holders of the Notes and the holders of our other secured indebtedness. Accordingly, in the event of a default of the Notes or our other secured indebtedness and a foreclosure on the Pari Passu Collateral, any foreclosure proceeds with respect to the Pari Passu Collateral would be shared pro rata by the holders of secured indebtedness in proportion to the outstanding amounts of each class of secured indebtedness. See “Description of the Notes — Security.”

Security over the Collateral will not be granted directly to the holders of the Notes

Security over the Collateral for the obligations of the Issuer and the Subsidiary Guarantors under the Notes and the Indenture will not be granted directly to the Holders of the Notes but will be granted only in favor of the Notes Collateral Agent or the applicable Common Collateral Agent, as applicable. As a consequence, the Holders of the Notes will not have direct security and will not be entitled to take enforcement action in respect of the security for the Notes and the Subsidiary Guarantees, except through the Notes Collateral Agent or such Common Collateral Agents, as applicable who have agreed to apply any proceeds of enforcement on such security towards such obligations.

In addition, other than the Indonesian capital markets regulations and Indonesia’s Sharia laws, Indonesian law does not recognize the concept of a trustee including, without limitation, the relationship of trustee and beneficiary or other fiduciary relationships. Accordingly, enforcement of the provisions granting security in favor of third party beneficiaries and otherwise relating to the nature of the relationship between a trustee (in its capacity as such) and the beneficiaries of a trust in Indonesia will be subject to an Indonesian court accepting the concept of a trustee under New York law and accepting proof of the application of equitable principles under such security documents.

Enforcement of Security over the Stanmore Shares may trigger change of control provisions in Stanmore's material contracts

Many of Stanmore's material contracts, including its mining services, electricity connection and port access agreements, have change of control provisions that would be triggered in the event that the security interest over the Stanmore Shares is enforced and the Stanmore shares are sold by way of the exercise by the Common Collateral Agent of its power of sale. Therefore, prior to any enforcement of the security over the Stanmore Shares and the transfer of the Stanmore Shares, the Common Collateral Agent may need to obtain the consent of the relevant contracting parties in relation to the disposal to prevent those parties from terminating contracts that are material to Stanmore's business. If such consent is not obtained and counterparties seek to terminate these material contracts, the operations of Stanmore may be materially impacted which may materially impact the value of the Stanmore Shares.

It may be difficult or not possible for you to enforce any judgment obtained in the United States against us

The Issuer is incorporated under the laws of Singapore as a company limited by shares, and all of our subsidiaries and associates are also incorporated outside the United States. All of our directors and all of our senior management reside outside the United States. In addition, nearly all of our assets and the assets of those persons are located outside the United States. As a result, it may be difficult to enforce in the United States any judgment obtained in the United States against us or any of these persons, including judgments based upon the civil liability provisions of the United States securities laws. Further, in original actions brought in courts in jurisdictions located outside the United States, it may be difficult for Holders of the Notes to enforce liabilities based upon United States federal securities laws. We have been advised that judgments of U.S. courts based on the civil liability provisions of the federal securities laws of the United States may not be enforceable in courts in Singapore or Indonesia.

The Subsidiary Guarantee and pledges may be challenged under applicable bankruptcy, insolvency or fraudulent transfer, financial assistance, unfair preference or similar laws, impairing the enforceability of the Subsidiary Guarantees

Under bankruptcy laws, fraudulent transfer laws, insolvency or unfair preference or similar laws in Singapore, a guarantee or pledge of assets as collateral could be voided, or claims in respect of a guarantee or pledge could be subordinated to all other debts of that Subsidiary Guarantor if, among other things, the Subsidiary Guarantor, at the time it incurred the indebtedness evidenced by, or when it gives, its guarantee:

- incurred the debt with the intent to hinder, delay or defraud creditors or was influenced by a desire to put the beneficiary of the guarantee in a position which, in the event of the guarantor's insolvency, would be better than the position the beneficiary would have been in had the guarantee not been given;
- received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee;
- was insolvent or rendered insolvent by reason of the incurrence of such guarantee;
- was unable to pay its debts as they became due;
- was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

Generally, however, a guarantor or pledgor would be considered insolvent at a particular time if it were unable to pay its debts as they fell due or if the sum of its debts was then greater than all of its assets at a fair valuation or if the present fair saleable value of its assets was then less than the amount that would be required to pay its probable liabilities in respect of its existing debts as they became absolute and matured.

In addition, a guarantee or pledge may be subject to review under applicable insolvency or fraudulent transfer laws in certain jurisdictions or subject to a lawsuit by or on behalf of creditors of the guarantor or pledgor. In such case, the analysis set forth above would generally apply, except that the guarantee or pledge could also be subject to the claim that, since the guarantee or pledge was not incurred for the benefit of the guarantor or pledger (as applicable), the obligations of the guarantor or pledger (as applicable) thereunder were incurred for less than reasonably equivalent value or fair consideration.

In an attempt to limit the applicability of insolvency and fraudulent transfer laws in certain jurisdictions, the obligations of the Subsidiary Guarantor under the Subsidiary Guarantee will be limited to the maximum amount that can be guaranteed by the Subsidiary Guarantor without rendering the Subsidiary Guarantee, as it relates to such Subsidiary Guarantor, voidable under such applicable insolvency or fraudulent transfer laws.

If a court voids a Subsidiary Guarantee or pledge, subordinates such guarantee or pledge to other indebtedness of the Subsidiary Guarantor or pledgor, or holds the Subsidiary Guarantee or pledge unenforceable for any other reason, Holders of the Notes would cease to have a claim against that Subsidiary Guarantor or pledger based upon such guarantee or pledge (as applicable), would be subject to the prior payment of all liabilities (including trade payables) of such Subsidiary Guarantor or pledger (as applicable), and would solely be creditors of us and any Subsidiary Guarantors or pledger whose guarantees or pledges (as applicable) have not been voided or held unenforceable. We cannot assure you that, in such an event, after providing for all prior claims, there would be sufficient assets to satisfy the claims of the Holders of the Notes.

The bankruptcy and insolvency laws of Singapore and Indonesia and other local insolvency laws may differ from U.S. bankruptcy law or those of another jurisdiction with which holders of the Notes are familiar

As we are incorporated under the laws of Singapore, an insolvency proceeding relating to us or any Subsidiary Guarantor, even if brought in the United States, would likely involve insolvency laws of Singapore, the procedural and substantive provisions of which may differ from comparable provisions of United States federal bankruptcy law. In addition, the Subsidiary Guarantor is incorporated in Singapore and the insolvency laws of such jurisdictions may also differ from the laws of the United States or other jurisdictions with which the Holders of the Notes are familiar.

For example, the application of Singapore insolvency and related laws to the Issuer and/or the Subsidiary Guarantor may result in a material adverse effect on the Noteholders. There can be no assurance that the Issuer and/or the Subsidiary Guarantor will not become bankrupt, unable to pay its debts or insolvent or be the subject of judicial management, schemes of arrangement, winding-up or liquidation orders or other insolvency-related proceedings or procedures. In the event of an insolvency or near insolvency of the Issuer and/or the Subsidiary Guarantor, the application of certain provisions of Singapore insolvency and related laws may have a material adverse effect on the Noteholders. Without being exhaustive, below are some matters that could have a material adverse effect on the Noteholders.

Where the Issuer or the Subsidiary Guarantor is insolvent or close to insolvent and the Issuer or, as the case may be, the Subsidiary Guarantor undergoes certain insolvency procedures, there may be a moratorium against actions and proceedings which may apply in the case of judicial management, schemes of arrangement and/or winding-up in relation to the Issuer or, as the case may be, the Subsidiary Guarantor. It may also be possible that if a company related to the Issuer or, as the case may be, the Subsidiary Guarantor proposes a creditor scheme of arrangement and obtains an order for a moratorium,

the Issuer or, as the case may be, the Subsidiary Guarantor may also seek a moratorium even if the Issuer or, as the case may be, the Subsidiary Guarantor is not in itself proposing a scheme of arrangement. These moratoriums can be lifted with court permission and in the case of judicial management, with the consent of the judicial manager or with court permission. Accordingly, if for instance there is any need for the Trustee to bring an action against the Issuer or, as the case may be, the Subsidiary Guarantor, the need to obtain court permission or the judicial manager's consent may result in delays in being able to bring or continue legal proceedings that may be necessary in the process of recovery.

Further, Noteholders may be made subject to a binding scheme of arrangement where the majority in number representing 75% in value of creditors and the court approve such scheme. In respect of company initiated creditor schemes of arrangement, there are cram-down provisions that may apply to a dissenting class of creditors. The court may notwithstanding a single class of dissenting creditors approve a scheme provided an overall majority in number representing 75% in value of the creditors meant to be bound by the scheme have agreed to it and provided that the scheme does not unfairly discriminate and is fair and equitable to each dissenting class and the court is of the view that it is appropriate to approve the scheme. In such scenarios, Noteholders may be bound by a scheme of arrangement to which they may have dissented.

The Insolvency, Restructuring and Dissolution Act 2018 (Act 40 of 2018) (the "IRD Act") was passed in Parliament on October 1, 2018 and came into force on July 30, 2020. The IRD Act includes a prohibition against terminating, amending or claiming an accelerated payment or forfeiture of the term under, any agreement (including a security agreement) with a company that commences certain insolvency or rescue proceedings (and before the conclusion of such proceedings), by reason only that the proceedings are commenced or that the company is insolvent. This prohibition is not expected to apply to any contract or agreement that is, or that is directly connected with, the Notes. However, it may apply to related contracts that are not found to be directly connected with the Notes.

The interests of our controlling shareholder may conflict with the interests of the Noteholders, and they may take actions that are not in, or may conflict with, the interest of the Noteholders

As of December 31, 2020, DSS beneficially owned approximately 86.9% of our outstanding ordinary shares. As a result, DSS is able to exercise control over matters requiring the approval of our shareholders. For information related to the beneficial ownership of our shares, see "Principal Shareholders."

Matters that typically require the approval of our shareholders include, among other things:

- the election of directors;
- the merger or consolidation of our Company with any other entity;
- any sale of all or substantially all of our assets; and
- the timing and payment of dividends.

The interests of DSS may conflict with your interests as a Noteholder. DSS has and will continue to have, directly or indirectly, the power, among other things, to affect our legal and capital structure and our day-to-day operations, as well as the ability to elect and change our management and board of directors and to approve other matters requiring the approval of our shareholders. DSS can also vote to cause us to incur additional indebtedness, to sell certain material assets or to make dividend payments, in each case, as long as the Indenture governing the Notes and any other debt facilities so permit. Circumstances may occur in which the interests of DSS could be in conflict with your interests. DSS may have an interest in pursuing acquisitions, divestitures and other transactions that, in its judgment, could enhance its equity investment, even though such transactions might involve risks to you. Conversely, DSS may have an interest in not pursuing acquisitions, divestitures and other transactions that could enhance our cash flow and be beneficial to you. Furthermore, a portion of the Pledged GEMS Shares that form a part of the

Collateral for the Notes is held in an account with a securities company in Indonesia that is ultimately controlled by the shareholders of DSS, and their interests may conflict with your interest as a Noteholder. You should consider this risk before choosing to invest in the Notes.

The Issuer may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a Change of Control, or to redeem the Notes upon ceasing to own a majority of the Capital Stock of GEMS or GEMS otherwise ceasing to be a Restricted Subsidiary, as required by the Indenture governing the Notes

Not later than 30 days following a Change of Control (as defined in the Indenture governing the Notes), the Issuer must make an offer to purchase all outstanding Notes at 101% of the principal amount thereof plus accrued and unpaid interest, if any, up to the date of repurchase. See “Description of the Notes — Repurchase of Notes Upon a Change of Control.” In addition, if the Issuer ceases to own a majority of the Capital Stock (as defined in the Indenture) of GEMS, or if GEMS otherwise ceases to be a Restricted Subsidiary, the Issuer must redeem all outstanding Notes no later than 30 days after the date of such occurrence at a redemption price determined based on the date the Notes are redeemed, as set forth in the Indenture. See “Description of the Notes — Mandatory Redemption.” However, the Issuer may not have enough available funds at the time any mandatory offer to purchase the Notes or mandatory redemption of the Notes is required under the terms of the Indenture to be made. The Issuer’s failure to make the offer to repurchase tendered Notes or to mandatorily redeem the Notes for the events referred to above would constitute an Event of Default (as defined in the Indenture). This Event of Default may, in turn, constitute an event of default under other indebtedness, any of which could cause the related debt to be accelerated after any applicable notice or grace periods. If such other debt were accelerated, we may not have sufficient funds to repurchase the Notes and repay the debt.

In addition, the definition of Change of Control for the purposes of the Indenture governing the Notes does not necessarily afford protection for the Holders of Notes in the event of some highly-leveraged transactions, including certain acquisitions, mergers, refinancings, restructurings or other recapitalizations, although these types of transactions could increase our indebtedness or otherwise affect our capital structure or credit ratings and the Holders of the Notes. The definition of Change of Control for purposes of the Indenture also includes a phrase relating to the sale of “all or substantially all” of the assets of the Issuer. Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition under applicable law. Accordingly, the Issuer’s obligation to make an offer to repurchase the Notes, and the ability of a Holder of Notes to require the Issuer to repurchase the Notes as a result of a highly leveraged transaction or a sale of less than all of our assets, may be uncertain.

The ratings assigned to the Notes may be lowered or withdrawn

The ratings assigned to the Notes may be lowered or withdrawn entirely in the future. The Notes are expected to be rated “B1” by Moody’s and “B+” by Fitch. The ratings represent the opinions of the ratings agencies and their assessment of the ability of each of the Issuer and the Subsidiary Guarantors to perform their respective obligations under the terms of the Notes and the Subsidiary Guarantees and credit risks in determining the likelihood that payments will be made when due under the Notes. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. We cannot assure you that a rating will remain for given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment or circumstances in the future so warrant. We have no obligation to inform the Holders of Notes of any such revision, downgrade or withdrawal. In addition, we cannot assure you that rating agencies other than Moody’s and Fitch would not rate the Notes differently. A suspension, reduction or withdrawal at any time of the rating assigned to the Notes or the assignment by a rating agency other than Moody’s or Fitch of a rating of the Notes lower than those provided may adversely affect the market price of the Notes.

An active trading market for the Notes may not develop and the trading price of the Notes could be materially and adversely affected

Although the Initial Purchasers have advised us that they intend to make a market in the Notes, they are not obligated to do so and may discontinue such market making activity at any time without notice. We cannot predict whether an active trading market for the Notes will develop or be sustained. If an active trading market were to develop, the Notes could trade at prices that may be lower than their initial offering price. The liquidity of any market for the Notes depends on many factors, including:

- the number of Holders of Notes;
- the interest of securities dealers in making a market in the Notes;
- prevailing interest rates and the markets for similar securities;
- general economic conditions; and
- our financial condition, historical financial performance and future prospects.

If an active market for the Notes fails to develop or be sustained, the trading price of the Notes could be materially and adversely affected. Approval in-principle has been received for the listing and quotation of the Notes on the SGX-ST. However, no assurance can be given that we will be able to maintain such listing or that, if listed, a trading market will develop. We do not intend to apply for listing of the Notes on any securities exchange other than the SGX-ST. Lack of a liquid, active trading market for the Notes may adversely affect the price of the Notes or may otherwise impede a Holder's ability to dispose of the Notes.

The transfer of the Notes is restricted which may adversely affect their liquidity and the price at which they may be sold

The Notes and the Subsidiary Guarantees have not been registered under, and we are not obligated to register the Notes or the Subsidiary Guarantees under, the Securities Act or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. See "Transfer Restrictions." We have not agreed to or otherwise undertaken to register the Notes and the Subsidiary Guarantees (including by way of an exchange offer), and we have no intention to do so.

Investment in the Notes may subject Holders of Notes to foreign exchange risks

The Notes are denominated and payable in U.S. dollars. If you measure your investment returns by reference to a currency other than U.S. dollars, an investment in the Notes entails foreign exchange-related risks, including possible significant changes in the value of the U.S. dollars relative to the currency by reference to which you measure your returns, due to, among other things, economic, political and other factors over which we have no control. Depreciation of the U.S. dollar against the currency by reference to which you measure your investment returns could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you when the return on the Notes is translated into the currency by reference to which you measure your investment returns. In addition, there may be tax consequences for you as a result of any foreign exchange gains resulting from any investment in the Notes.

We will follow the applicable disclosure standards for securities listed on the SGX-ST, which standards may be different from those applicable to companies in certain other countries

The ordinary shares of GEAR are, and the Notes will be, listed on the SGX-ST, and we are and will be subject to continuing listing obligations in respect of the ordinary shares of GEAR and the Notes. The disclosure standards imposed by the SGX-ST for such continuing listing obligations may be different than those imposed by securities exchanges in other countries or regions such as the U.S. or the United Kingdom. As a result, the level of information that is available may not correspond to what investors in the Notes are accustomed to.

The Notes will initially be held in book-entry form

The Notes will initially only be issued in global certificated form and held through the common depositary or nominee for the accounts of Euroclear and Clearstream. Interests in the global notes will trade in book-entry form only, and Notes in definitive registered form, or definitive registered notes, will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners or holders of Notes. The common depositary or its nominee will be the sole registered holder of the global notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes will be made to the paying agent, which will make payments to the common depositary or its nominee. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the global notes representing the Notes (including Euroclear and Clearstream) and credited by such participants to indirect participants. After payment to the common depositary or its nominee, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of the common depositary or its nominee, and if you are not a participant in the common depositary or its nominee, on the procedures of the participant through which you own your interest (including Euroclear and Clearstream), to exercise any rights and obligations of a Holder of Notes under the Indenture.

Unlike the Holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from Holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent available via the facilities of the depositary, which, in turn, rely on the procedures of the participant through which you hold your book-entry interest. The procedures implemented for such actions may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered notes are issued in respect of all book-entry interests, owners of book-entry interests will be restricted to acting through the depositary via the participant through which you hold your book-entry interest. The procedures to be implemented through the depositary may not be adequate to ensure the timely exercise of rights under the Notes. See "Description of the Notes — Book-Entry; Delivery and Form."

The Singapore tax treatment of the Notes may change

The Notes to be issued are intended to be "qualifying debt securities" for the purposes of the Income Tax Act (Chapter 134) (the "ITA") subject to the fulfilment of certain conditions more particularly described in the section entitled "Taxation — Singapore Taxation — Taxation Relating to Payments on the Notes." However, there is no assurance that the Notes will continue to enjoy the tax concessions and exemptions for "qualifying debt securities" should the relevant tax laws be amended or revoked at any time.

Holders of the Notes will not have voting rights at shareholders' meetings

Holders of the Notes do not have any right to vote at any of GEAR's shareholders' meetings. Consequently, Holders of the Notes cannot influence any decisions by GEAR's Board of Directors or any decisions by shareholders concerning our capital structure, including the declaration of dividends in respect of GEAR's ordinary shares.

Interest rate risks may affect the value of the Notes

The Notes are fixed interest rate securities. Subsequent changes in market interest rates may adversely affect the value of the Notes.

Our subsidiary, GEMS, has recently regained compliance with the IDX's free float requirement and the shares of GEMS have resumed trading on the IDX. However, there can be no assurance that the shares of GEMS will continue to meet the IDX's free float requirement in the future

Pursuant to Decision of the Indonesia Stock Exchange No. Kep-00001/BEI/01/2014 on the Amendment of Regulation No. I.A regarding Listing of Shares and Equity-Linked Securities other than Shares Issued by Listed Company issued on January 20, 2014, which came into force on January 30, 2014, an Indonesian publicly listed company must have at least 7.5% of its issued and outstanding shares held by the public and at least 300 shareholders. GEMS received six warning letters from the IDX for non-compliance with the IDX's free float requirement and paid fines aggregating to Rp.275.0 million (approximately \$19,748.65) since March 2016 and, as a result of such non-compliance, the IDX suspended the trading of the shares of GEMS with effect from January 31, 2018. On March 30, 2021, we completed the GEMS Partial Sale (as defined herein), which resulted in our shareholding in GEMS decreasing from 67.0% to 62.5%. The purpose of the GEMS partial sale was to enable GEMS to meet the free float requirement and resume trading of GEMS' shares on the IDX. The shares of GEMS resumed trading on the IDX on April 26, 2021 based on the IDX Announcement No. Peng-UPT-00002/BEI.PP2/04/2021.

Any inability of GEMS to continue to meet the IDX's free float requirement could lead to the suspension of trading of GEMS again and, ultimately, the delisting of the shares of GEMS (which includes the Pledged GEMS Shares that form a part of the Pari Passu Collateral) from the IDX. If the shares of GEMS become suspended from trading again, or if they are delisted, such Pari Passu Collateral will be illiquid and such collateral may not have ascertainable market value. If the Common Collateral Agents are directed to dispose of such Pari Passu Collateral in connection with an Event of Default under the Indenture while the trading of the shares of GEMS is suspended or delisted, there is no assurance that there will be a market for the sale of such Pari Passu Collateral, or that the Common Collateral Agents will be able to realize proceeds from the disposal of such Pari Passu Collateral without substantial delay. In addition, in the case of a GEMS delisting event, applicable Indonesian laws could require our Company to divest its interests in GEMS and its subsidiaries. For more information, see "Regulation — Indonesian Regulations — Divestment Obligation." Any such divestment could adversely affect the value of the relevant Pari Passu Collateral and there can be no assurance that the amount of proceeds that ultimately would be distributed in respect of the Notes upon any enforcement action or otherwise will be sufficient to satisfy the Issuer's obligations under the Notes.

USE OF PROCEEDS

We estimate that the aggregate net proceeds we will receive from this offering will be approximately \$260.6 million, after deducting underwriting fees, commissions and other estimated transaction expenses relating to this offering and amounts used to fund the Interest Reserve Account.

We intend to use the net proceeds of this offering as follows: (i) approximately \$237.6 million to redeem all of the outstanding 2023 Notes and repay all amounts outstanding under the CS/Mandiri Facility, in each case together with any applicable premium and accrued and unpaid interest and (ii) the remainder for general corporate purposes, including for investments to implement our growth strategy. For the avoidance of doubt, none of the proceeds from the sale of the Notes on the Original Issue Date will be used for, directly or indirectly, any Investment in energy coal businesses, projects or assets. For more information, see “Description of Material Indebtedness — CS/Mandiri Facility” and “Business — Our Strategy.”

An affiliate of Mandiri Securities Pte. Ltd. is a lender under the CS/Mandiri Facility and the Mandiri Facility and will receive a portion of the proceeds from this offering in repayment of the CS/Mandiri Facility. The Initial Purchasers and/or their affiliates have and will continue to have additional relationships with us as described in “Plan of Distribution.”

CAPITALIZATION AND INDEBTEDNESS

The following table shows our total cash (comprising cash and cash equivalents, and restricted cash in banks) and capitalization as of December 31, 2020 (i) on an actual basis, (ii) as adjusted to give effect to our drawdown of \$15.0 million under the Mandiri Facility in March 2021, and (iii) as further adjusted to give effect to the issuance of the Notes and the redemption of all of the outstanding 2023 Notes and repayment of all amounts outstanding under, and the cancellation of, the CS/Mandiri Facility, in each case together with any applicable premium and accrued and unpaid interest using a portion of the net proceeds of this offering, net of fees, commissions and other estimated transaction expenses and amounts used to fund the Interest Reserve Account.

You should read this information in conjunction with our financial statements and the related notes included elsewhere in this Offering Memorandum and the sections in this Offering Memorandum entitled “Selected Consolidated Financial Information and Operating Data” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

	As of December 31, 2020		
	Actual	As adjusted	As further adjusted
		(\$ in millions)	
Cash and cash equivalents.....	262.8	276.8	310.5
Restricted funds ⁽¹⁾	19.3	19.9	21.3
Total cash	282.1	296.7	331.8
Loans and borrowings — current portion.....	113.5	116.5	82.4
Loans and borrowings — non-current portion.....	268.5	280.5	93.0
Notes offered in this offering	—	—	285.0
Total debt⁽²⁾	382.0	397.0	460.4
Equity attributable to equity holders of the Company....	384.9	384.3 ⁽³⁾	360.2 ⁽³⁾
Non-controlling interests	192.6	192.6	192.6
Total equity	577.5	576.9	552.8
Total capitalization	959.5	973.9	1,013.2

Notes:

- (1) Comprises of deposits provided as collateral by subsidiaries of GEMS in relation to certain obligations such as river rehabilitation, landfill, transportation and reclamation guarantees and funds in the interest reserve accounts for the 2023 Notes, the loan facilities at GEAR and the Notes.
- (2) See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Indebtedness” and “Description of Material Indebtedness” for information regarding our long-term borrowings.
- (3) Assuming that transaction expenses pertaining to the Mandiri Facility in March 2021 and transaction expenses and discount on issuance of the Notes offered in this offering are being expensed in full.

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND OPERATING DATA

The selected consolidated financial information as of December 31, 2018, 2019 and 2020, and for the years then ended, presented below, has been derived from our Consolidated Financial Statements included elsewhere in this Offering Memorandum. All segment financial and operational information presented herein is net of intra-segment elimination. The following information should be read in conjunction with our Consolidated Financial Statements and the related notes thereto included elsewhere in this Offering Memorandum, “Presentation of Financial Information,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors — Risks Relating to Our Business.”

Consolidated Statement of Comprehensive Income

	Year ended December 31,		
	2018	2019	2020
	(\$ in millions)		
Revenue	1,048.5	1,115.8	1,162.7
Cost of sales	(686.7)	(751.3)	(786.1)
Gross profit	361.8	364.5	376.6
Other income	13.8	16.8	20.3
Selling and distribution expenses	(151.3)	(185.4)	(201.4)
Administrative expenses	(76.9)	(74.1)	(79.3)
Fair value gains	2.5	2.5	7.7
Finance costs	(24.1)	(34.6)	(37.4)
Other operating expenses	(10.6)	(19.4)	(14.8)
Share of loss of a joint venture, net of tax	—	—	(4.9)
Profit before tax	115.2	70.3	66.8
Income tax expense	(41.5)	(37.4)	(32.3)
Profit for the year	73.7	32.9	34.5
Other comprehensive income not to be reclassified to profit or loss:			
Net actuarial gain/(loss) on post-employment benefits ...	0.1	(0.3)	0.2
Net (loss)/gain on equity instruments fair value through other comprehensive income	(27.7)	35.8	(3.4)
	(27.6)	35.5	(3.2)
Other comprehensive income to be reclassified to profit or loss:			
Foreign currency translation	(2.5)	(1.1)	24.2
Other comprehensive income for the year	(30.1)	34.4	21.0
Total comprehensive income for the year	43.6	67.3	55.5
Profit for the year attributable to:			
Owners of GEAR	39.3	10.0	8.1
Non-controlling interests	34.4	22.9	26.4
	73.7	32.9	34.5
Total comprehensive income for the year attributable to:			
Owners of GEAR	9.2	44.8	25.6
Non-controlling interests	34.4	22.5	29.9
	43.6	67.3	55.5

Consolidated Balance Sheets

	As of December 31,		
	2018	2019	2020
	(\$ in millions)		
Non-current assets			
Biological assets.....	3.4	6.1	6.6
Property, plant and equipment.....	80.4	92.1	140.7
Mining properties	227.7	231.9	402.8
Intangible assets	11.2	10.7	12.1
Right-of-use assets	—	3.3	2.8
Goodwill.....	113.7	106.7	98.2
Investment in a joint venture.....	—	—	48.0
Deferred tax assets	6.0	7.1	6.9
Other receivables.....	16.7	9.0	2.1
Restricted funds.....	14.8	18.6	19.3
Other non-current assets	46.3	53.1	73.9
Investment securities	57.7	115.1	4.6
	577.9	653.7	818.0
Current assets			
Inventories.....	19.6	23.3	71.2
Trade and other receivables.....	108.3	136.1	139.6
Other current assets.....	139.9	115.1	101.0
Investment securities	2.0	—	1.9
Cash and cash equivalents.....	113.1	177.8	262.8
	382.9	452.3	576.5
Current liabilities			
Trade and other payables.....	203.2	237.6	278.2
Provision for taxation.....	1.7	3.0	10.7
Provisions.....	—	—	1.9
Loans and borrowings	46.2	62.5	113.5
	251.1	303.1	404.3
Net current assets	131.8	149.2	172.2
Non-current liabilities			
Trade and other payables.....	34.0	25.7	32.6
Loans and borrowings	222.9	257.2	268.5
Deferred tax liabilities.....	29.5	31.4	80.4
Post-employment benefits.....	3.0	4.4	5.0
Provisions.....	2.0	5.1	26.2
	291.4	323.8	412.7
Net assets	418.3	479.1	577.5
Equity attributable to equity holders of GEAR			
Share capital.....	305.5	305.5	305.5
Reserves	7.8	53.8	79.3
	313.3	359.3	384.8
Non-controlling interests	105.0	119.8	192.7
Total equity	418.3	479.1	577.5

Consolidated Cash Flow Statement

	Year ended December 31,		
	2018	2019	2020
	(\$ in millions)		
Net cash flows generated from operating activities....	24.3	85.8	110.1
Net cash flows used in investing activities	(167.1)	(50.4)	(75.7)
Net cash flows generated from financing activities	62.8	31.0	45.7
Net (decrease)/increase in cash and cash equivalents.....	(80.0)	66.4	80.1
Cash and cash equivalents at the beginning of the year.....	188.7	113.1	177.8
Cash and cash equivalents at the end of the year	113.1	177.8	262.8

Non-GAAP Financial Measures

	As of and for the year ended December 31,		
	2018	2019	2020
	(\$ in millions, except percentages and ratios)		
Adjusted EBITDA ⁽¹⁾⁽²⁾	156.6	129.7	147.9
Adjusted EBITDA margin ⁽¹⁾⁽³⁾ (%).....	14.9	11.6	12.7
Adjusted EBITDA/interest expense ⁽¹⁾⁽⁴⁾	7.1	4.0	4.3
Total debt ⁽⁵⁾	269.1	319.7	382.0
Net debt ⁽⁵⁾	156.0	141.9	119.2
Finance cost	24.1	34.6	37.4
Adjusted EBITDA/finance cost	6.5	3.7	4.0
Total debt/Adjusted EBITDA	1.7	2.5	2.6
Net debt/Adjusted EBITDA	1.0	1.1	0.8

Notes:

- (1) Adjusted EBITDA, Adjusted EBITDA margin, net debt and the ratios derived from them are supplemental non-GAAP financial measures of our financial performance. These non-GAAP financial measures are not required by, or presented in accordance with, SFRS(I), IFRS, U.S. GAAP or any other generally accepted accounting principles and should not be considered as alternatives to our gross profit, profit for the year or any other performance measures derived in accordance with SFRS(I) or as an alternative to net cash flows generated from operating activities as a measure of liquidity. Other companies may calculate these non-GAAP financial measures differently, which limits their usefulness as comparative measures.

Our management believe that these non-GAAP financial measures are useful supplements to the financial data presented under SFRS(I) to facilitate operating performance comparisons for our Company from period to period by eliminating potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact of changes in effective tax rates) and the age and book depreciation of tangible and intangible mining-related assets (affecting relative depreciation and amortization expenses). Our Adjusted EBITDA also eliminates non-cash amortization expenses that arise in connection with coal production and corresponding depletion of proven and probable resources, and impairment losses from acquired forestry assets. We present these non-GAAP financial measures because we believe that these measures are frequently used by securities analysts, investors and other interested parties in evaluating similar issuers. We also present these non-GAAP financial measures as indicators of our ability to service our debt.

Notwithstanding the foregoing, Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our performance measures reported under SFRS(I). Some of these limitations include the following: (i) it does not reflect our capital expenditures, our future requirements for capital expenditures or our contractual commitments, (ii) it does not reflect changes in, or cash requirements for, our working capital needs, (iii) it does not reflect the interest expense or the cash requirements necessary to service interest or principal payments on our debt, and (iv) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may need to be replaced in the future and Adjusted EBITDA does not reflect any cash requirements that would be required for such replacements. Because of these limitations, Adjusted EBITDA and any measure or ratio derived therefrom should not be considered as a measure of discretionary cash available to us to invest in the growth of our businesses.

- (2) We define Adjusted EBITDA as profit for the year before finance costs, income tax expense, depreciation of property, plant and equipment and right-of-use assets, amortization of mining properties, software, land exploitation and intangible assets, and impairment loss on goodwill, property, plant and equipment and trade receivables. Adjusted EBITDA as presented in this Offering Memorandum is calculated differently from Consolidated Adjusted EBITDA as defined in the Indenture, which is used in connection with the limitation on incurrence of indebtedness covenant in the Notes.

The following table reconciles our profit for the year under SFRS(I) to Adjusted EBITDA for the periods indicated.

	Year ended December 31,		
	2018	2019	2020
	(\$ in millions)		
Profit for the year	73.7	32.9	34.5
Plus:			
Finance costs.....	24.1	34.6	37.4
Income tax expense.....	41.5	37.4	32.3
Depreciation of property, plant and equipment	7.2	8.3	15.7
Depreciation of right-of-use assets.....	—	2.5	2.4
Amortization of mining properties	1.5	4.9	15.0
Amortization of software	0.3	0.1	0.1
Amortization of land exploitation	1.3	0.5	1.0
Amortization of intangible assets.....	0.5	0.5	0.7
Impairment loss on goodwill.....	6.5	7.0	8.6
Impairment loss on property, plant and equipment	—	1.0	—
Impairment of trade receivables	—	—	0.2
Adjusted EBITDA	156.6	129.7	147.9

- (3) We define Adjusted EBITDA margin as Adjusted EBITDA divided by revenue.
- (4) “Interest expense” refers to interest expense on bank loans and the 2023 Notes, which is recorded under finance costs in our Consolidated Financial Statements and amounted to \$22.2 million, \$32.6 million and \$34.3 million in 2018, 2019 and 2020, respectively.
- (5) We define total debt as the sum of total loans and borrowings (current and non-current). We define net debt as total debt less cash and cash equivalents. Total debt and net debt are non-GAAP financial measures and key performance indicators used by our creditors, investors and management to monitor our financial condition and our continuing ability to service debt.

The following reconciles our total loans and borrowings (current and non-current) under SFRS(I) to total debt and net debt for the periods indicated.

	As of December 31,		
	2018	2019	2020
	(\$ in millions)		
Loans and borrowings			
Current.....	46.2	62.5	113.5
Non-current	222.9	257.2	268.5
Total debt	269.1	319.7	382.0
Minus:			
Cash and cash equivalents ⁽¹⁾	(113.1)	(177.8)	(262.8)
Net debt	156.0	141.9	119.2

Note:

- (1) As of December 31, 2018, 2019 and 2020, \$26.3 million, \$40.2 million and \$53.5 million of cash and cash equivalents were held by the Issuer on a standalone basis.

Operational Data

Certain operational data of GEMS

	Year Ended December 31,		
	2018	2019	2020
	(million tonnes)		
Coal production volume⁽¹⁾			
BIB	20.3	28.7	30.5
KIM	2.2	1.2	2.1
TKS	*	0.1	0.0
BSL	0.1	0.8	0.9
Total	22.6	30.8	33.5
	(million tonnes)		
Sales volume			
Coal mining ⁽²⁾			
BIB	20.2	28.0	30.5
KIM	2.4	1.3	1.9
TKS	0.0	0.1	*
BSL	0.2	0.6	0.9
Total	22.8	30.0	33.3
Coal trading ⁽³⁾	1.6	1.0	0.6
Total	24.4	31.0	33.9
	(\$ in millions)		
Revenue from coal sales			
Coal mining			
BIB	810.5	946.8	891.9
KIM	123.4	66.2	105.3
TKS	0.0	5.2	1.8
BSL	9.3	32.8	35.5
Total	943.2	1,051.0	1,034.5
Coal trading ⁽⁴⁾	101.9	56.5	26.9
Total	1,045.1	1,107.5	1,061.4
	(\$ per tonne)		
Average selling price per tonne⁽⁵⁾			
Coal mining			
GEMS Group	41.4	35.0	31.0
BIB	40.1	33.8	29.2
KIM	51.4	50.9	55.4
TKS	0.0	52.0	59.2
BSL	46.5	54.7	39.4
Coal trading	63.7	56.5	44.8
	(\$ per tonne)		
Average cash cost per tonne⁽⁶⁾			
GEMS Group	27.4	24.1	21.0
BIB	25.9	23.0	19.3
KIM	40.3	36.2	42.5
TKS	0.0	57.8	66.1
BSL	32.5	43.0	31.5

	Year Ended December 31,		
	2018	2019	2020
(Bank cubic meters per tonne)			
Average strip ratio⁽⁷⁾			
GEMS Group	5.3	4.5	4.0
BIB	4.9	4.3	3.5
KIM	8.7	10.4	10.5
TKS	8.6	11.8	0.0
BSL	5.8	4.7	3.6

* Less than 0.1

Notes:

- (1) Coal production volume reflects the volume of coal mined during the relevant year.
- (2) Comprises sales of coal produced during the year and stockpiled coal.
- (3) Comprises sales of coal purchased from other coal producers during the year.
- (4) Revenue from the sale of the coal sourced from other Indonesian coal producers under sales orders that we procure.
- (5) Average selling price per tonne is calculated by dividing coal sales revenues for the year by our sales volumes in the same year.
- (6) Average cash cost per tonne is a measure of our costs in our coal mining segment and is calculated as total production costs for a year, including mining, freight and coal processing (but excluding depreciation, amortization and royalties), divided by sales volume for such year.
- (7) Average strip ratio is calculated by dividing the number of bank cubic meters of overburden (rock and soil) removed during the year by the number of tonnes of coal produced during such year.

Certain operational data of Stanmore Group

	Year Ended June 30,		Six Months Ended December 31,
	2019	2020	2020
(million tonnes)			
Coal production volume⁽¹⁾			
Metallurgical	2.1	2.4	1.0
Energy	0.3	*	0.1
Total	2.4	2.4	1.1
(million tonnes)			
Sales volume			
Coal mining ⁽²⁾			
Metallurgical	2.0	2.3	1.1
Energy	0.3	*	0.1
Total	2.3	2.3	1.2
(A\$ in millions)			
Revenue from coal sales			
Metallurgical	363.8	362.7	132.6
Energy	39.2	1.8	3.7
Total	403.0	364.5	136.3

	Year Ended June 30,		Six Months Ended December 31,
	2019	2020	2020
	(A\$ per tonne)		
Average selling price per tonne⁽³⁾			
Stanmore Group.....	173.8	159.5	115.1
	(A\$ per tonne)		
Average cash cost per tonne⁽⁴⁾			
Stanmore Group.....	88.8	105.9	115.0
	(Bank cubic meters per tonne)		
Average strip ratio⁽⁵⁾			
Stanmore Group.....	8.8	13.7	11.6

* Less than 0.1

Notes:

- (1) Coal production volume reflects the volume of coal mined during the relevant period.
- (2) Comprises sales of coal produced during the year/period and stockpiled coal.
- (3) Average selling price per tonne is calculated by dividing coal sales revenues for the year/period by our sales volumes in the same year/period.
- (4) Average cash cost per tonne is a measure of our costs in our coal mining segment and is calculated as total production costs for a year/period, including mining, freight and coal processing (but excluding depreciation, amortization and royalties), divided by sales volume for such year/period.
- (5) Average strip ratio is calculated by dividing the number of bank cubic meters of overburden (rock and soil) removed during the year/period by the number of tonnes of coal produced during such year/period.

Certain operational data of Ravenswood

	Nine months ended December 31, 2020
	(thousand ounces)
Gold production volume	
Ravenswood Group.....	47.6
	(thousand ounces)
Sales volume	
Ravenswood Group.....	44.6
	(A\$ in millions)
Revenue from gold sales	
Ravenswood Group.....	116.9
	(A\$ per ounces)
Average selling price per ounce⁽¹⁾	
Ravenswood Group	2,622.5
	(A\$ per ounces)
All-in sustaining cost⁽²⁾	
Ravenswood Group.....	2,222.2

Notes:

- (1) Average selling price per ounce is calculated by dividing revenue from gold sales for the period by our sales volumes in the same period.
- (2) All-in sustaining cost per ounce is calculated as a total of on-site mining costs (which includes mining cost, processing cost and maintenance and administration cost), royalties and sustaining capital expenditures, divided by the number of ounces of gold produced during such period.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF GEAR'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is based upon information contained in our Consolidated Financial Statements, including the notes thereto, included elsewhere in this Offering Memorandum. You should read the following discussion and analysis in conjunction with our Consolidated Financial Statements, including the notes thereto. This discussion contains forward-looking statements that reflect our current views with respect to future events and financial performance. See "Forward-Looking Statements and Associated Risks" for a discussion of the risks relating to such forward-looking statements. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of factors such as those set forth under "Risk Factors" and elsewhere in this Offering Memorandum. All segment financial and operational information presented herein is net of intra-segment elimination.

Overview

We are an international energy and resources company with geographical presence in Indonesia, Australia and Singapore. In Indonesia, we are a leading energy coal producer operating through our subsidiary, GEMS, and its subsidiaries. Our business in Australia includes metallurgical coal and gold mining. In Australia, our metallurgical coal mining business is conducted through our subsidiary, Stanmore, and its subsidiaries, and our gold mining business is conducted through our joint venture investment in Ravenswood. Our operations cover exploration, development, mining, processing and marketing of (i) energy coal sourced from coal mining concession areas and tenements of GEMS in Indonesia and through coal trading, (ii) metallurgical coal sourced from our coal mining concession areas and tenements of Stanmore in Australia, and (iii) non-coal businesses, including gold sourced from gold mining tenements of Ravenswood in Australia through our joint venture. Our resources portfolio also includes a forestry business.

Factors Affecting Our Results of Operations

Our businesses and results of operations have been affected by a number of important factors, some of which we believe will continue to affect our financial condition and results of operations.

Global Commodity Prices and Demand

Commodity prices are highly cyclical and subject to significant fluctuations. Global commodity prices depend principally on supply and demand dynamics of the world's export markets. These markets are highly competitive and are sensitive to changes in mining output (including the opening and closing of mines, the discovery of new deposits and the expansion of operations at existing mines), disruptions in distribution (including due to labor strikes, tenement issues and weather conditions), the demands of end-users (such as coal end-users including power generation plants, pulp and paper factories, cement producers and other industrial facilities and gold consumers), the price and availability of alternative fuel sources such as natural gas and other renewable fuels (in the case of energy coal) and global economic conditions. Demand for our coal and gold products is also affected by factors affecting the markets where our customers are located, including industries and macroeconomic conditions in China, India and South Korea. Demand for a commodity affects prices globally, and fluctuations in demand has been reflected in fluctuations in prices.

When the price of a commodity increases, producers are encouraged to increase production through various measures. For example, as a coal producer, we may change our mine plans to maximize the production from our producing coal mines, as higher coal prices make it economically viable to increase stripping ratios and to mine coal at deeper depths. Conversely, decreases in global coal prices may encourage us to decrease production in the long run.

Our revenue from our energy and metallurgical coal businesses is highly dependent on prices and demand for coal, and our gold mining business will be similarly dependent on prices and demand for gold. Changes in prices can impact our businesses by affecting the prices at which we are able to sell the coal and gold that we produce. See “— Coal Production and Selling Prices — Selling Prices.” In addition, prices drive mine planning, and any material decrease in price that results in mine production becoming less economical may result in certain operators with higher mining costs decreasing their production or ceasing mining operations. For example, as a result of high mining costs and uncertainty in coal prices in early 2012, we placed our TKS mine under care and maintenance in March 2012 and temporarily ceased production. In 2018 and 2019, we commenced trial production of our TKS coal. We intend to resume coal mining operations in the TKS concession areas if it becomes economically feasible to recommence operations in this area. Changes in coal prices can also impact our coal trading segment by affecting the prices at which we purchase and sell coal from and to third parties.

Coal Production and Selling Prices

Coal Production

Our energy and metallurgical coal revenues are a function of the volume and the price of coal that we sell. Our coal production volumes are dependent upon mine planning by our management and logistics management to extract coal and transport it from our mining concession areas to the nearest ports of transit and to farther coal transshipment points. In addition to our life of mine plans, we have a yearly mining plan for each concession area. We analyze and update our yearly mining plans annually to take into account current and projected demand for and sales of our coal products, government approvals for production volumes, as well as the volume and quality of our coal reserves. Coal production volumes are also dependent on the geological characteristics of our coal mines, including mine location, amount of coal reserves, seam thickness and strip ratios, as well as the availability of required infrastructure such as roads and port facilities. In Indonesia, coal production volume is regulated by the Indonesian Government, and we are required to obtain governmental approval of any increase in the maximum production output of each of our mines.

Our energy and metallurgical coal production is also dependent on the capacity and performance of our mining contractors and port operators that undertake most of our mining and logistics management activities under the supervision of our management. If our contractors or port operators are unable to provide services or otherwise fulfill their obligations to us under their respective mining operation agreements, we may experience delays in production, for example as we engage replacement contractors, and our coal production and sales volumes may be adversely affected. For more information, see “— Mining Contractors and Related Costs.”

Our energy and metallurgical coal mining operations can be adversely impacted by inclement weather, particularly during the Indonesian rainy season between October and March when heavy rains can slow overburden removal and reduce coal production volumes. We typically ramp up coal production in the second fiscal quarter at the conclusion of the rainy season. A protracted rainy season may delay our production schedule as it could lead to flooding, which causes disruptions to and closures of transportation methods, as was most recently the case in 2019. Our mining operations in Australia have also faced disruptions, especially as the Bowen Basin region in Queensland has in the past experienced serious tropical cyclones, which have caused flooding, damage to transportation infrastructure, mine closures and coal export disruption. Our mine planning function anticipates and adjusts production levels to take into account such weather-related delays. We generally have higher production in dry months to build up coal inventory levels to make up for shortfalls in production during the rainy seasons.

Selling Prices

Our selling prices are driven by the demand for coal in the market and the quality of coal we sell. Higher quality coal generally attracts higher selling prices. We believe that average selling price is a useful evaluative measure of our selling prices over time. We calculate average selling price by dividing coal sales revenues for a period by sales volume in the same period. The average selling price in our coal mining segment for each of our concessions with mines in production and in our coal trading segment is set out in the table below for the periods indicated.

	Year Ended December 31,		
	2018	2019	2020
	(\$ per tonne)		
Average selling price per tonne⁽¹⁾			
GEMS Group	41.4	35.0	31.0
BIB	40.1	33.8	29.2
KIM	51.4	50.9	55.4
TKS	0.0	52.0	59.2
BSL	46.5	54.7	39.4

	Year Ended June 30,		Six Months Ended December 31,
	2019	2020	2020
	(A\$ per tonne)		
Average selling price per tonne⁽¹⁾			
Stanmore Group ⁽²⁾	173.8	159.5	115.1

Notes:

- (1) Average selling price per tonne is calculated by dividing coal sales revenues for the year/period by our sales volumes in the same year/period.
- (2) We acquired a majority interest in Stanmore Group through an On-Market Takeover Bid in May 2020.

Coal sales agreements that we enter into with customers are typically short-term contracts ranging from several months to one year. Sales prices are set out in the relevant agreement or purchase order and are typically based on prices linked to indexes. For example, for GEMS, these prices are typically determined based on current HBA prices, which in turn are adjusted on a monthly basis by the MEMR, or based on the Indonesian Coal Index, which in turn reflects prices over a recent historical period, typically being four weeks. Many of our coal sales agreements are also subject to adjustments for coal quality in terms of total moisture, calorific value, ash content and total sulfur, fuel costs and/or foreign exchange rate fluctuations. Conditions of payment and delivery vary among customers. Stanmore's coal sales agreements with customers generally have terms of one year or less. A majority of the Stanmore Group's coal sales are sold on a fixed-term basis with repeat customers, using prices negotiated against benchmark grade export prices, including bilaterally negotiated term prices and spot indices. See also "Related Party Transactions — Marketing Services Agreement" for a description of the coal marketing arrangements in place with M Resources Trading Pty Ltd.

Through GEMS, we have entered into long-term coal sales agreements with certain domestic customers. For example, we have entered into a principal coal sale and purchase agreement, as amended, for the sale of KIM coal product to our affiliate Purinusa through March 31, 2022. In addition, on August 11, 2011, GEMS entered into the GMR Coal Sales Agreement with GMR, which owns 30% of GEMS, pursuant to which GEMS has agreed to supply GMR with two types of coal (one with lower calorific value and the other with higher calorific value) over a period of 25 years in an escalating offtake tonnage and based on an agreed pricing formula that will result in a discount of 6% or 7% (depending on the delivery year) from an Indonesian Coal Index-linked base price. While the GMR Coal Sales Agreement provides a partial hedge of our exposure to fluctuations in global coal demand and a committed offtaker as we seek to expand coal production in the near term, the discounted selling prices under the GMR Coal Sales Agreement will lower our average selling prices compared to the average selling prices that we would have achieved by selling in the open market, and this difference in average selling prices will increase over time as our sales volumes under the agreement increase. For more information, see “Description of Material Agreements — GMR Coal Sales Agreement.”

See also “Risk Factors — Risks Relating to Our Business — Coal prices are subject to significant fluctuations and any significant decline in demand for, and the selling prices of, our coal could materially and adversely affect our business, financial condition, results of operations and prospects” and “Risk Factors — Risks Relating to Our Business — Discounts given to GMR under the GMR Coal Sales Agreement will reduce our gross margins.”

Mining Contractors and Related Costs

Our mining and coal haulage operations, including the supply of all mining and transportation equipment, road maintenance and the employees required to operate and maintain the equipment, are primarily carried out by third-party mining contractors. At the GEMS Group, our mining contractors in 2020 were SIS, PPA and CK. In 2018 and 2019, all mining contractor services in connection with our KIM concession area were provided by PT Artamulia Tatapratama (“ATP”), and in 2020, all mining contractor services in connection with our KIM concession area were provided by CK. We have long-standing relationships with most of our contractors, such as SIS and PPA, who we have been in partnership with since GEMS was listed on the IDX in 2011. These contractors carry out mining operations in accordance with the mining plans developed by us for each concession. At our BIB concession area, SIS and PPA perform the majority of overburden removal, and PPA also provides coal getting services. At the Stanmore Group, our mining contractor for 2018, 2019 and 2020 was Golding. We also engage contractors for coal hauling operations and to manage operations at each of the ports from which we ship our coal to our customers.

We have entered into multi-year agreements with each of our mining contractors for the operation of our mines. Under these agreements, the contractor is responsible for providing substantially all equipment, machinery, tools, materials, services, supplies, labor and management required for the operation and maintenance of the designated mining areas. Fees to the mining contractors are determined based on the amount of coal produced, removal of overburden and hauling of coal and overburden. The fees of mining contractors engaged by us adjusted on a monthly basis based on the prevailing price of fuel and fluctuations in a designated benchmark. Portions of the fees are fixed for certain contractors. See also “Business — Major Customers and Suppliers — Third-Party Contractors.”

Mining contractor and related costs represented 48.9%, 46.3% and 51.3% of our cost of sales in 2018, 2019 and 2020, respectively. We believe that our strategic use of outsourced mining services contributes to low levels of capital expenditures and working capital committed to mining operations, which in turn allows us to dedicate more resources, including management time and attention, to higher value-added activities such as mine planning, exploration and marketing.

We measure our production costs in our coal mining segment in terms of average cash cost per tonne, which we calculate as total production costs for a period, including mining, freight (including barging, trucking, rail costs and port costs) and coal processing (but excluding depreciation, amortization and royalties), divided by sales volume for such period. The following table summarizes our average cash cost per tonne for each of our concessions with mines in production for the periods indicated.

	Year ended December 31,		
	2018	2019	2020
Average cash cost per tonne (\$)⁽¹⁾			
GEMS Group	27.4	24.1	21.0
BIB	25.9	23.0	19.3
KIM	40.3	36.2	42.5
TKS	0.0	57.8	66.1
BSL	32.5	43.0	31.5

	Year Ended June 30,		Six Months Ended December 31,
	2019	2020	2020
Average cash cost per tonne⁽¹⁾			
Stanmore Group ⁽²⁾	88.8	105.9	115.0

(A\$ per tonne)

Notes:

- (1) Average cash cost per tonne is a measure of our costs in our coal mining segment and is calculated as total production costs for a period/year, including mining, barging and coal processing (but excluding depreciation, amortization and royalties), divided by sales.
- (2) We acquired a majority interest in Stanmore Group through an On-Market Takeover Bid in May 2020.

Fluctuations in Fuel Prices and Fuel Costs

Fuel costs comprise a significant portion of our operational costs. We do not directly purchase fuel for our operations and hauling, and we rely on our mining contractors for such purchases. Under the terms of our agreements with our mining contractors, increases in the contractors' fuel costs as a result of increases in fuel consumption or prices may be passed down from our mining contractors to us. Accordingly, the price of fuel is an important driver of our results of operations.

Increases in the price of fuel may increase our mining contractors' cost of fuel and oil used in coal processing, the cost of truck hauling operations and the expenses incurred by our barging contractors in transporting coal, which costs we bear or may be passed on to us. Furthermore, as we increase our production at our concession areas under our expansion plans, we expect that the fuel requirements and costs of our mining contractors will likewise increase, resulting in higher mining services costs. We have not historically hedged and do not currently hedge our exposure to fuel price risk, though we may consider doing so going forward.

Royalties Paid to the Government

In Indonesia, under Decree of Directorate General of Mineral and Coal No. 459.K/32/DJB/2015 on Production Price for Coal Price Determination, we are required to pay royalties totaling 13.5% (in the case of BIB) and 5.0% (in the case of KIM) of the net revenue derived from the sale of final processed coal production in each year, net of certain costs, together with an administration fee of 2.5% of such net revenue, to the Ministry of Energy and Mineral Resources in lieu of the physical delivery of the government's share of our coal produced. The royalties paid to the Ministry of Energy and Mineral Resources are included in our cost of sales.

We calculate the Ministry of Energy and Mineral Resources' cash payment entitlement as follows: 13.5% (in the case of BIB) or 5.0% (in the case of KIM) of FOB invoice price for our coal sales less the following costs: (i) fees paid to third-party contractors for barging services from our ports to the transshipment point; (ii) costs of delivery via vessels from our transshipment point to the customers, (iii) cost of marine insurance; (iv) superintending and stevedoring costs; (v) costs related to the use of transshipment facilities; and (vi) surveyor fees.

In Australia, the MRA and the MERCP Act together provide for the assessment, development and utilization of mineral resources to the maximum extent practicable, consistent with sound economic and land use management. The MRA vests ownership of minerals, with limited exceptions, in the Crown (i.e. the State Government). A royalty is payable to the Crown for the right to extract minerals. The MRA requires the holder of a mining lease to pay a royalty at the rate prescribed in respect of that mineral. Public Ruling MRA001.2: Determination of coal royalty ("Public Ruling") provides that, with effect from January 1, 2021, the rate to be applied to the value of the coal sold, disposed of or used in a period is set out below:

- if the average price per tonne for a period is A\$100 or less: 7%;
- if the average price per tonne for a period is more than A\$100 but less than or equal to A\$150: 7% on the first A\$100 and 12.5% on the balance; and
- if the average price per tonne for a period is A\$150 or more: 7% on the first A\$100, 12.5% on the next A\$50 and 15% on the balance.

The same rates were applicable for 2020.

As outlined in the Public Ruling, the royalty payable for coal sold, disposed of or used in a return period is calculated by multiplying the royalty rate by the value of the coal. The Public Ruling contains details on the costs that can (and cannot) be deducted when calculating the applicable royalty and the method for determining the value of the coal.

Mining Strip Ratios

Our costs of coal production, particularly the fees charged by our mining contractors, are affected by the estimated strip ratios our mining contractors face in extracting coal from the mines. A strip ratio is the number of bank cubic meters of overburden (rock and soil) needing removal to access and extract one tonne of coal. It is calculated by dividing the number of bank cubic meters of overburden (rock and soil) removed during the period by the number of tonnes of coal produced during such period. Higher strip ratios would require our mining contractors to remove higher amounts of overburden to access coal for mining, resulting in higher production costs.

To determine and maintain optimal strip ratios at our concessions, we adhere to our life of mine plans on a strict and disciplined basis. See also “— Mine Planning and Land Compensation” and “— Land Clearing, Stripping and Topsoil Removal” in “Business — Mine Operations and Logistics.” The following table summarizes the average strip ratios at each of our concessions with mines in production for the periods indicated.

	Year ended December 31,		
	2018	2019	2020
	(Black cubic meters per tonne)		
Average strip ratio⁽¹⁾			
GEMS	5.3	4.5	4.0
BIB	4.9	4.3	3.5
KIM.....	8.7	10.4	10.5
TKS.....	8.6	11.8	0.0
BSL.....	5.8	4.7	3.6

	Year Ended June 30,		Six Months Ended December 31,
	2019	2020	2020
	(Bank cubic meters per tonne)		
Average strip ratio⁽¹⁾			
Stanmore Group⁽²⁾	8.8	13.7	11.6

Notes:

- (1) Average strip ratio is calculated by dividing the number of bank cubic meters of overburden (rock and soil) removed during the year/period by the number of tonnes of coal produced during such year/period.
- (2) We acquired a majority interest in Stanmore Group through an On-Market Takeover Bid in May 2020.

As we mine new areas of our coal mining concessions, our strip ratios will vary depending on the geological characteristics of the coal seams mined. We expect our average strip ratio for our mines to remain low. However, if our average strip ratio increases, our coal production costs, particularly contractor fees, would increase.

Foreign Exchange Rate Fluctuations

Our consolidated financial statements are reported in U.S. dollars. The functional currency of GEAR is the Singapore dollar, the functional currency of PT Roundhill Capital Indonesia, TKS, PT Karya Mining Solutions, PT GEMS Energy Indonesia and EMS is the Indonesian Rupiah and the functional currencies of each of our remaining subsidiaries, incorporated in Indonesia or otherwise, is the U.S. dollar. The functional currency of the Stanmore Group is the Australian dollar. In 2018, 2019 and 2020, 32.4%, 31.7% and 36.9% of our sales, respectively, were denominated in non-U.S. dollars currencies, which we refer to as “foreign currencies.”

At GEMS, our cash and cash equivalents for working capital purposes and trade receivables and payables balances between us and third-parties are predominantly denominated in Indonesian Rupiah. A number of our significant expenses are also denominated in Indonesian Rupiah, including (i) mining royalties paid to the Indonesian Government, (ii) fees paid to our mining and other contractors, (iii) land use fees, for land over which our coal mines are located, paid to the relevant landowners and (iv) fees for the use of certain hauling roads and jetties to transport our coal. We are also exposed to currency translation risk arising from trade receivables that are denominated in Indonesian Rupiah. In addition, most of GEAR’s operational expenses are denominated in Singapore dollars. At Stanmore, revenue is

denominated in U.S. dollars, while expenses are denominated in Australian dollars. Stanmore cash and cash equivalents for working capital purposes and trade payables balances between Stanmore and third-parties are predominantly denominated in Australian dollars. A number of Stanmore significant expenses are also denominated in Australian dollars, including (i) royalties paid to the Australian Government, (ii) vendor royalties, (iii) fees paid to mining and other contractors and (iv) fees paid for use of transportation. Accordingly, fluctuating foreign exchange rates, in particular fluctuations in the U.S. dollar/Rupiah and U.S. dollar/Australian dollar exchange rates, may increase or decrease certain of our expenses, result in foreign exchange gains or losses on translation to U.S. dollars or otherwise affect our business, financial condition and results of operations. For more information, see “— Qualitative and Quantitative Discussion of Market Risks — Foreign Currency Risk.”

Coal Policies and Regulations

Our coal mining operations are located in Indonesia and Australia. Governmental authorities in these countries may, from time to time, issue new policies or laws that may adversely affect our mining operations. We are required to obtain, maintain and renew various permits and approvals from the relevant governmental authorities for our coal mining operations. In Indonesia, the licenses from the Indonesian Government or regional governments required for operations of a coal mining business include general corporate, mining, capital investment, labor, environmental, land utilization and other licenses. The expiration dates of these permits vary depending on the Indonesian Government authority that issues them. In Queensland, exploring or mining for coal is unlawful without a tenement granted by the Queensland Government. The grant and renewal of tenements are subject to a regulatory regime and each tenement is subject to certain conditions. For more information, see “Business — Our Mining Concession Areas and Reserves” and “Regulation — Australian Regulations — Mining Regulations.”

Other government policies (including local government policies) that affect our business operations include policies relating to obtaining and maintaining permits and licenses required for coal mining, taxes and levies relating to coal mining and trading, and the environment. For example, on December 31, 2009, the MEMR issued Regulation No. 34 of 2009 on Prioritization of the Supply of Mineral and Coal for Domestic Needs (“MEMR Regulation No. 34/2009”), which requires producers of coal and other minerals in Indonesia to prioritize the domestic market by selling a portion of production to the domestic Indonesian market. MEMR Regulation No. 34/2009 stipulates that coal producers may export their products, provided that they meet the minimum domestic sale percentage applicable to it as determined by the MEMR. Any increase in such requirement to sell our coal domestically could result in lower coal prices realized for our coal and, as a result, a decrease in our revenue and margins. In addition, on July 15, 2014, the Minister of Trade issued Regulation No. 39/M-DAG/PER/7/2014 concerning the Provision on Export of Coal and Coal Products, which restricted certain domestic Indonesian coal products from being exported. In Australia, the MRA and the MERC Act together provide for the assessment, development and utilization of mineral resources to the maximum extent practicable, consistent with sound economic and land use management. The MRA vests ownership of minerals, with limited exceptions, in the Crown (i.e. the State Government). A royalty is payable to the Crown for the right to extract minerals.

Any changes to coal policies and regulations that affect our ability to obtain and/or maintain permits and licenses required to conduct our business operations could result in a temporary or permanent suspension of certain of our business activities, which could result in a decrease in our revenue and margins. See also “Risk Factors — Risks Relating to Our Business — Our coal mining operations and forestry business are dependent on our ability to obtain, maintain and renew licenses, permits and approvals from the Indonesian Government and other relevant government authorities” and “Risks Factors — Risks Relating to Indonesia — The regulatory framework governs the Indonesian mineral resource and mining sectors, and adverse changes or developments thereto, may be difficult to comply with, may significantly increase our operating costs or may otherwise adversely affect our business, financial condition, results of operations and prospects.”

Acquisitions

One of our growth strategies is to identify and complete sustainable and accretive acquisitions and/or joint ventures in the coal and gold mining industry. In August 2018, GEMS completed the acquisition of the BSL Group, which added 427 million tonnes to our coal resources and 189.9 million tonnes to our coal reserves (as of December 31, 2020). In May 2020, via its subsidiary GIAPL, our effective shareholding in Stanmore increased to approximately 60.0%, following our On-Market Takeover Bid, which added to and helped to expand and diversify our product offerings into metallurgical coal and established our presence in Australia. The BSL Group and Stanmore acquisitions have helped to increase our coal reserve base, which sustains planned organic expansion plans. The Stanmore acquisition has also helped to expand and diversify our product offerings into metallurgical coal and established our presence in Australia, which over time has the potential to reduce our reliance on energy coal and our exposure to risks associated with having a significant portion of our operations and assets in Indonesia.

Our 2018 Westgold investment and 2020 Ravenswood investment helped to further diversify our portfolio to include the gold mining business. From November 2017 to September 2020, we held a minority interest in Westgold Resources Limited, a gold producer in Australia. This was a profitable investment and provided us with the opportunity to gain access and insight into the running of large gold mine operations. The Ravenswood acquisition is our second investment in the gold producing industry. We also established a joint venture company with EMR to jointly acquire and operate the Ravenswood Gold Mine, and completed the acquisition of Ravenswood Gold Mine on March 31, 2020.

We intend to extend our core business within the mining of natural resources to include precious metals, base metals and minerals. Precious metals include, among others, gold and silver, and base metals and minerals include, among others, copper, cobalt, zinc, nickel and ferroalloys. Our area of focus would be on resource rich geographies such as Australia, Canada and the United States of America, as well as Indonesia, where our primary operations are currently located.

These acquisitions have had and any future acquisitions or joint ventures will have an impact on our results of operations and financial condition, including the levels of our revenue, costs of sales, capital expenditures, depreciation and amortization, cash position and level of indebtedness. See also “Risk Factors — Risks Relating to Our Business — We may be unable to identify and consummate future acquisitions. We may also be unable to successfully integrate acquired businesses or assets.”

Business Update Regarding COVID-19

We have primarily been impacted by the COVID-19 pandemic in terms of the impact that reduced global economic activity has had on international trade and demand for coal. During the first half of 2020, as a result of lockdowns and other measures implemented by governments in response to COVID-19, there was a significant decline in demand from key export markets for Indonesian and Australian coal, including reduced demand from India and China, which in turn drove down our realized prices from coal sales.

The COVID-19 pandemic has also directly impacted our business operations, requiring us to delay our exploration activities due to restrictions placed on movements in Indonesia and Australia. The precautionary measures such as telecommuting, rotation of office hours among employees, limiting face-to-face meetings and restricting domestic and overseas business travel have also disrupted our normal operations. The current COVID-19 pandemic has affected, and we expect it to continue to affect, our ability to continue doing business with our customers, suppliers, third-party mining services providers and other parties that we conduct business with or that operate within our supply chains for our various businesses, whether due to restrictions placed on business activities and movements in Indonesia or Australia, in the countries where they are located, or other regions operating within our supply chains, or other reasons stemming from COVID-19. We have also experienced general delays in our operations due to safety measures implemented by us or our customers in response to COVID-19.

Our logistics services have also been affected by heightened restrictions at the ports we operate, which have resulted in delayed port clearance and extended crew change processes. We have also faced delays in the extension of certain permits we require for our operations such as, in particular, in relation to our river and sea transportation services, due to social distancing measures implemented at Indonesian Government offices resulting in prolonged processing periods. Further, although the current COVID-19 pandemic has not lead to any major disruptions to operations at our coal mines or facilities, we may be required to suspend or shut down operations at some or all of our mines or facilities as a result of the pandemic. While we have established temperature screening checkpoints and temporary medical facilities and isolation areas at all our mine sites as well as established COVID-19 testing facilities for our employees and their families, we cannot assure you that such measures or any other actions we have taken to mitigate the effects of the pandemic on our business operations will be adequate.

We implemented a business continuity plan in response to the COVID-19 pandemic. Our management identified areas which we consider critical to our operations and have developed operational continuity plans in our teams to ensure we have sufficient resources to keep our operations running safely within these areas. We prepared and implemented protocols our employees must follow. We facilitate, as far as possible, our employees working from home, conduct regular health checks and screenings of our employees and contract workers, implement physical distancing requirements in the office, implement strict access controls, provide personal protective equipment and other supporting gear for all of our employees, whether on the field or at our offices, and collaborate with the relevant government and health agencies to ensure that we are in line with their efforts to prevent the spread of COVID-19.

Critical Accounting Policies

Our consolidated financial statements contained elsewhere in this Offering Memorandum have been prepared in accordance with SFRS(I).

When preparing our consolidated financial statements in accordance with SFRS(I), we are required to make estimates and judgments that affect the reported amounts of our assets, liabilities, revenues and costs. We are also required to make disclosures of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to allowances for doubtful accounts and impairment of assets. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policies used in the preparation of our financial statements are those that are both important to reflect our financial condition and results of operations and require difficult, subjective or complex judgments and estimates, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. For other significant accounting policies, see notes 2 and 3 to our Consolidated Financial Statements included elsewhere in this Offering Memorandum.

Revenue

Revenue is measured based on the consideration to which we expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. Revenue is recognized when we satisfy a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

Revenue is recognized when the customer obtains control of the good and all criteria for acceptance have been satisfied. Sales of coal are usually made on a “Free on Board” (“FOB”) basis. Under FOB, the customer obtains control of the goods once the goods have been passed over the ship rail. The amount of revenue recognized is based on the selling price agreed and stated in the agreement. Revenue is recognized when the goods are delivered to the customer and all criteria for acceptance have been satisfied. Dividend income is recognized when our right to receive payment is established. Revenue from consulting services is recognized in the accounting period in which the services are rendered. Interest income is accrued on a time proportion basis using the effective interest method.

Coal Resources and Reserves Estimates

Coal reserves and resources estimates are estimates of the amount of coal that can be economically and legally extracted from our mining properties. Such reserves and resources estimates and changes to these may impact our reported financial position and results, in the following way: (i) the carrying value of mining properties, property, plant and equipment, and goodwill may be affected due to changes in estimated future cash flows; (ii) amortization charges in the statement of comprehensive income may change where such charges are determined using the Unit of Production (“UOP”) method; and (iii) capitalized stripping costs recognized in the balance sheets as either part of mine properties or inventory or charged to profit or loss may change due to changes in stripping ratios.

We estimate our coal reserves and resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the coal body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the coal body.

We determine and report our coal reserves under the principles incorporated in the JORC Code, which is sponsored by the Australian mining industry and its professional organizations.

Consequently, we will form a view of forecast sales prices based on current and long-term historical average price trends. For example, if current prices remain above long-term historical averages for an extended period of time, management may assume that lower prices will prevail in the future. As a result, those lower prices would be used to estimate coal reserves and resources under the JORC Code. Lower price assumptions generally result in lower estimates of reserves.

The coal reserves and resources estimate may change as a result of changes in the economic assumptions used and as additional geological information is produced during the mining operations.

Recognition of Business Combination in Connection with Acquisition of Stanmore Coal

During 2020, GEAR, through its subsidiary GIAPL, made an On-Market Takeover Bid for all of the shares in Stanmore. At the close of the offer on May 18, 2020, GIAPL held 75.3% of the issued shares over Stanmore. Our consolidated financial statements as of and for the year ended December 31, 2020 include the results of operations of the Stanmore Group on and after May 18, 2020. From the completion date up to the end of 2020, Stanmore contributed revenue of \$97.2 million and a loss of \$15.7 million to our Group’s results. If the acquisition had occurred on January 1, 2020, our management estimates that consolidated revenue would have been \$1,270.9 million and consolidated profit for the year would have been \$42.9 million.

The recognition of business combinations requires the allocation of the amount that the purchase price of the acquisition exceeds the net book value of assets acquired to assets and liabilities. We make judgements and estimates in relation to the fair value allocation of the purchase price. In February 2021, the purchase price allocation in connection with the acquisition of Stanmore and its subsidiaries was finalized and mining tenements arising from the acquisition was adjusted accordingly in our audited consolidated financial statements for FY2020.

For more information, see note 16(d) to our Consolidated Financial Statements included elsewhere in this Offering Memorandum.

Estimated Useful Lives of Property, Plant and Equipment

The useful life of each item of our property, plant and equipment are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on internal technical evaluation and experience with similar assets. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The residual value, useful life and depreciation method of each asset are reviewed at each financial year-end and adjusted prospectively if appropriate. An item of property, plant or equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. It is possible that our future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property, plant and equipment would increase the recorded depreciation expense and decrease the carrying values of such asset.

Impairment

Non-Financial Assets. We assess at the end of each reporting period whether there is any objective evidence that a non-financial asset is impaired, if certain impairment indicators are present. Determining the fair value of assets and whether impairment is necessary requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. Any significant changes in the assumptions used in determining the fair value of an asset may materially affect the assessment of its recoverable value and any resulting impairment loss.

Goodwill and Intangible Assets. Upon completion of an acquisition, we record provisional goodwill arising from an acquisition based on, among other things, the estimated fair value of acquired assets, and appoint an independent valuer to perform a review of the purchase price allocation, including provisional goodwill. Goodwill arising from the acquisition is adjusted on a retrospective basis upon finalization of the purchase price allocation.

Amortization of Mining Properties

Upon completion of mine construction and commencement of coal production, “Mines under construction” are transferred into “Producing mines” in the “Mining properties” account, which are stated at cost, less depletion and accumulated impairment losses. Depletion of producing mines are based on using unit-of-production method from the date of commercial production of the respective area of interest over the lesser of the life of the mine and the remaining terms of the mining licenses.

Stripping activity are the costs of removing overburden from a mine. Stripping costs incurred in the development of a mine before production commences are capitalized, provided that the deferred cost has future benefits, as part of the cost of developing the mine, and are subsequently depreciated or amortized using a unit-of-production method on the basis of proven and probable reserves, once production starts.

When the costs of the stripping activity asset and the inventory produced are not separately identifiable, we allocate the production stripping asset by using an allocation basis that is based on a relevant production measure. This production measure is calculated for the identified component of the ore body, and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. We use the actual versus expected volume of waste extracted.

Subsequently, the stripping activity asset is carried at cost less amortization and impairment losses, if any. The stripping activity asset is depreciated or amortized using the units of production method over the expected useful life of the identified component if the ore body that becomes more accessible as a result of the stripping activity unless another method is appropriate.

For more information, see note 2.9 to our Consolidated Financial Statements included elsewhere in this Offering Memorandum.

Description of Key Statement of Comprehensive Income Line Items

Revenue

Following the completion of our On-Market Takeover Bid to increase our effective interest in Stanmore to approximately 60.0% with effect from May 18, 2020, and beginning with our consolidated financial statements for the year ended December 31, 2020, our operations comprise three reportable segments:

- Energy coal. Includes exploration, mining, processing and marketing of energy coal from its coal mining concession areas, and procuring sales orders from customers and sourcing for domestic suppliers.
- Metallurgical coal. Includes exploration, mining, processing and marketing of metallurgical coal from its coal mining concession areas.
- Non-coal Business. Includes forestry, investment holding company and provision of management services.

The following table provides details of our revenue by reportable segment for the periods indicated.

	Year ended December 31,		
	2018	2019	2020 ⁽¹⁾
	(\$ in millions)		
Energy coal	1,046.8	1,114.3	1,064.3
Metallurgical coal.....	—	—	97.2
Non-coal business.....	1.7	1.5	1.2
Total	1,048.5	1,115.8	1,162.7

Note:

- (1) Our consolidated financial statements as of and for the year ended December 31, 2020 include the results of operations of the Stanmore Group on and after the close of the On-Market Takeover Bid on May 18, 2020, which required us to adopt our current reportable segments for the years ended December 31, 2019 and 2020. Prior to 2020, our reportable segments were coal mining, coal trading and others. Energy coal revenue for 2018 comprises revenue from our coal mining and coal trading segments and non-coal business revenue for 2018 comprises revenue from our others segment, each as reflected in our audited consolidated financial statements as of and for the year ended December 31, 2019.

Our top three sales markets in 2018, 2019 and 2020 were Indonesia, China and India. Indonesia sales accounted for 32.4%, 31.7% and 36.9% of our total revenue in 2018, 2019 and 2020, respectively. China sales accounted for 40.0%, 39.1% and 29.9% of our total sales in 2018, 2019 and 2020, respectively. India sales accounted for 18.7%, 22.5% and 20.3% of our total sales in 2018, 2019 and 2020, respectively. Our Indonesia customers are entirely customers of GEMS and include end users such as power plant operators, pulp and paper factory operators and cement industry companies, as well as coal trading companies that purchase coal for resale purposes. Our international customers, who are primarily based in China, India, Japan and South Korea, typically consist of traders and end users (coal plants and steel mills).

The following table provides details of our revenue by geographic area for the periods indicated.

	Year ended December 31,		
	2018	2019	2020
	(\$ in millions)		
Indonesia	340.1	353.6	428.6
China	419.0	436.6	347.4
India	196.1	250.6	235.8
Japan	—	0.1	49.5
Philippines	—	13.4	21.8
Malaysia	—	0.2	18.1
Cambodia	3.2	12.2	18.0
South Korea	51.3	29.5	17.8
Spain	29.1	—	—
Others	9.7	19.6	25.7
Total	1,048.5	1,115.8	1,162.7

Our 10 largest customers in each of 2018, 2019 and 2020 accounted for 61.3%, 63.0% and 57.1% of our total revenue in such years, respectively. Our largest customer in each of 2018, 2019 and 2020 accounted for 14.1%, 17.4% and 15.5% of our total revenue in such years, respectively. See “Business — Major Customers and Suppliers — Major Customers.”

In 2020, GEMS’ revenue generated by geographic area was as follows: 40.3% from Indonesia, 32.7% from China, 19.7% from India, 2.1% from the Philippines, 0.6% from South Korea and 4.6% from other geographies. In 2020 from the completion of the On-Market Takeover Bid on May 18, 2020 through the remainder of the year, Stanmore’s revenue generated by geographic area was as follows: 50.6% from Japan, 27.7% from India, 11.6% from South Korea, 7.6% from Europe and 2.5% from other geographies. In 2020, all of Ravenswood’s revenue was generated from Australia.

Cost of Sales

Our cost of sales comprise production costs for our energy and metallurgical coal operations, including fees paid to mining contractors, royalty payments to the governments of Indonesia and Australia, coal freight and hauling costs, overhead costs for repair and maintenance, depreciation and amortization of coal mining properties, plant and equipment and purchased coal for trading. Cost of sales are adjusted for increases or decreases in coal inventory.

Our cost of sales attributable to our coal mining segment comprise production costs for our coal mining operations, adjusted for increases or decreases in coal inventory. Production costs for our coal mining segment comprise the following:

- *Mining services.* Mining services primarily comprise fees paid to mining contractors for excavating coal and removing overburden from our mines, transporting coal and reclaiming our mines. For more information about our mining contractors, see “— Factors Affecting Our Results of Operations — Mining Contractors and Related Costs.”
- *Royalty.* Royalty comprises of cash proceeds paid to the Ministry of Energy and Mineral Resources from the sale of 13.5% (in the case of BIB) and 5.0% (in the case of KIM) of the net revenue derived from the sale of final processed coal production in each year, net of certain costs, and an administrative fee. See also “— Factors Affecting Our Results of Operations — Royalties Paid to the Government.” These payments are included in our cost of sales.
- *Mining overhead.* Mining overhead primarily comprises repair and maintenance expenses, depreciation of property and equipment and mining site office expenses.
- *Coal freight.* These costs comprise fees paid to the barging contractors, shipping administration costs, barging costs, port operator costs, ocean freight costs, rail costs and other shipping operational costs and coal hauling costs for transporting coal products from mines to the mine pit, ROM stockpile or port. For more information on coal transport and shipment, see “Business — Mine Operations and Logistics — Hauling, Barging and Transshipment.” Transport and delivery costs associated with coal sales are recorded under selling and distribution expenses as freight and stockpile expenses.
- *Amortization.* These costs relate to the depletion of mines in production and overburden at our mine properties, which costs are amortized based on production volume and stripping activity, respectively.
- *Land exploitation.* These costs relate to our land exploitation activities, which include topographic mapping, geological modelling, mine planning studies and feasibility studies.
- *Equipment rental.* These costs relate to heavy equipment rental to support our coal mining and trading activities.
- *Processing costs.* These relates to costs incurred for crushing and washing of Stanmore’s coal.

	Year ended December 31,		
	2018	2019	2020
	(\$ in millions)		
Mining services	333.2	345.6	392.3
Royalty	107.1	145.9	139.1
Mining overhead	65.3	91.9	91.5
Coal freight	63.8	93.1	89.6
Amortization	1.4	4.5	14.5
Land exploration	6.6	9.2	13.6
Depreciation	2.6	3.3	8.8
Processing costs	—	—	6.8
Equipment rental	7.2	5.7	5.3
Total production cost	587.2	699.2	761.5
Movement in coal inventory	96.0	44.5	20.6
Cost of coal purchased	1.7	6.2	2.8
Cost of inventories and harvesting of sawn logs	1.8	1.4	1.2
Total	686.7	751.3	786.1

Other Income

Other income comprises interest income on fixed deposits, investments and a short-term loan that we granted to a third party, which is recognized using the effective interest method, insurance claims, dividend from investments and other miscellaneous income. The following table provides details of our other income for the periods indicated.

	Year ended December 31,		
	2018	2019	2020
	(\$ in millions)		
Interest income	10.8	9.8	8.6
Insurance claims	—	—	6.8
Dividend income	—	5.4	2.9
Others	3.0	1.6	2.0
Total	13.8	16.8	20.3

Selling and Distribution Expenses

Selling and distribution expenses comprises freight and stockpile expenses as well as insurance premiums, surveyor fees, repair and maintenance expenses, depreciation of motor vehicles used in selling and distribution, amortization of intangible assets, marketing expenses, export documentation costs and others. Our largest selling and distribution expense is freight and stockpile expenses, which we incur in connection with the transport our finished coal products from port facilities or stockpiles to our coal mining and coal trading customers. Freight and stockpile expenses include barging costs, rail costs, port costs, stevedoring and/or floating crane costs incurred on FOB sales and hauling costs incurred on sales made on a cost net freight basis. These costs are typically borne by us, but a portion of such costs may be reflected in the contract prices that we negotiate. The mode of delivery varies among our customers and affects our freight and stockpile costs for any particular period. Our freight and stockpile costs are also affected by global transport prices and fuel prices.

The following table provides details of our selling and distribution expenses for the periods indicated.

	Year ended December 31,		
	2018	2019	2020
	(\$ in millions)		
Freight and stockpile	140.9	172.1	186.6
Insurance premium	5.5	6.5	6.4
Surveyor fee	1.8	2.8	2.6
Depreciation	1.2	1.4	2.6
Marketing expenses	0.2	0.2	1.5
Repair and maintenance	1.1	1.1	1.1
Export documentation	0.2	0.2	0.3
Amortization of intangible assets	—	—	0.2
Others	0.4	1.1	0.1
Total	151.3	185.4	201.4

Administrative Expenses

Administrative expenses comprise salaries, benefits and employee welfare expenses, legal and professional fees, repair and maintenance expenses, taxes (indirect taxes), depreciation of motor vehicles, computers, furniture and fittings and office equipment, license and permit fees, costs associated with corporate social responsibility activities, depreciation of right-of-use assets, office expenses, insurance, rental of building, vehicle and equipment, travel and transportation expenses, electricity and communication expenses, education and training expenses, amortization of software used for administrative activities and other miscellaneous administrative expenses.

The following table provides details of our administrative expenses for the periods indicated.

	Year ended December 31,		
	2018	2019	2020
	(\$ in millions)		
Salaries, benefit and employee welfare	24.7	27.7	32.8
Legal and professional fees	13.7	12.0	14.2
Repair and maintenance	17.2	9.9	7.5
Taxes	5.9	5.2	5.5
Depreciation	2.6	2.6	3.7
License and permits.....	1.8	2.2	2.5
Corporate social responsibilities.....	2.8	4.8	2.3
Depreciation of right-of-use	—	—	2.0
Office expenses	1.4	1.8	2.0
Insurance	1.0	1.2	1.6
Rental of building, vehicle and equipment.....	2.3	2.3	1.3
Travel and transportation.....	1.4	2.0	1.3
Electricity and communication	0.3	0.4	0.4
Education and training	0.2	0.4	0.1
Amortization of software.....	0.3	0.1	0.1
Others.....	1.3	1.5	2.0
Total.....	76.9	74.1	79.3

Fair Value Gains

Fair value gains comprise gains on biological assets, remeasurement of contingent consideration and other investments. Our biological assets primarily comprise trees in our timber plantations, the majority of which are Acacia Mangium and Sengon trees, which when mature will be harvested for timber and further processed into products such as sawn logs and pulpwood. Contingent consideration relates to a royalty stream payable to vendors (i.e. prior shareholders of Stanmore) which arises from a business combination of Isaac Plains by Stanmore in 2015.

Finance Costs

Finance costs comprise interest expense on bank loans, 2023 Notes, trade financing, and lease liabilities. It also comprises of notional interest on provision and contingent consideration, amortization of discounted loans and borrowings and other miscellaneous finance costs. The following table provides details of our finance costs for the periods indicated.

	Year ended December 31,		
	2018	2019	2020
	(\$ in millions)		
Interest expense on bank loans, 2023 Notes and trade financing	22.2	32.6	34.3
Notional interest on provision and contingent consideration	—	—	1.6
Amortization of discounted loans and borrowings	0.4	0.4	0.4
Interest expense on lease liabilities	—	0.4	0.2
Others	1.5	1.2	0.9
Total	24.1	34.6	37.4

Other Operating Expenses

Other operating expenses primarily comprise impairment loss on goodwill which relates to forestry business, net realized and unrealized foreign exchange loss on translation, depreciation of property, plant and equipment, computers, furniture and fittings and motor vehicles, amortization of intangible assets, depreciation of right-of-use assets, exploration expenses, provision/(reversal) for mining activities, gain on disposal of investment and impairment loss on property, plant and equipment and other miscellaneous operating expenses.

The following table provides details of our other operating expenses for the periods indicated.

	Year ended December 31,		
	2018	2019	2020
	(\$ in millions)		
Impairment loss on goodwill	6.5	7.0	8.6
Foreign exchange loss, net	2.1	2.3	5.5
Depreciation	0.7	0.9	0.6
Amortization of intangible assets	0.5	0.5	0.5
Depreciation of right-of-use	—	2.5	0.4
Exploration expenses	0.5	0.4	0.2
Provision/(Reversal) for mining activities	0.3	2.9	(2.8)
Gain on disposal of investment	*	—	(0.1)
Impairment loss on property, plant and equipment	*	1.0	—
Others	*	1.9	1.9
Total	10.6	19.4	14.8

* Less than 0.1

Share of loss of a joint venture (net of tax)

Share of loss of a joint venture (net of tax) comprises our share of losses from Ravenswood.

Income Tax Expenses

We are subject to corporate income tax primarily in Indonesia, Australia and Singapore. For 2020, the corporate income tax rate applicable to the entities in Singapore is 17% (2019: 17%), the corporate income tax rate applicable to the subsidiaries in Indonesia is 22% (2019: 25%) and the corporate income tax rate applicable to the subsidiaries in Australia is 30% (2019: NA). Certain costs and expenses are considered non-deductible for income tax purposes.

Results of Operations

The following table sets forth our consolidated statement of comprehensive income data in their amounts and as percentages of our revenue for the periods shown.

	Year ended December 31,					
	2018		2019		2020	
	(\$ in millions, except percentages)					
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
Revenue.....	1,048.5	100.0	1,115.8	100.0	1,162.7	100.0
Cost of sales	(686.7)	(65.5)	(751.3)	(67.3)	(786.1)	67.6
Gross profit.....	361.8	34.5	364.5	32.7	376.6	32.4
Other income	13.8	1.3	16.8	1.5	20.3	1.7
Selling and distribution expenses	(151.3)	(14.4)	(185.4)	(16.6)	(201.4)	(17.3)
Administrative expenses.....	(76.9)	(7.3)	(74.1)	(6.6)	(79.3)	(6.8)
Fair value gain.....	2.5	0.2	2.5	(0.2)	7.7	0.7
Finance costs	(24.1)	(2.3)	(34.6)	(3.1)	(37.4)	(3.2)
Other operating expenses.....	(10.6)	(1.0)	(19.4)	(1.7)	(14.8)	(1.3)
Share of loss of a joint venture (net of tax)	—	—	—	—	(4.9)	(0.4)
Profit before tax	115.2	11.0	70.3	6.3	66.8	5.7
Income tax expenses	(41.5)	(4.0)	(37.4)	(3.4)	(32.3)	(2.8)
Profit for the year	73.7	7.0	32.9	2.9	34.5	3.0
Other comprehensive income not to be reclassified to profit or loss:						
Net actuarial gain/(loss) on post-employment benefits	0.1	0.0	(0.3)	(0.0)	0.2	0.0
Net (loss)/gain on equity instruments fair value through other comprehensive income ..	(27.7)	(2.6)	35.8	3.2	(3.4)	(0.3)
Other comprehensive income to be reclassified to profit or loss:.....	(27.6)	(2.6)	35.5	3.2	(3.2)	(0.3)
Foreign currency translation	(2.5)	(0.2)	(1.1)	(0.1)	24.2	2.1
Other comprehensive income for the year	(30.1)	(2.9)	34.4	3.1	21.0	1.8
Total comprehensive income for the year	43.6	4.2	67.3	6.0	55.5	4.8
Profit for the year attributable to:						
Owners of GEAR.....	39.3	3.7	10.0	0.9	8.1	0.7
Non-controlling interests.....	34.4	3.3	22.9	2.0	26.4	2.3
	73.7	7.0	32.9	2.9	34.5	3.0
Total comprehensive income for the year attributable to:						
Owners of GEAR.....	9.2	0.9	44.8	4.0	25.6	2.2
Non-controlling interests.....	34.4	3.3	22.5	2.0	29.9	2.6
	43.6	4.2	67.3	6.0	55.5	4.8

2020 Compared to 2019

During 2020, GEAR, through its subsidiary GIAPL, made the On-Market Takeover Bid for all of the shares in Stanmore. At the close of the offer on May 18, 2020, GIAPL held 75.3% of the issued shares over Stanmore. Our consolidated financial statements as of and for the year ended December 31, 2020 include the results of operations of the Stanmore Group on and after May 18, 2020. Prior to May 18, 2020, our interest in Stanmore was accounted for at fair value, as part of our investment securities. Accordingly, our results of operations for the years ended December 31, 2019 and 2020 are not comparable. All results and trends described below reflect the impact of obtaining control of the Stanmore Group with effect from May 18, 2020 in addition to the key factors described below. For more information regarding the Stanmore Group's results of operations, see "Management's Discussion and Analysis of the Stanmore Group's Results of Operations."

Revenue. Revenue increased by 4.2% to \$1,162.7 million in 2020 from \$1,115.8 million in 2019. Since our consolidation of Stanmore, we embarked into the metallurgical coal business and changed our reportable segments into energy coal, metallurgical coal, and non-coal businesses segments. The overall increase in revenue was due to our metallurgical coal segment, a result from the consolidation of Stanmore, and was partially offset by decreases in revenue from the energy coal segment and non-coal businesses, as described below.

- *Energy coal.* Revenue from energy coal decreased by 4.5% to \$1,064.3 million in 2020 from \$1,114.3 million in 2019. This was mainly due to a decrease in the average selling price of energy coal of 11.3% from \$35.0 per tonne in 2019 to \$31.0 per tonne in 2020. This was partially offset by an increase in sales volume of energy coal from 31.0 million tonnes in 2019 to 33.9 million tonnes in 2020. Our energy coal production volume increased by 8.8% from 30.8 million tonnes in 2019 to 33.5 million tonnes in 2020.
- *Metallurgical coal.* Revenue from metallurgical coal was \$97.2 million in 2020 as a result of the consolidation of Stanmore.
- *Non-coal businesses.* Revenue from non-coal businesses decreased to \$1.2 million in 2020 compared to \$1.5 million in 2019 (which was comprised of revenue from plywood sales and consultancy services). The decrease in revenue from non-coal businesses was a result of consultancy services rendered in 2019 not present in 2020.

Cost of sales. Cost of sales increased by 4.6% to \$786.1 million in 2020 from \$751.3 million in 2019. This was mainly due to increases in sales volume and coal production costs as a result of coal production ramp up from the energy coal segment and the inclusion of cost of sales from the metallurgical coal segment as a result of the consolidation of Stanmore's cost of sales. Cash cost (excluding royalty) of the energy coal segment was relatively lower at \$21.04 per tonne in 2020 compared to \$24.11 per tonne in 2019. The lower cash cost was achieved from strict controls on cash cost through mine planning and cost optimization resulting in lower strip ratios and contractor rates.

Gross profit. For the reasons described above, gross profit increased by 3.3% to \$376.6 million in 2020 from \$364.5 million in 2019. Our gross margin decreased to 32.4% in 2020 compared to 32.7% in 2019 as a result of the factors described above.

Other income. Other income increased to \$20.3 million in 2020 from \$16.8 million in 2019 primarily due to an increase in miscellaneous income of \$7.3 million for a business interruption insurance claim of \$6.8 million, partially offset by a lower dividend income received from Stanmore in 2020 as we reported the Stanmore Group's financial results with ours on a consolidated basis after we acquired a majority interest in Stanmore in May 2020.

Selling and distribution expenses. Selling and distribution expenses increased by 8.6% to \$201.4 million in 2020 from \$185.4 million in 2019 primarily due to the consolidation of Stanmore's results and an increase in barging and trucking expenses as a result of the increase in sales volume.

Administrative expenses. Administrative expenses increased by 7.0% to \$79.3 million in 2020 from \$74.1 million in 2019 primarily due to the consolidation of Stanmore's results.

Fair value gains. Fair value gains increased by 208.0% to \$7.7 million in 2020 from \$2.5 million in 2019 primarily due to remeasurement of contingent consideration arising from consolidation of Stanmore's results. The contingent consideration relates to a royalty stream payable to the vendors in connection with the acquisition of assets by Stanmore.

Finance costs. Finance costs increased by 8.1 % to \$37.4 million in 2020 from \$34.6 million in 2019 primarily due to unwinding of discount of provision, which resulted from the consolidation of Stanmore's result and an increase in interest expenses resulting from loan drawdown in order to finance the On-Market Takeover Bid.

Share of loss of a joint venture (net of tax). We recorded a share of loss of a joint venture (net of tax) of \$4.9 million in 2020 from the investment in Ravenswood Gold Mine.

Other operating expenses. Other operating expenses decreased by 23.5% to \$14.8 million in 2020 from \$19.4 million in 2019 primarily due to remeasurement and reversal on provision of rehabilitation and mines closure expenses. The impact was partially offset by the increase in foreign exchange loss by 139.1% from \$2.3 million in 2019 to \$5.5 million in 2020, mainly due to the appreciation in Australian Dollar against the U.S. Dollar and a provision of impairment on trade receivable of \$0.2 million subsequent to an assessment on collectability.

Profit before tax. For the reasons described above, we recorded profit before tax of \$66.7 million in 2020 compared to \$70.3 million in 2019.

Income tax expense. Income tax expense was \$32.3 million in 2020 compared to \$37.4 million in 2019, on account of lower taxable profit in 2020.

Profit for the year. For the reasons described above, we recorded profit after tax for the year of \$34.5 million in 2020 compared to \$32.9 million in 2019.

2019 Compared to 2018

Revenue. Our consolidated financial statements as of and for the year ended December 31, 2020 include the results of operations of the Stanmore Group on and after the close of the On-Market Takeover Bid on May 18, 2020, which required us to adopt our current reportable segments for the years ended December 31, 2019 and 2020. Prior to 2020, our reportable segments were coal mining, coal trading and others. The following discussion of our revenue in 2019 compared to 2018 is based on our reporting segment revenues as reported in our audited consolidated financial statements as of and for the year ended December 31, 2019.

Revenue increased by 6.4% to \$1,115.8 million in 2019 from \$1,048.5 million in 2018. This increase in revenue was mainly due to an increase in revenue from the coal mining segment and non-coal businesses, partially offset by decrease in revenue from the coal trading segment, as described below.

- *Coal mining.* Revenue from coal mining increased by 11.4% to \$1,051.0 million in 2019 from \$943.2 million in 2018. Our average selling price decreased by 15.5% to \$35.0 per tonne in 2019 compared to \$41.4 per tonne in 2018. The decrease in average selling price was offset by an increase in our sales volume by 31.6% to 30.0 million tonnes in 2019 from 22.8 million tonnes in 2018 primarily due to a successful expansion of production. Our BIB concession led the production growth, contributing 28.7 million tonnes in 2019 from 20.3 million tonnes in 2018. Our coal production volume increased by 36.3% from 22.6 million tonnes in 2018 to 30.8 million tonnes in 2019.

- *Coal trading.* Revenue from coal trading decreased by 38.9% to \$63.3 million in 2019 from \$103.6 million in 2018 primarily due to lower sales volume and average selling price.
- *Non-coal business.* Revenue from non-coal business segment decreased to \$1.5 million in 2019 compared to \$1.7 million in 2018. Revenue from non-coal businesses comprises of management fees and plywood sales.

Cost of sales. Cost of sales increased by 9.4% to \$751.3 million in 2019 from \$686.7 million in 2018. This was mainly due to an increase in coal production costs as a result of ramping up coal production in the coal mining segment, and was partially offset by a decrease in coal purchases from the coal trading segment. Cash cost (excluding royalty) from the coal mining segment decreased by 12.0% from \$27.4 per tonne in 2018 to \$24.1 per tonne in 2019. This was driven by lower fuel rates, lower strip ratios and contractor rates.

Gross profit. For the reasons described above, gross profit increased by 0.7% to \$364.5 million in 2019 from \$361.8 million in 2018. However, our gross margin decreased to 32.7% in 2019 compared to 34.5% in 2018.

Other income. Other income increased to \$16.8 million in 2019 from \$13.8 million in 2018 primarily due to a dividend income of \$5.4 million received in 2019.

Selling and distribution expenses. Selling and distribution expenses increased by 22.5% to \$185.4 million in 2019 from \$151.3 million in 2018 primarily due to increases in freight and stockpile expenses as a result of the increase in coal sales volume from the coal mining segment.

Administrative expenses. Administrative expenses decreased by 3.6% to \$74.1 million in 2019 from \$76.9 million in 2018 primarily due to a decrease in repair and maintenance expenses from \$17.2 million in 2018 to \$9.9 million in 2019, which was offset by an increase in salaries, benefit and employee welfare expenses from \$24.7 million in 2018 to \$27.7 million in 2019.

Fair value gains. Fair value gains remained relatively stable at \$2.5 million in both years. The fair value gain in both years were related to biological assets.

Finance costs. Finance costs increased by 43.6% to \$34.6 million in 2019 from \$24.1 million in 2018 primarily due to an increase in interest expense on bank loans and trade financing from \$22.2 million in 2018 to \$31.4 million in 2019 from the drawdown of loans in order to finance the acquisition of additional shareholding interests in Stanmore.

Other operating expenses. Other operating expenses increased by 83.0% to \$19.4 million in 2019 from \$10.6 million in 2018 primarily due to an increase in the provision for mine closure as a result of the production ramp up, depreciation and amortization expenses and miscellaneous expenses.

Profit before tax. For the reasons described above, we recorded profit before tax of \$70.3 million in 2019 compared to \$115.2 million in 2018.

Income tax expense. Income tax expense was \$37.4 million in 2019 compared to income tax expense of \$41.5 million in 2019, in line with the decrease in taxable profit and a decrease in withholding tax expense due to lower dividend income from our subsidiary company.

Profit for the year. For the reasons described above, we recorded profit after tax for the year of \$32.9 million in 2019 compared to \$73.7 million in 2018.

Liquidity and Capital Resources

Our principal liquidity requirements have been to finance our operations and acquisitions, to fund working capital, for capital expenditures and debt service, and to maintain our cash reserves. We fund our operations and growth primarily through cash flows from operations and also maintain short-term working capital facilities. Our cash and cash equivalents were \$262.8 million as of December 31, 2020. We had \$7.0 million of undrawn committed banking and credit facilities available to us as of December 31, 2020.

We believe that the expected cash to be generated from operations and the credit facilities currently available to us will provide sufficient funds for our working capital, our present and anticipated capital expenditure, to service payments of principal and interest under our bank borrowings and the 2023 Notes, and for other cash requirements, for the 12 months following the date of this document.

The following table sets out a condensed summary of our consolidated cash flow statement data for the periods indicated.

	Year ended December 31,		
	2018	2019	2020
	(\$ in millions)		
Net cash flows generated from operating activities....	24.3	85.8	110.1
Net cash flows used in investing activities	(167.1)	(50.4)	(75.7)
Net cash flows generated from financing activities	62.8	31.0	45.7
Net (decrease)/increase in cash and cash equivalents.....	(80.0)	66.4	80.1
Cash and cash equivalents at beginning of the year.....	188.7	113.1	177.8
Cash and cash equivalents at end of the year	113.1	177.8	262.8

Cash Flows generated from Operating Activities

We had net cash flows generated from operating activities of \$110.1 million in 2020 compared to net cash flows from operating activities of \$85.8 million in 2019. Our net cash flows generated from operating activities in 2020 is calculated by adjusting our profit before tax of \$66.8 million for non-cash and other items, including (i) adding \$35.5 million for depreciation of property, plant and equipment and of right-of-use assets and amortization of mining properties, land exploitation, software, loans and borrowings and intangible asset, \$36.0 million for interest and other financial charges, and notional interest on provisions and contingent consideration, \$3.0 million for net exchange differences, \$8.6 million for impairment loss on goodwill, \$4.9 million for share of loss of a joint venture, \$1.0 million for defined post-employment benefit expense (ii) deducting \$8.6 million of interest income, \$2.9 million for dividend income from investment securities, (iii) deducting \$6.0 million of reversal of mining activities, \$7.7 million for the fair value gain on biological assets, remeasurement of contingent consideration and other investment and (iv) the changes in working capital described below.

Working capital sources of cash in 2020 comprised \$38.3 million in cash from a decrease in trade, other receivables and prepayments, \$1.2 million from the increase in provision and \$8.6 million interest income received, offset by decreases in trade and other payable of \$10.8 million and increase in inventories of \$5.2 million, payment of \$30.7 million of interest and other financial charges and \$21.8 million in income tax.

We had net cash flows generated from operating activities of \$85.8 million in 2019 compared to net cash flows generated from operating activities of \$24.3 million in 2018. Our net cash flows generated from operating activities in 2019 is calculated by adjusting our profit before tax of \$70.3 million for non-cash and other items, including (i) adding \$17.3 million for depreciation of property, plant and equipment and amortization of mining properties, land exploitation, software, loans and borrowings and various intangible assets, \$32.9 million for interest and other financial charges, \$8.0 million for impairment loss on goodwill and property, plant and equipment, \$3.1 million for provision for mining activities and \$0.9 million for defined post-employment benefit expense, (ii) deducting \$2.5 million of fair value gain on biological assets, \$9.8 million of interest income, \$5.4 million of dividend income from investment securities and \$0.9 million for net exchange differences and (iii) the changes in working capital described below.

Working capital sources of cash in 2019 comprised \$29.2 million from an increase in trade and other payables, a decrease of \$12.0 million in trade, other receivables and prepayments and \$9.0 million of interest income received, offset by an increase of \$3.6 million in inventories, payment of \$30.5 million of interest and \$44.2 million in income tax paid.

We had net cash flows generated from operating activities of \$24.3 million in 2018. Our net cash flows generated from operating activities in 2018 is calculated by adjusting our profit before tax of \$115.2 million for non-cash and other items, including (i) adding \$11.2 million for depreciation of property, plant and equipment and amortization of mining properties, land exploitation, software, loans and borrowings and intangible asset, \$22.2 million for interest expense, \$0.5 million for defined post-employment benefit expenses, \$0.3 million for provision for mining activities and \$6.5 million for impairment loss on goodwill (ii) deducting \$2.5 million for fair value gain on our biological assets, \$10.8 million of interest income, \$0.3 million of net exchange differences and (iii) the changes in working capital described below.

Working capital sources of cash in 2018 comprised of \$28.4 million from an increase in trade and other payables and \$12.7 million of interest income received, offset by an increase of \$3.5 million in inventories, an increase of \$68.0 million in trade, other receivables and prepayments, payment of \$9.6 million of interest and \$78.0 million in income tax paid.

Cash Flows used in Investing Activities

Our net cash flows used in investing activities were \$75.7 million in 2020. Cash flows used in investing activities primarily comprised \$14.7 million of purchase of property, plant and equipment, \$5.4 million of additions to mining properties, \$5.4 million of cash used to acquire other non-current assets primarily comprising prepayments relating to land exploration, \$50.2 million of net cash outflows on acquisition of subsidiaries, in particular Stanmore, \$53.4 million in investments in a joint venture, \$0.2 million of additions to our forestry biological assets, \$1.0 million of purchases of investment securities and \$0.2 million of changes in restricted fund, partially offset by \$54.8 million of proceeds from the disposal of our investment in Westgold.

Our net cash flows used in investing activities were \$50.4 million in 2019. Cash flows used in investing activities primarily comprised \$21.0 million of purchases of property, plant and equipment, \$8.9 million of additions to mining properties, \$20.2 million of purchases of investment securities, \$3.9 million of changes in restricted fund, \$0.1 million of additions to biological assets and \$2.3 million of increases in other non-current assets, partially offset by \$4.0 million of dividends received from investment securities and \$2.0 million of proceeds from disposal of other investment and \$0.1 million of proceeds from disposal of property, plant and equipment.

Our net cash flows used in investing activities were \$167.1 million in 2018. Cash flows used in investing activities primarily comprised \$65.4 million of purchases of investment securities, \$64.9 million of net cash outflows on acquisition of subsidiaries, in particular BSL, \$18.0 million of purchases of property, plant and equipment, \$10.0 million of changes in restricted fund, \$0.8 million of additions to mining properties, \$0.5 million of additions to biological assets and \$8.6 million of increases in other non-current assets, partially offset by \$1.0 million of proceeds from disposal of other investment.

Cash Flows generated from/(used in) Financing Activities

Our net cash flows from financing activities were \$45.7 million in 2020. Cash flows from financing activities comprised \$128.8 million of proceeds from loans and borrowings, and \$27.5 million of capital contribution by Ascend Global (as defined herein) for its non-controlling interest in GIAPL, partially offset by \$83.4 million of repayment of loans and borrowings, \$25.6 million of payments of dividends to non-controlling interests of subsidiaries and \$1.6 million of principal payment of lease liabilities.

Our net cash flows used in financing activities were \$31.0 million in 2019. Cash flows used in financing activities comprised \$134.6 million of repayment of loans and borrowings, \$12.7 million of payments of dividends to non-controlling interests of subsidiaries, \$5.0 million of payments of dividends and \$2.2 million of principal payment of lease liability, partially offset by \$185.5 million of proceeds from loans and borrowings.

Our net cash flows used in financing activities were \$62.8 million in 2018. Cash flows used in financing activities comprised \$110.8 million of repayment of loans and borrowings, \$41.7 million of payments of dividends and \$39.9 million of payments of dividends to non-controlling interests of subsidiaries, partially offset by \$149.7 million of proceeds from issuance of bond, net of expenses and \$105.5 million of proceeds from loans and borrowings.

Capital Expenditures

As we engaged mining contractors to carry out all mining and coal haulage activities, our own capital expenditures (which include exploration and development expenditures, and the purchase and maintenance of fixed plant and equipment, such as crushing plants, generator sets and conveyors) have been limited. Our capital expenditures have therefore been funded mainly from our cash flows from operations and debt financing.

In 2018, 2019 and 2020, our cash capital expenditures were \$18.0 million, \$21.0 million and \$14.7 million, respectively, and related to the purchase of property, plant and equipment to increase production capacity in our coal mining business.

Contractual Obligations

The following table sets forth information regarding our contractual obligations as of December 31, 2020.

	Less than 1 year	1 to 5 years	More than 5 years	Total
	(\$ in millions)			
Bank borrowings and 2023 Notes (inclusive of interest payable)	137.3	298.6	—	435.9
Lease liabilities	1.8	1.3	—	3.1
Total	139.0	299.9	—	439.0

Indebtedness

We had total indebtedness of \$382.0 million as of December 31, 2020. The following table sets out certain details relating to our borrowings as of December 31, 2020.

Indebtedness	Borrower	Lender	Amount outstanding as of December 31, 2020 ⁽²⁾	Total committed amount	Interest rate	Maturity
(in millions)						
2023 Notes:						
2023 Notes ⁽¹⁾	GEAR	The Bank of New York Mellon (trustee)	US\$150.0	US\$150.0	9.0%	2023
CS/Mandiri Facility:						
Term Loan — Facility A ⁽¹⁾	GEAR	Credit Suisse Group AG, Singapore Branch	US\$26.7	US\$26.7	Margin: 7.0%; Fixed: 2.11%	2021-2022
Term Loan — Facility B ⁽¹⁾	GEAR	Credit Suisse and PT Bank Mandiri, Singapore Branch	US\$48.9	US\$48.9	Margin: 7.0%; 3-month BBSW	2021-2022
Others:						
Loan Special Transaction I&II.....	GEMS and BIB	PT Bank Mandiri (Persero) Tbk	US\$62.2	US\$62.2	5.25%	2021-2024
Loan Special Transaction III	BSL	PT Bank Mandiri (Persero) Tbk	US\$27.5	US\$27.5	4.25% with 3-month LIBOR rate	2021-2024
Working capital ..	GEMS, BIB, KIM and BSL	PT Bank Mandiri (Persero) Tbk	US\$57.4	US\$64.5	5.5%	2021
Equipment finance for CAT 6060 digger (Chattel Mortgage)	Stanmore IP Coal	Caterpillar Financial Australia Limited	US\$8.7	US\$8.7	4.55%	2021-2024
Ommibus trade finance Facility	GEMS & RCI	PT Bank Danamon Indonesia Tbk	US\$1.2	US\$5.0	5.5%	2021
Insurance Premium.....	Stanmore	Elantis Premium Funding Limited	US\$1.1	US\$1.1	2.30%	2021
Lease liabilities ..	GEAR Group	NA	US\$2.8	US\$2.8	5.25%-9.59%	2021-2025

Notes:

(1) Intended to be repaid using a portion of the net proceeds of this offering. See “Use of Proceeds.”

(2) Total borrowings outstanding as of December 31, 2020 is \$386.5 million, before considering the unamortised discount and unamortized transaction costs aggregating to approximately \$4.5 million in relation to the 2023 Notes and term loan facilities. The total indebtedness after deducting the unamortized discount and unamortized transaction cost is \$382.0 million.

On March 23, 2021, the Issuer and PT Bank Mandiri (Persero) Tbk entered into a facility agreement which granted the Issuer a term loan facility in the amount of \$15.0 million. For more information, see “Description of Material Indebtedness — Mandiri Facility.” As of March 26, 2021, we have fully drawn the facility.

Qualitative and Quantitative Discussion of Market Risks

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group’s and of the Company’s financial instruments will fluctuate because of changes in market interest rates. The Group’s and the Company’s exposure to interest rate risk arises primarily from its floating interest rate loans and borrowings.

Currently the Group does not have an interest rate policy. At the reporting date, the Group and the Company has loans and borrowings of which majority of the loans carried fixed interest rate. The floating interest rate does not vary significantly with the movements in the market interest rates.

As of December 31, 2018 and 2019 and 2020, if interest rates had been 75 basis points lower with all other variables held constant, our profit after tax would have been \$1.1 million, \$3.3 million and \$3.1 million higher primarily due to lower interest expense on loans and borrowings. Similarly, an increase in interest rates of 75 basis points on such dates would have resulted in corresponding decreases in our profit after tax. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility in prior years.

Liquidity Risk

We are exposed to liquidity risk in respect of our ability to manage our cash flows prudently and fund our ongoing operations as well as in respect of the settlement of our short-term loans and borrowings and all of our current liabilities. Our objective is to maintain an appropriate level of liquid assets to meet our liquidity requirements in the short term. We manage our liquidity requirements by monitoring our forecasted cash inflows and outflows from our day to day operations. Liquidity needs are then monitored in various time bands such as daily, weekly and rolling 30-day periods. Net cash requirements are then compared to available cash and cash equivalents in order to identify potential cash shortfalls.

The following table provides a summary of the maturity profile of our financial assets used for managing liquidity and risk and financial liabilities on the balance sheet dates for each of the years presented.

	1 year or less	2 to 5 years	More than 5 years	Total
	(\$ in millions)			
2020				
Total undiscounted financial assets	435.8	26.7	50.2	512.7
Total undiscounted financial liabilities	414.4	335.3	0.3	750.0
Total net undiscounted financial assets/(liabilities)	21.4	(308.6)	49.9	(237.3)
2019				
Total undiscounted financial assets	314.0	17.5	3.8	335.3
Total undiscounted financial liabilities	315.7	342.9	—	658.6
Total net undiscounted financial assets/(liabilities)	(1.7)	(325.4)	3.8	(323.3)

Credit Risk

Our exposure to credit risk arises primarily from trade and other receivables and compensation income expected to be received from mining licensees. As of December 31, 2020, substantially all of our credit risk exposure was concentrated in the coal industry sector. The carrying amount of trade and other receivables and cash and bank balances represent our maximum exposure to credit risk, and none of our other financial assets carry a significant exposure to credit risk. As of December 31, 2020, we had trade and other receivables of \$141.7 million and cash and bank balances of \$262.8 million.

We seek to manage our exposure to credit risk by extending credit primarily to creditworthy customers and continually monitoring the status of our trade and other receivables. For international trade transactions of significant value, we also accept letters of credit issued by reputable international banks. As of the date of this Offering Memorandum, we do not expect to incur material credit losses based on our current credit risk exposure.

Foreign Currency Risk

Our consolidated financial statements are reported in U.S. dollars. The functional currency of GEAR is the Singapore dollar, the functional currency of PT Roundhill Capital Indonesia, TKS, PT Karya Mining Solutions, PT GEMS Energy Indonesia and EMS is the Indonesian Rupiah, the functional currency of Stanmore is the Australian dollar and the functional currencies of each of our remaining subsidiaries, incorporated in Indonesia or otherwise, is the U.S. dollar. In 2018, 2019 and 2020, 32.4%, 31.7% and 36.9% of our sales were denominated in non-U.S. dollar currencies, which we refer to as “foreign currencies.”

GEMS’ cash and cash equivalents for working capital purposes and trade receivables and payables balances between GEMS and third-parties are predominantly denominated in Indonesian Rupiah. A number of GEMS’ significant expenses are also denominated in Indonesian Rupiah, including (i) mining royalties paid to the Indonesian Government, (ii) fees paid to GEMS’ mining and other contractors, (iii) land use fees, for land over which our coal mines are located, paid to the relevant landowners and (iv) fees for the use of certain hauling roads and jetties to transport our coal. GEMS is also exposed to currency translation risk arising from trade receivables which are denominated in Indonesian Rupiah. In addition, most of GEAR’s operational expenses are denominated in Singapore dollars. Accordingly, fluctuating foreign exchange rates, in particular fluctuations in the U.S. dollar/Singapore dollar and U.S. dollar/Rupiah exchange rates, may increase or decrease certain of our expenses, result in foreign exchange gains or losses on translation to U.S. dollars or otherwise affect our business, financial condition and results of operations.

Stanmore cash and cash equivalents for working capital purposes and trade payables balances between Stanmore and third-parties are predominantly denominated in Australian dollar. A number of Stanmore significant expenses are also denominated in Australian dollar, including (i) state royalties paid to the Australian Government, (ii) vendor royalties, (iii) fees paid to mining and other contractors and (iv) fees paid for use of transportation.

The Rupiah has experienced periods of high volatility in the past against the U.S. dollar, including during the 1997 economic crisis and, more recently since 2020. The Australian dollar has also experienced periods of high volatility since 2020 against the U.S. dollar.

We do not have a formalized policy to reduce foreign currency risk exposure, and we do not utilize forward currency contracts, derivatives transactions or other arrangements. We rely on our operational cash flow, particularly our domestic coal sales denominated in Indonesian Rupiah, to hedge against foreign currency risk exposure. We also aim to match our foreign currency inflows with our expenses to provide us with a natural hedge.

If the Indonesian Rupiah and Australian Dollar strengthened against the U.S. dollar by 7%, our profit net of tax would have decreased by the amounts shown below. Similarly, if the Indonesian Rupiah and Australian Dollar weakened against the U.S. dollar by 7%, our profit net of tax would have increased by the amounts shown below. The analysis assumes that all other variables, including tax rates, remain constant.

	Year ended December 31,		
	2018	2019	2020
	(\$ in millions)		
IDR/USD			
IDR strengthened by 7%	0.2	2.5	4.2
IDR weakened by 7%	(0.3)	(3.0)	(4.8)
Australian dollar/USD			
Australian dollar strengthened by 7%	*	1.9	7.7
Australian dollar weakened by 7%	*	(2.2)	(8.9)

* Less than 0.1

Contingent Liabilities and Off-Balance Sheet Arrangements

As of the date of this Offering Memorandum, we did not have any material contingent liabilities or off-balance sheet arrangements.

Taxation

Singapore Tax

The corporate tax rate applicable to entities in Singapore was 17.0% for 2018, 2019 and 2020.

Indonesian Tax

The majority of our subsidiaries operate in Indonesia and, hence, are subject to the Indonesian corporate tax regime. Under the Indonesian corporate tax system, each Indonesian company within a group of companies is taxed individually and it is not permissible to consolidate the taxable profits and tax loss carry-forwards of the companies on a group level for purposes of determining the Indonesian corporate taxes applicable to the companies as a whole. The corporate tax rate applicable to GEAR's subsidiaries in Indonesia was 25% for 2018 and 2019 and 22% for 2020. The differences between the effective corporate tax rate and the corporate tax rate set under our coal contracts of work are due to permanent differences in calculating taxable income under a coal contract of work compared to calculations of income tax expenses under SFRS.

We recognize deferred income tax assets and liabilities relating to temporary differences between the accounting and tax treatment of certain expenses. These temporary differences relate principally to depreciation of fixed assets and amortization of deferred exploration and development costs, environmental restoration obligations and employee benefits obligations.

For corporate income tax purposes, we are permitted to apply an accelerated depreciation on property, plant and equipment we purchase at our coal mining operations for one year within any of the first four years of the life of the asset acquired. We can use this accelerated depreciation in addition to straight-line depreciation of the same asset. The rates of accelerated depreciation we are permitted to use under the coal contract of work is 10% of the cost of any building and 25% of the cost of any other depreciable asset used in our coal operations. In addition to the right to use accelerated depreciation, we have also been granted investment allowances under the coal contract of work. These investment allowances permit us to deduct an additional 20% of the value of depreciable assets from our corporate income tax upon purchase. Tax losses at our coal mining operations may be carried forward for up to five years after the tax loss was incurred. As of December 31, 2020, we had \$3.8 million of deferred tax asset related to tax losses.

Australian Tax

Stanmore Coal Limited and its wholly owned subsidiaries form a tax consolidated group and are taxed as a single entity. Stanmore Coal Limited is the head entity of the tax consolidated group. The standalone taxpayer/separate taxpayer within a group approach has been used to allocate current income tax expense and deferred tax expense to wholly owned subsidiaries that form part of the tax consolidated group. Stanmore Coal Limited has assumed all the current tax liabilities and the deferred tax assets arising from unused tax losses for the tax consolidated group via intercompany receivables and payables as a tax funding arrangement is in place. The corporate tax rate applicable for Stanmore was 30% for 2020.

Seasonality

In Indonesia, our mining operations can be adversely impacted by inclement weather, particularly during the Indonesian rainy season between October and March when heavy rains can slow overburden removal and reduce coal production volumes. Our mine planning function anticipates and adjusts production levels to take into account such weather-related delays. We generally have higher production in dry months to build up coal inventory levels to make up for shortfalls in production during the rainy season.

In Australia, our mining operations can be adversely impacted by inclement weather particularly during the dry season between the months of May through October. Droughts affects operations as water is necessary for multiple stages of our mining operations, including dampening dust and cooling machinery. We may have to stop our mining operations in the case of water shortages. We generally have higher production in other months to build up coal inventory levels to make up for shortfalls in production during the dry season.

We tend to experience particularly high demand for our energy coal product during the winter months of October to January of each year, and the demand for our products is otherwise not generally subject to seasonality.

Recent Accounting Pronouncements

We have not adopted the following standards that have been issued but are not yet effective:

Description	Effective for annual periods beginning on or after
SFRS(I) 17 Insurance Contracts	January 1, 2021
Amendments to SFRS(I) 3 Reference to the Conceptual Framework	January 1, 2022
Amendments to SFRS(I) 1-16 Proceeds before Intended Use	January 1, 2022
Amendments to SFRS(I) 1-37 Onerous Contracts — Cost of Fulfilling a Contract	January 1, 2022
Amendments to SFRS(I) 1-1 Classification of Liabilities as Current or Noncurrent	January 1, 2023

Our management expects that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

SELECTED CONSOLIDATED FINANCIAL INFORMATION OF STANMORE GROUP

The selected consolidated financial information of Stanmore as of June 30, 2019 and 2020, and for the years then ended, presented below, has been derived from the Stanmore Consolidated Financial Statements included elsewhere in this Offering Memorandum. The following information should be read in conjunction with the Stanmore Consolidated Financial Statements and the related notes thereto included elsewhere in this Offering Memorandum, “Management’s Discussion and Analysis of the Stanmore Group’s Results of Operations” and “Risk Factors — Risks Relating to Our Business.”

Stanmore Group’s Consolidated Statement of Comprehensive Income

	Year ended June 30,	
	2019	2020
	(A\$ in millions)	
Revenue	403.1	364.5
Cost of sales	(238.3)	(267.5)
Gross profit	164.8	97.0
Other income	9.9	5.6
Other expenses	(36.6)	(43.0)
Profit before tax and net finance expenses	138.1	59.6
Finance income	0.5	0.6
Financial expenses	(10.1)	(8.6)
Profit before income tax expense	128.5	51.6
Income tax expense	(36.9)	(16.7)
Net profit for the year/Total comprehensive profit for the year	91.6	34.9
Profit for the year attributable to:		
Owners of Stanmore Coal Limited	91.6	34.9
Total comprehensive income for the year attributable to:		
Owners of Stanmore Coal Limited	91.6	34.9

Stanmore Group’s Consolidated Balance Sheets

	As of June 30,	
	2019	2020
	(A\$ in millions)	
Current assets		
Cash and cash equivalents	90.5	32.2
Trade and other receivables	20.8	4.7
Inventories	29.6	78.9
Other current assets	4.2	2.9
Total current assets	145.1	118.7
Non-current assets		
Property, plant and equipment	45.6	62.9
Capitalised development costs	—	0.3
Mine Properties	34.8	24.9
Exploration and evaluation assets	75.5	81.0
Intangible assets	3.3	2.8
Other non-current assets	2.3	6.2
Total non-current assets	161.5	178.1
Total assets	306.6	296.8

	As of June 30,	
	2019	2020
	(A\$ in millions)	
Current liabilities		
Trade and other payables	50.8	33.1
Interest-bearing loans and borrowings	—	2.2
Lease Liability	—	0.1
Onerous contracts provision.....	0.9	0.8
Rehabilitation provision.....	4.7	3.1
Vendor royalties — contingent consideration	7.9	7.6
Income Tax Payable.....	25.3	0.2
Total current liabilities	89.6	47.1
Non-current liabilities		
Provision for employee benefit.....	0.2	0.4
Interest-bearing loans and borrowings	—	10.3
Lease Liability	—	0.8
Onerous contracts provision.....	5.2	4.5
Rehabilitation provision.....	24.3	26.9
Vendor royalties — contingent consideration	24.6	15.0
Deferred tax liabilities	5.6	23.2
Total non-current liabilities	59.9	81.1
Total liabilities.....	149.5	128.2
Net assets	157.1	168.6
Equity		
Issued capital	117.6	121.7
Share based payment reserve	1.7	2.3
Retained earnings.....	37.8	44.5
Total equity attributable to the owners of Stanmore Coal Limited	157.1	168.6

Stanmore Group's Consolidated Cash Flow Statement

	Year ended June 30,	
	2019	2020
	(A\$ in millions)	
Net cash flows generated from operating activities	140.0	6.4
Net cash flows used in investing activities	(60.7)	(45.5)
Net cash flows used in financing activities.....	(8.6)	(19.2)
Net increase/(decrease) in cash and cash equivalents	70.7	(58.3)
Cash and cash equivalents at the beginning of the year	19.8	90.5
Cash and cash equivalents at the end of year.....	90.5	32.2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE STANMORE GROUP'S RESULTS OF OPERATIONS

The following discussion and analysis is based upon information contained in the Stanmore Consolidated Financial Statements, including the notes thereto, included elsewhere in this Offering Memorandum. You should read the following discussion and analysis in conjunction with the Stanmore Consolidated Financial Statements, including the notes thereto. This discussion contains forward-looking statements that reflect our current views with respect to future events and financial performance. See "Forward-Looking Statements and Associated Risks" for a discussion of the risks relating to such forward-looking statements. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of factors such as those set forth under "Risk Factors" and elsewhere in this Offering Memorandum. All segment financial and operational information presented herein is net of intra-segment elimination.

On-Market Takeover Bid for Stanmore by Our Company

Stanmore is a coal producer focused on metallurgical coal that owns and operates the Isaac Plains Complex in Queensland's prime Bowen Basin region. Stanmore is listed on the ASX. GEAR, through its subsidiary GIAPL, increased its interest in Stanmore from 19.9% in December 2018, to 25.5% in January 2019, to 31.5% in March 2020, and subsequently acquired a majority interest in and control of Stanmore through an On-Market Takeover Bid on May 18, 2020. As of December 31, 2020, GEAR, through its approximately 80% ownership in GIAPL, effectively owned approximately 60.0% of Stanmore. In 2020, Stanmore changed its financial year end from June 30 to December 31 to align with GEAR's financial year end beginning with the financial year ended December 31, 2020, covering the period from July 1, 2020 through December 31, 2020.

Results of Operations

The following table sets forth Stanmore Group's consolidated statement of comprehensive income data in their amounts and as percentages of their revenue for the periods shown.

	Year ended June 30,			
	2019		2020	
	(A\$ in millions)			
	Amount	% of revenue	Amount	% of revenue
Revenue.....	403.1	100.0	364.5	100.0
Cost of sales	(238.3)	(59.1)	(267.5)	(73.4)
Gross profit	164.8	40.9	97.0	26.6
Other income	9.9	2.5	5.6	1.6
Other expenses.....	(36.6)	(9.1)	(43.0)	(11.8)
Profit before tax and net finance expenses....	138.1	34.2	59.6	16.4
Finance income	0.5	0.1	0.6	0.2
Financial expenses	(10.1)	(2.5)	(8.6)	(2.4)
Profit before income tax expense	128.5	31.9	51.6	14.2
Income tax expense	(36.9)	(9.2)	(16.7)	(4.6)
Net profit for the year/Total comprehensive income for the year	91.6	22.7	34.9	9.6
Profit for the year/Total comprehensive income for the year attributable to:				
Owners of Stanmore Coal Limited	91.6	22.7	34.9	9.6

Year Ended June 30, 2020 compared to Year Ended June 30, 2019

Revenue. Revenue decreased by 9.6% to A\$364.5 million in the year ended June 30, 2020 from A\$403.1 million in the year ended June 30, 2019. The decrease was driven by a A\$14.3/t decrease in the A\$ realized price to an average of A\$159.5/t (both metallurgical and energy) in the year ended June 30, 2020 from A\$173.8/t in the year ended June 30, 2019 and a decrease in sales of produced coal to 2,286kt in the year ended June 30, 2020 from 2,319kt in the year ended June 30, 2019.

- *Semi-soft coking coal.* Revenue from semi-soft coking coal decreased to A\$362.7 million in the year ended June 30, 2020 from A\$363.8 million in the year ended June 30, 2019, despite sales volume increasing to 2.3 million tonnes in the year ended June 30, 2020 from 2.0 million tonnes in the year ended June 30, 2019.
- *Thermal coal.* Revenue from thermal coal sales decreased by 95.4% to A\$1.8 million in the year ended June 30, 2020 from A\$39.2 million in the year ended June 30, 2019. This follows a decrease in thermal coal sales from 0.3 million tonnes in the year ended June 30, 2019 to 0.02 million tonnes in the year ended June 30, 2020. The mix of semi-soft coking coal to thermal coal has improved from 63:37 in the year ended June 30, 2018 to 86:14 in the year ended June 30, 2019 and to 99:1 in the year ended June 30, 2020. The thermal coal produced was from small faulted areas within the mine and is not expected to significantly increase as mining progresses at Isaac Plains East.

This reduction in price was driven by the impacts of COVID-19 which have reduced overall global demand for coking coal, as well as a strengthening Australian dollar, which reduced export demand. However, metallurgical coal was relatively less affected by these market dynamics than thermal coal, as there was a smaller change in the level of demand for metallurgical coal than energy coal.

Cost of sales. Cost of sales increased by 12.3% to A\$267.5 million in the year ended June 30, 2020 from A\$238.3 million in the year ended June 30, 2019. This increase was primarily due to an increase in mining costs from A\$106.2 million in the year ended June 30, 2019 to A\$137.7 million in the year ended June 30, 2020. The increase was mainly caused by increased waste removal costs at the mine and increased underlying free on board costs, which were A\$15.0 per tonne higher in the year ended June 30, 2020 than in the year ended June 30, 2019 at A\$119.7 per tonne. Higher strip ratio, longer haulage distance, additional geological challenges that were experienced and changes in equipment mix to accommodate these changes also contributed to higher mining costs.

Gross profit. For the reasons described above, gross profit decreased by 41.1% to A\$97.0 million in the year ended June 30, 2020 from A\$164.8 million in the year ended June 30, 2019. As a result, Stanmore Group's gross margin decreased to 26.6% in the year ended June 30, 2020 compared to 40.9% in the year ended June 30, 2019 due to the increase in cost of sales, driven by an increase in mining costs, coupled with a decrease in revenue from a reduction in coal prices.

Other income. Other income decreased to A\$5.6 million in the year ended June 30, 2020 from A\$9.9 million in the year ended June 30, 2019 primarily due to a decrease in onerous contract re-measurement to A\$0.2 million in the year ended June 30, 2020 from A\$9.4 million in the year ended June 30, 2019, which was partially offset by fair value adjustments of A\$4.4 million made to the contingent vendor royalties paid in connection with Stanmore Group's acquisition of Isaac Plains in November 2015. The provision for onerous contracts also relates to the Isaac Plains acquisition. In the period from the acquisition through to the year ended June 30, 2020, a number of onerous contracts have been settled through the ordinary course of business. The onerous provision as of June 30, 2020 was thus re-measured for all contracts based on the latest economically recoverable resources of the Isaac Plains Complex.

Other expenses. Other expenses increased by 17.5% to A\$43.0 million in the year ended June 30, 2020 from A\$36.6 million in the year ended June 30, 2019. This increase was primarily due to an increase in the depreciation of plant and equipment, as well as in the amortization of mine properties from A\$2.9 million and A\$7.9 million, respectively, in the year ended June 30, 2019 to A\$10.8 million and A\$15.6 million, respectively, in the year ended June 30, 2020. The increase in depreciation and amortization costs followed the increased mining undertaken at Isaac Plains East mine and a change in the estimates of the useful life of certain depreciable assets.

Finance income. Finance income increased by 20.0% to A\$0.6 million in the year ended June 30, 2020 from A\$0.5 million in the year ended June 30, 2019.

Financial expenses. Financial expenses decreased by 14.9% to A\$8.6 million in the year ended June 30, 2020 from A\$10.1 million in the year ended June 30, 2019 primarily due to lower borrowing costs.

Profit before tax. For the reasons described above, Stanmore Group recorded profit before tax of A\$51.6 million in the year ended June 30, 2020 compared to profit before tax of A\$128.5 million in the year ended June 30, 2019.

Income tax expense. Income tax expense was A\$16.7 million in the year ended June 30, 2020 compared to income tax benefit of A\$36.9 million in the year ended June 30, 2019, in line with the decrease in taxable profit.

Profit for the year. For the reasons described above, Stanmore Group recorded profit after tax for the year of A\$34.9 million in the year ended June 30, 2020 compared to A\$91.6 million in the year ended June 30, 2019.

Liquidity and Capital Resources

The following table sets out the Stanmore Group's consolidated cash flow statement data for the periods indicated.

	Year ended June 30,	
	2019	2020
	(A\$ in millions)	
Net cash flows generated from operating activities	140.0	6.4
Net cash flows used in investing activities	(60.7)	(45.5)
Net cash flows used in financing activities	(8.6)	(19.2)
Net increase/(decrease) in cash and cash equivalents	70.7	(58.3)
Cash and cash equivalents at the beginning of the year	19.8	90.5
Cash and cash equivalents at the end of year	90.5	32.2

Cash Flows generated from Operating Activities

Stanmore Group had net cash flows generated from operating activities of A\$6.4 million in the year ended June 30, 2020 compared to net cash flows from operating activities of A\$140.0 million in the year ended June 30, 2019. Stanmore Group's net cash flows generated from operating activities in the year ended June 30, 2020 primarily comprised (i) A\$383.6 million for receipts from customers, A\$33.6 million for GST refunds, A\$0.5 million for interest received, (ii) deducting A\$386.3 million of payments to suppliers and employees, A\$0.8 million for interest and other finance costs paid and A\$24.2 million of income tax paid.

Cash Flows used in Investing Activities

Stanmore Group's net cash flows used in investing activities were A\$45.5 million in the year ended June 30, 2020. Cash flows used in investing activities primarily comprised A\$26.5 million of payments for property, plant and equipment, A\$9.8 million for payments for exploration, evaluation assets and A\$9.2 million for payments for mine properties assets.

Stanmore Group's net cash flows used in investing activities were A\$60.7 million in the year ended June 30, 2019. Cash flows used in investing activities primarily comprised A\$12.1 million of payments for property plant and equipment, A\$31.1 million for payments for exploration, evaluation assets and A\$17.5 million for payments for mine properties assets.

Cash Flows used in Financing Activities

Stanmore Group's net cash flows used in financing activities were A\$19.2 million in the year ended June 30, 2020. Cash flows used in financing activities comprised A\$24.1 million of payments for dividends, A\$0.9 million of payments for vested Long-Term Incentives Plan Rights and A\$3.7 million of payment for financial securities, partially offset by A\$9.4 million of proceeds from borrowings.

Stanmore Group's net cash flows used in financing activities were A\$8.6 million in the year ended June 30, 2019. Cash flows used in financing activities comprised A\$43.7 million of repayment of borrowings, A\$8.2 million of payments for dividends, partially offset by A\$43.3 million of proceeds from borrowings.

INDUSTRY OVERVIEW

The information and data presented in this section have been commissioned by us and provided by Salva. Salva has advised that: (a) a majority of data is only available as of December 31, 2019. Except where otherwise noted, information in this report is for 2020 or as of 31 December, 2020, as the case may be; (b) certain information in Salva's database and this section is derived from estimates or subjective judgments of Salva; (c) all information/charts presented in this section are derived from Salva's database unless noted; (d) the information in the databases of other industry data collection agencies may differ from the information in Salva's database; and (e) the information and data in this section is subject to change and cannot be verified with certainty due to limits on the availability and reliability of raw data, the nature of the data gathering process and other inherent limitations and uncertainties. Neither GEAR nor Salva have any obligation to announce or otherwise make publicly available updates or revisions to the information or data in this section.

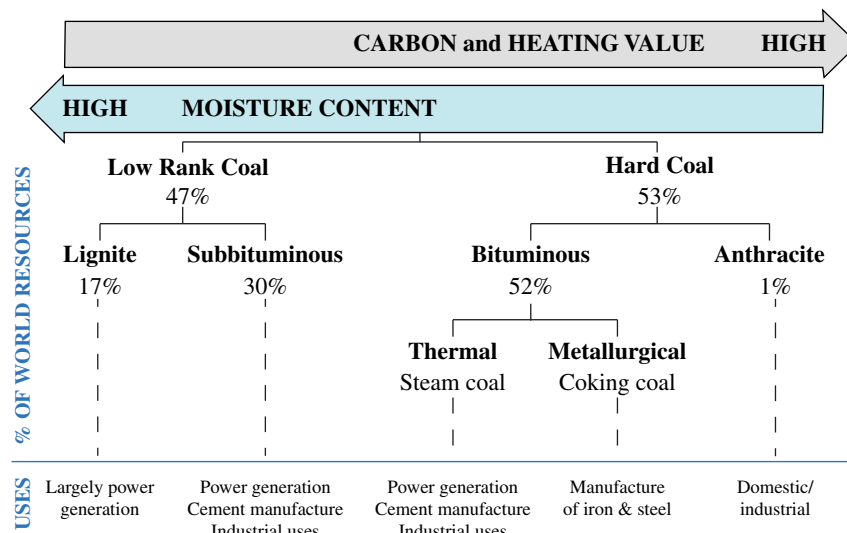
This section contains or refers to forward-looking information based on current expectations, including, but not limited to, information regarding coal prices and the impact of these on GEAR. Forward-looking information is subject to significant risks and uncertainties, as actual results may differ materially from forecasted results. The conclusions expressed in this report are as of January 31, 2021. The outlook is only appropriate for such date and may change in time in response to variations in economic, market, legal or political factors, in addition to ongoing operational results.

Coal Market Fundamentals

Introduction to Coal Types and Regions

Coal is a fossil fuel formed from dead and decaying plant matter which has been subject to heat and pressure under the earth's surface for millions of years. Coal is made up mainly of carbon, along with differing quantities of other elements, chiefly hydrogen, with smaller quantities of sulphur, oxygen, and nitrogen.

The accumulated plant matter buried during the Tertiary Era (less than 65 million years ago) is generally less mature, has a lower carbon and calorific content, the fuel is dirtier, and the moisture is higher as compared to plants buried during the Carboniferous Period (300 million years ago).



Source: World Coal Institute

The largest coal producing countries are not confined to one region; the five largest coal-producing countries in order of production volumes are China, the United States of America (USA), India, Australia and Indonesia.

Coal is mined by two methods: surface or ‘opencast’ mining, and underground mining. The choice of mining method largely depends on the geology of the coal deposit. Underground mining accounts for a bigger share of world coal production than opencast; although, in several important coal-producing countries, surface mining is more common. Mining in Indonesia is mostly opencast mines including all of the Issuer’s mines.

The most significant uses of coal are in electricity generation, steel production, and cement manufacturing. Nearly 85 per cent (%) of the global coal production is used in the country in which it was produced. The remaining 15% is exported predominately through the seaborne trade. The five largest thermal coal producing countries in terms of production volumes are China, the USA, India, Indonesia, and Australia.

Coal is classified based on its usage — metallurgical coal and thermal coal. Metallurgical coal or coking coal is used in the process of creating coke necessary for iron and steel-making. The major producers and exporters of metallurgical coal in order of production volumes are Australia, the USA and Canada.

Thermal coal, or steaming coal, is burned for steam to run turbines to generate electricity. Coal is one of the world’s most important sources of energy, fuelling almost 40% of electricity worldwide. During power generation, coal is ground to a powder and fired into a boiler to produce steam to drive turbines to produce electricity. Major producers of thermal coal are China, India, Indonesia, Australia and the USA while the major exporters of thermal coal in order of exports for 2020 are Indonesia, Australia, South Africa, and Colombia. Coal is classified based on its rank or energy content:

- Peat: very low energy level, moisture approx. 60%, calorific value approx. 2,600 kcal/kg;
- Brown Coal: moisture approximately 50%, calorific value approx. 2,800 kcal/kg;
- Lignite: moisture content 40-50%, calorific value between 3,000-4000 kcal/kg;
- Sub-bituminous: moisture content 20-40%, calorific value 4,000 kcal/kg to 5,400 kcal/kg;
- Bituminous: moisture content 8-20%, calorific value 5,400 to 6,900 kcal/kg; and
- Anthracite: shiny, repels moisture, burns without smoke, calorific value 6,900-8,000 kcal/kg.

GEAR’s BIB mine produces thermal coal of approximately 4,100 kcal/kg CV while its KIM mine produces thermal coal of approximately 4,900 kcal/kg CV and the BSL mine produces coal of approximately 4,600 kcal/kg CV.

Metallurgical coal or coking coal is a grade of coal that can be used to produce coke. Coke is an essential fuel and reactant in the blast furnace process for primary steelmaking. The demand for metallurgical coal is highly coupled to the demand for steel. Metallurgical coal is generally low in ash, moisture, sulphur and phosphorus content, and its rank is usually bituminous. Metallurgical coal differs from thermal coal, used for energy and heating, by its carbon content and its caking ability. Caking refers to the coal’s ability to be converted into coke. The grade of coal and its caking ability is determined by the coal’s rank — a measure of volatile matter and degree of metamorphism — as well as mineral impurities and the ability of the coal to melt, swell and resolidify when heated. The three main categories of metallurgical coal are:

- Hard coking coals (HCC)

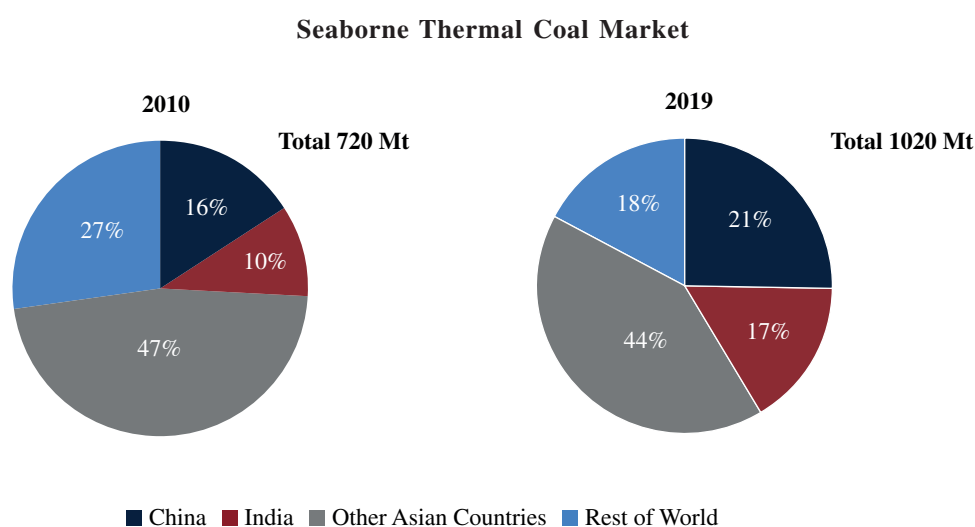
- Semi-soft coking coal (SSCC)
- Pulverized coal for injection (PCI) coal

Australian HCC is regarded as the industry benchmark. While PCI coal is not often classified as coking coal, it still is used as a source of energy in the steelmaking process and can partially replace coke in some blast furnaces.

GEAR's Isaac Plains mine produces metallurgical coal which is mainly of semi-soft coking coal category.

Seaborne Thermal Coal Demand

The global seaborne thermal coal market has grown significantly over the last nine years from around 720 million tonnes (Mt) in 2010 to 1020 Mt in 2019, registering a compounded annual growth rate (CAGR) of 4.0%.



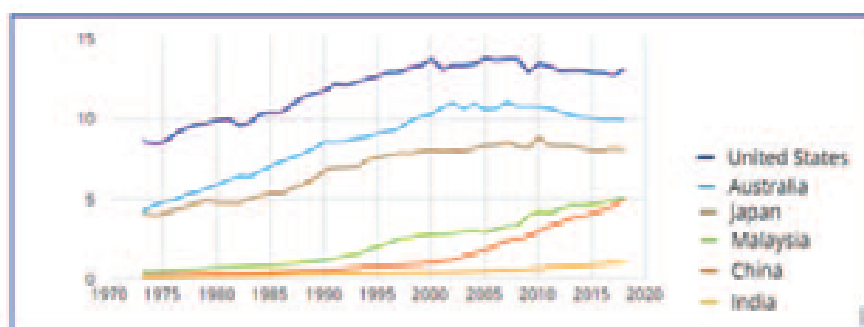
Source: Salva

Over 50% of the world's population lives in South and East Asia. This is the region where the growth in demand for thermal coal is the highest, as seen in the figure above. Thermal coal demand in Asia is the principal driver of global coal demand (82% of global consumption during 2019). Emerging Asian economies such as China and India, with a large population base, are growing rapidly resulting in a significant surge in demand for energy. As a result, Asian trade in the thermal coal market has increased significantly in the last nine years, growing from 528 Mt in 2010 to 834 Mt in 2019, registering a CAGR of 5.2%. In contrast, the rest of the world's markets (European and American predominantly) have shrunk from 192 Mt to 186 Mt between 2010 to 2019.

This growth in Asian thermal coal demand has been driven primarily by significant increases in coal-fired electricity generation capacity, as coal is a less expensive source of energy than other fuels such as oil and gas in most geographic regions globally, but particularly in Asia.

Per capita, electricity consumption across the Asian region is relatively low with emerging economies lagging in comparison to consumption levels in global developed economies. Per capita consumption of electricity in India is just 8% of the per capita consumption of electricity in Australia. Other Southeast Asian (SEA) economies have similar per capita electricity consumption, offering significant potential for upside growth.

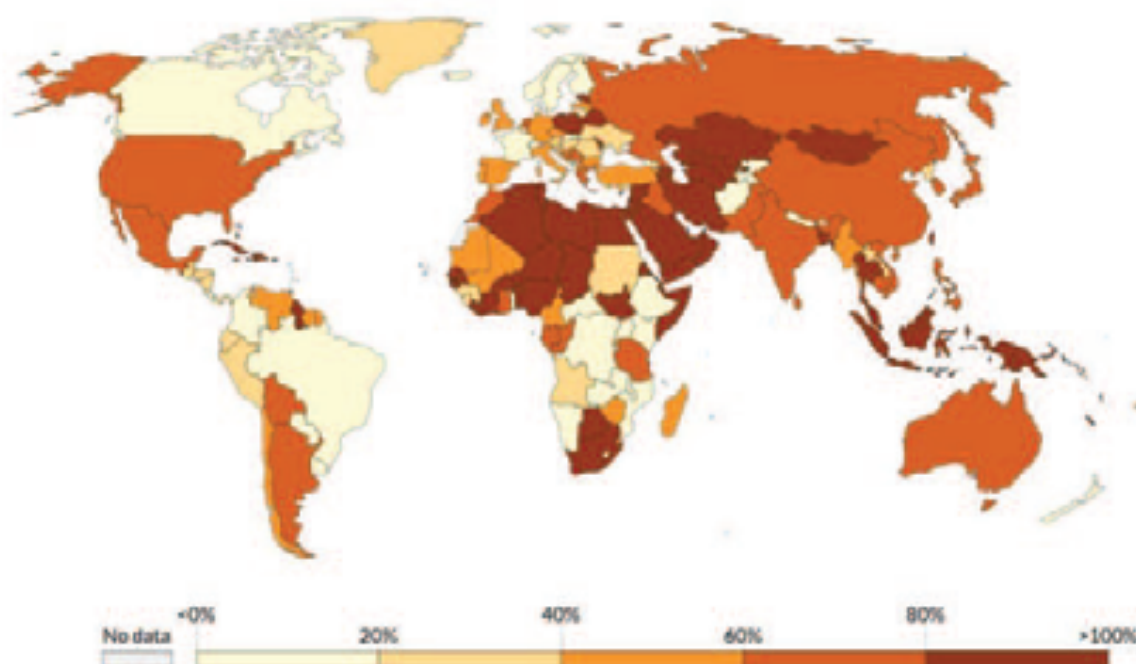
Electrical Consumption per capita (MWh/Capita)



Source: IEA

Coal is the cheapest source of energy and will continue to fuel the growth of Asian economies regardless of the recent focus on renewables/green energy. A recent study (2019) by the International Energy Agency (IEA) reported that electricity is increasing its share in total energy consumption (as compared to oil and gas) and coal is increasing its share in electricity generation in South East Asia (SEA).

Share of Electricity Production from Fossil Fuel



Source: BP Statistical Review of World Energy, 2020

The following sections discuss the thermal coal outlook for key demand centres.

Asian Seaborne Coal Demand

The fundamentals for thermal coal demand in Asia are expected to remain robust, mainly driven by population growth, increasing industrialisation and urbanisation in emerging Asian economies.

Forecasts up to 2025 are based on coal-fired capacity additions in each country, and beyond that on electricity demand forecasts and coal's estimated share of the generation mix, which are sourced from official government policy targets.

The next phase of Asian economic growth in electricity demand is expected to come from Southeast Asian economies (Thailand, Philippines, Malaysia and Vietnam), which is expected to drive the Asian seaborne coal demand from 833 Mt in 2019 to 1,060 Mt in 2030. This forecast demand will not only compensate for the forecast drops in coal imports in Japan and South Korea but is forecast to also drive Asian thermal coal demand, resulting in a forecast CAGR of 2.45% per annum.

	2019a	2020e	2022e	2025f	2030f	Growth
China	218	210	230	250	250	32
India	169	160	175	200	243	74
Japan	137	132	126	119	108	-29
South Korea.....	111	103	105	100	90	-21
Taiwan	59	56	58	61	56	-3
Southeast Asia*	114	127	146	180	231	117
Others**	25	24	35	56	82	57
Total — Asia***	833	812	875	966	1060	227

* Southeast Asia includes Thailand, Philippines, Malaysia and Vietnam

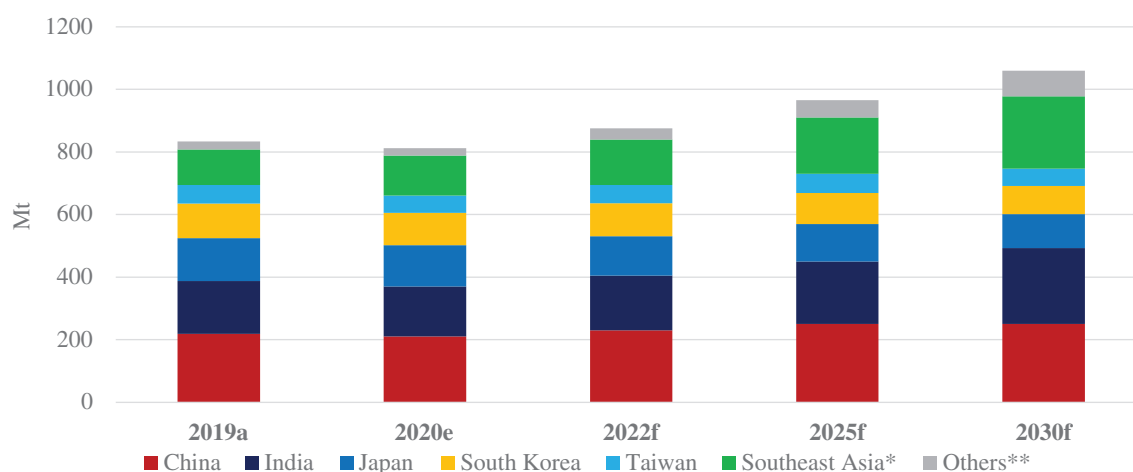
** Others includes Pakistan, Bangladesh and MENA

** Seaborne demand only, excludes land imports and domestically supplied coal

Source: Salva

Importantly, demand growth in India and SEA and other regions are forecast to increase by more than 50 Mt, illustrating the breadth of market demand growth for imported thermal coal — which is not reliant on growth from China. The distribution of growth for 2019-30 by country is charted below.

Asian Thermal Coal Import Outlook



* Southeast Asia includes Thailand, Philippines, Malaysia and Vietnam

** Others includes Pakistan, Bangladesh and MENA

Source: Salva

China

China was the world's largest importer of thermal coal in 2020, rising from 115 Mt in 2010 to 210 Mt in 2020(e). China's imports are relatively volatile due to imports being a small proportion of overall consumption (5%). However, when domestic production is unable to keep pace with demand, the market quickly switches to coal imports. Chinese thermal coal imports are dominated by Indonesia, which accounts for 55-60%, while Australia 'typically' accounts for 25-30%.

Thermal coal exports to China from Australia have practically completely stopped amid escalating trade tensions and a Chinese ban on Australian coal. China has supplemented its domestic coal production with higher-cost coal from alternative origins such as Russia, Mongolia, Indonesia, and South Africa. In addition, late in 2020, China lifted its total import quota in response to strong domestic demand and extremely cold winter. China's restrictions have altered seaborne coal trade flows where, instead of being delivered to China, Australian coal is now finding customers in alternate destinations including India, Pakistan, and the Middle East, and traded coal historically delivered into these markets is finding its way into China.

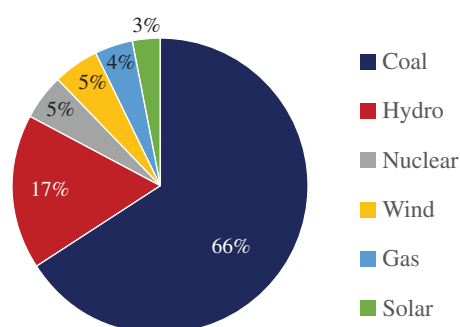
China — Thermal Coal Demand

The total demand for thermal coal in China stands at 3.4 billion tonnes (Bt) per annum during 2020 (e), which was served mostly by domestic production of 3.2 Bt. Almost 2.2 Bt of thermal coal is consumed within the same province where it is produced. The remaining coal is sourced from the domestic inter-province supply (approximately 1 Bt) and seaborne imports (210 Mt in 2020(e)).

While China has recently made efforts to diversify its fuel mix (with an increasing focus on renewables), it still relies heavily on coal for electricity generation. Thermal coal has the largest share in electricity generation, accounting for 66% of electricity generation in 2020, while hydropower generation was the next largest contributor at 17%. China is also investing heavily in renewables, including solar capacity, but the renewable capacity growth is slower than before.

It is expected over time that China's reliance on coal will ease, with the Chinese government making massive investments in renewable generation capacity. The National Energy Administration (NEA) announced plans to spend more than US\$360 billion on renewable energy sources. Non-fossil fuel energy consumption increased from 12% in 2015 to 15.3% in 2019. According to NEA, renewable energy installation capacity, including nuclear, hydro, wind, and solar, now accounts for more than 40% of the country's total installed power capacity. The NEA also noted that installed renewable capacity (which the NEA classifies as wind, hydro, solar, and nuclear) would contribute about half of the new electricity generation by the end of the next Renewable Energy Development Five-Year Plan.

China — Electricity Generation by Source (2020)



Source: Salva

While China is increasing the portion of the renewables in its fuel mix, China is still targeting a small capacity of 350 GW of additional coal-fired capacity by 2025. This translates to approximately 20 Mt of incremental tonnes of coal even if one-third of new coal-fired projects are cancelled and each remaining power project operates on only a 50% load (utilization) factor. Most of these additional coals required will be sourced from the seaborne thermal coal market.

China's President Xi Jinping stunned climate action observers in a speech at the United Nations general assembly in November 2020 with a pledge to reach "peak carbon" before 2030, and drive down emissions to virtually zero by 2060. No new coal capacity is anticipated after 2025.

China — Domestic Coal Production

The world's biggest coal miner and consumer-produced 3.8 Bt of coal (3.2 Bt Thermal) in 2020, according to the data from the National Bureau of Statistics.

China's coal output dropped after reaching a peak of 4.0 Bt in 2013, as Beijing axed excessive mining capacity and promoted clean energy consumption. But production was rising in 2020 amid surging industrial demand and an unofficial restriction on coal imports aimed at shoring up the domestic mining industry.

The Chinese government announced a series of policy changes in late 2014 to rebalance both the domestic and seaborne coal markets. This resulted in a decline in domestic coal production over the 2014 to 2016 period. Furthermore, the Chinese government announced in December 2016 a five-year target to cut 800 Mt of coal-producing capacity by 2020 (mostly small unprofitable mines). This came after China had cut almost 600 Mt of coal production capacity by closing 7,000 mines between 2011 and 2016.

The Chinese government's 2016-2020 plans for new mine developments in Inner Mongolia, Western and Central China, while closing smaller inefficient mines in Eastern and Central China. These newer mines are at considerable distances to eastern parts of China, which will support coal imports to the eastern provinces as it is cheaper to import coal based on landed cost as compared to the landed cost of domestic coal railed to these provinces.

China — Thermal Coal Import Outlook

China has half of the world's installed coal-fired power capacity. Despite robust construction of new hydro, wind, solar and nuclear plants in recent years and slower electricity demand growth, China continues to build coal-fired power plants. Nevertheless, in 2018 China commissioned 31 GW of new coal-fired power capacity, and another 30 GW came online in 2019. In the first eight months of 2020, 21 GW were commissioned, and over 100 GW are currently at various stages of development. At first glance, some of these numbers — particularly the approvals in 2020 — appear to profoundly contradict the broader direction of China's energy policy, which targets lower air pollution, CO₂ emissions reductions, and diversification away from coal and towards carbon neutrality before 2060.

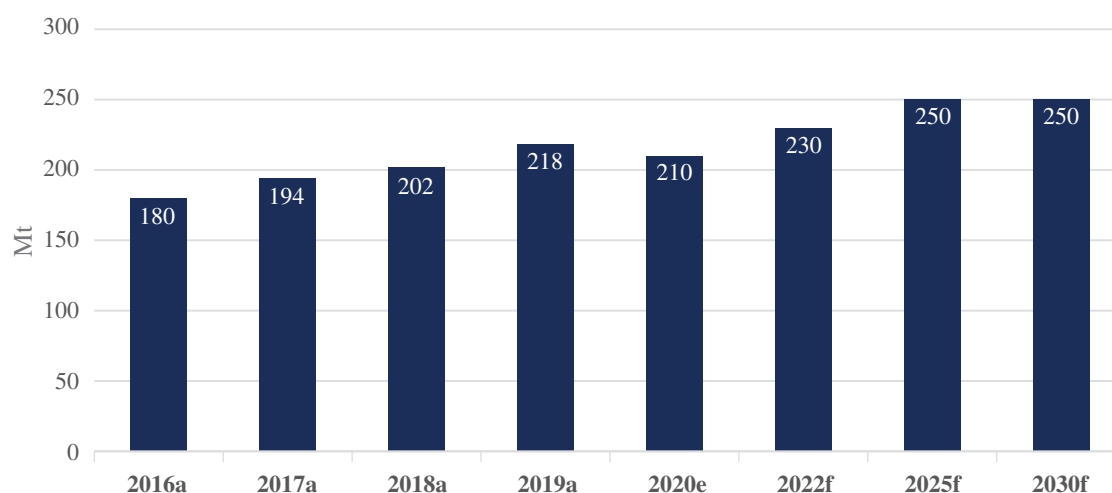
Chinese domestic production and demand dynamics and Chinese government policies primarily drive the regional coal market volatility. The volume of coal imports is relatively small as compared to very large domestic coal production. Despite factors including the push by the Chinese government towards renewables, China is expected to remain a sizable importer in the thermal coal market due to the following reasons:

- Most of the domestic coal resources in China's major mining provinces have been depleted or are uneconomical to mine. China's Shanxi province, the country's top coal producer, plans to cap output at 1 Bt by end of 2020.

- Only a few provinces or autonomous states account for most of the new plants. Mine-mouth plants are increasingly being selected. Ultra-supercritical (USC) is the default technology design that required higher quality cleaner imported coals.
- Stricter environmental norms have been imposed on the mining companies, mainly concerning air quality.

Moving forward, in the short to medium term, the demand for imported coal is expected to marginally increase despite the domestic production remaining relatively flat, mainly driven by China's focus on reducing air pollution, focusing on renewables and replacing aging coal-fired with more efficient plants. This trend is expected to stabilise in the long run to a more sustainable level of 250 Mt by 2025.

China — Thermal Coal Import Outlook



Source: Salva

India

With a population of 1.4 billion and one of the world's fastest-growing major economies, India will be vital for the future of the global energy markets. India has rapidly emerged as one of the world's largest importers of thermal coal, growing from 56 Mt in 2009 to 169 Mt in 2019, but subsequently dropping to 160 Mt in 2020 (Est.). The growth in Indian coal imports has been driven by a combination of strong economic growth, rapid growth in coal-fired generation, and the inability of domestic coal production to keep pace with demand.

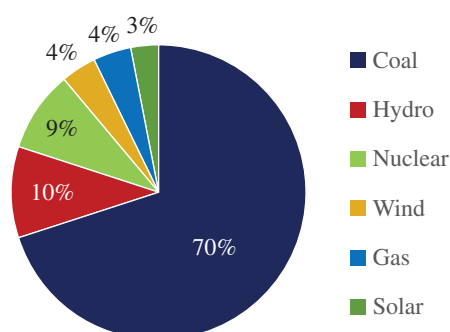
India imports the majority of its thermal coal from Indonesia (approximately 62%), followed by South Africa (approximately 20%). Indian domestic coal contains high ash (up to 35%) and low moisture, while Indonesian coal contains low ash and high moisture, which makes Indonesian coal a better blend for consumption at Indian power plants.

Historically, imports declined for a couple of years, beginning 2013-14, due to government efforts to boost production combined with slowing industrial production growth. However, imports bounced back in the subsequent years as power demand rebounded. India now relies on imports for around a fifth of its thermal coal consumption. Despite the on-going government target of self-sufficiency, the power and industrial sectors have had to source thermal coal from the seaborne market, with domestic production and infrastructure capacity failing to keep pace with consumption.

India — Thermal Coal Demand

India's power sector is heavily reliant on coal for power generation, with coal accounting for around 70% of electricity generated at the end of 2020.

India — Electricity Generation by Source (2020)



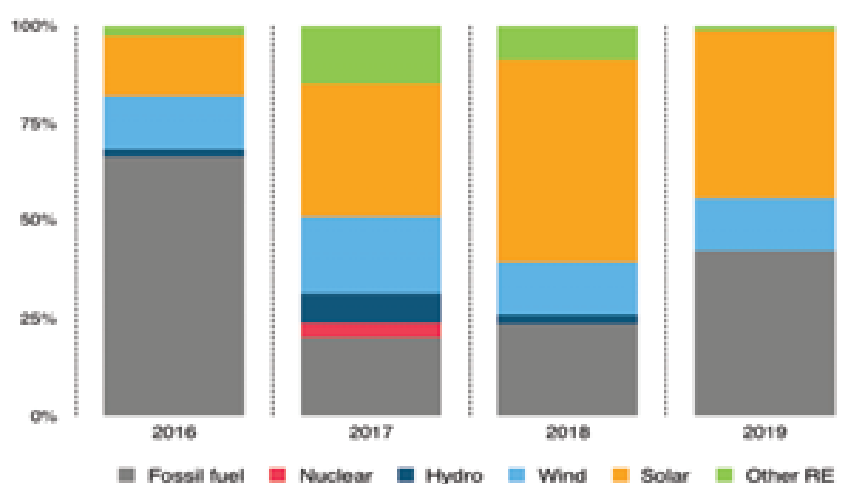
Source: Salva

The Indian power sector is undergoing a significant change mainly driven by increasing income levels and sustained economic growth, which continues to drive electricity demand. India is in the early stages of infrastructure development and industrialization, with large increases in power supply required to achieve its economic goals.

During the past few years, the Government of India has shifted its focus towards pushing renewable energy and set a target of sourcing 57% of its total energy requirement from renewables by 2027. This is considered an aspiration target. In actuality, India witnessed a sharp rise in new coal-based power generation capacity in 2019, with dirty power plants accounting for 44% of the total new power generation capacity. The share is a huge increase from just 21% in 2017 and 25% in 2018. India's power generation sector witnessed 7.8 gigawatts of new coal-fired generation capacity coming online in 2019.

Additional Power Capacity Installation (2016-2019)

Share of technologies in annual capacity addition in India



Source: Government of India

Moving forward, while power generation is expected to remain heavily reliant on coal, alternative power sources are being expanded, with generation through renewables expected to triple by 2030. However, this increase in renewable energy use is not likely to meet the ambitious targets of the Indian government, and this underpins the demand for coal-fired power, which is expected to maintain a market share of over 65% to 2030.

India — Domestic Coal Production

India is the second-largest producer of thermal coal in the world, behind China. Domestic production was 729 Mt during FY19-20 (a marginal increase of 0.5% over the previous year). Coal production of Coal India Limited (CIL) during 2019-20 was 602 Mt with a negative growth of 0.78%. All thermal coal produced in India is consumed domestically (with marginal export of high sulphur coal to Bangladesh), primarily in the power sector, followed by the cement and sponge iron industries.

One of the drivers of India's rapid thermal coal import growth from 2011 onwards has been the inability of domestic coal production to keep pace with demand. While since 2015, a surge in domestic coal production driven by improvements in inland transport infrastructure (more availability of train rake) has reduced the surging growth of dependency on imported seaborne coal.

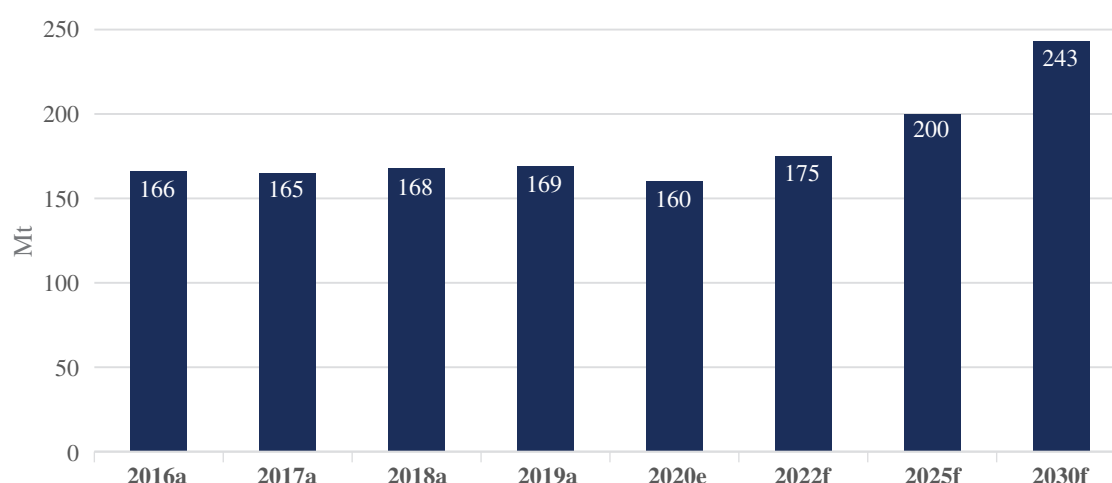
Indian production has grown strongly since 2012, increasing by an average annual growth rate of 5.1% to 2020. Salva Mining's expectation is that in the short-term, Indian domestic thermal coal production will continue to grow solidly, reaching 980 Mt by 2025. Beyond 2025, we have forecasted average annual growth of 5.0% to 2030, resulting in domestic thermal coal production reaching 1,251 Mt by 2030.

India — Thermal Coal Import Outlook

The outlook for thermal coal import demand in India is improving due to strong demand growth and the inability of domestic supply to keep pace with demand.

As approximately 40% of coal-fired generation capacity is built on the coast, based on imported thermal coal specifications (higher energy coal), there may always be demand for imported thermal coal. India's thermal coal consumption is likely to continue to increase in the next decade, and possibly beyond, to meet India's increasing energy requirements. Hence, the pace of India's coal production growth will be the key driver of its future thermal coal imports. Note that, as with China, the link between electricity generation capacity addition in India and thermal coal imports is not a direct relationship due to the impact of domestic coal production performance and government policy.

India — Thermal Coal Import Outlook (Mt)



Source: Salva

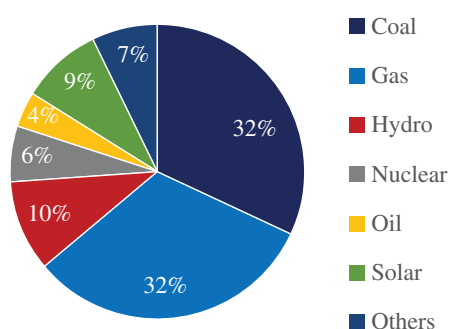
Japan

During 2019, Japan consumed 137 Mt of thermal coal primarily for power generation. This was 4.8% less than the record consumption of 144 Mt in 2015. Japan imports all its requirements for thermal coal as there is no domestic production of coal in Japan. At present, Japan is the 3rd largest importer of thermal coal after being overtaken by China in 2011 and India in 2012. Japan remains a large and vital import market and has for many years set the annual (and quarterly) benchmark prices for seaborne thermal coal with Australian producers. For environmental and efficiency reasons, Japan tends to import higher energy coals with low ash and sulphur.

Japan — Thermal Coal Demand

Historically, Japan has developed a balanced portfolio of fuel sources for power generation. In 2011, the Fukushima nuclear reactor disaster resulted in the closure of all 48 of Japan's nuclear units, which had accounted for around a quarter of power generation in 2010. By 2013, the share of nuclear fell to 2% of total Japanese power generation. This led to both gas and coal-fired generation being pushed up strongly to the point where coal imports (consumption) rose from 120 Mt in 2011 to 144 Mt in 2015. Subsequently, since 2015, the restart of nuclear plants has pushed up the share of nuclear power to the level of 6% during 2020.

Japan — Electricity Generation by Source (2020)



Source: Salva

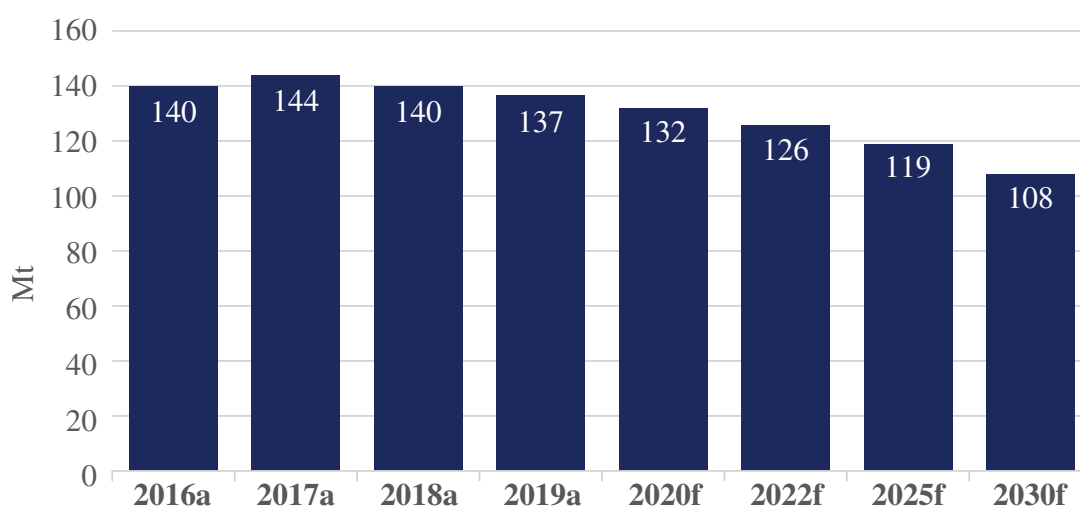
Since 2011 renewable energy (RE) has been on the front of the stage as Japan's low carbon electricity. In 2015, the Japanese government set a new energy policy that includes an energy supply and demand target projection to 2030. The power generation national targets set for 2030 are 22% from nuclear, 26% from coal, 27% from liquid natural gas (LNG), 3% from oil, and 22% from renewables. During the 2010-2019 period, the share of RE nearly doubled from 10% to 19%, largely thanks to the opening up of the electricity market and the introduction of a feed-in tariff scheme in 2012.

Restarting the existing nuclear reactors has taken longer than anticipated, with a focus on RE. In recent years, as it has become more apparent that returning Japan's full nuclear fleet to operation will be extremely difficult due to political, environmental, and public opposition.

Japan — Thermal Coal Import Outlook

Coal imports in Japan have increased from 2011 onwards mainly due to the closure of nuclear power plants. Peak demand for thermal coal imports was in 2017 at 144 Mt. Finally, it has been reported that Japan's freshly elected new Prime Minister Yoshihide Suga aims at increasing the country's 2030 RE target, maybe to at least 30%. Despite increases in available coal-fired generation capacity, coal imports are expected to decrease from 132 Mt in 2020 to 108 Mt per annum in 2030 due to increases in RE and the reduction of high utilisation in coal power plants.

Japan — Thermal Coal Imports Outlook



Source: Salva

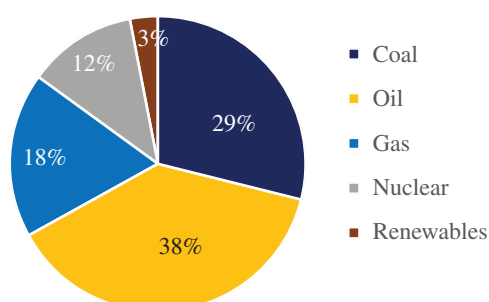
South Korea

In 2019, South Korea consumed 111 Mt of thermal coal primarily for power generation. All this thermal coal was imported, making Korea the 4th largest importer of thermal coal globally in 2019. Australia is the largest supplier of thermal coal to South Korea (40%), followed by Indonesia (35%) and Russia (20%).

South Korea — Thermal Coal Demand

South Korea's power sector uses a range of fuels, primarily for energy security. Oil accounts for the largest proportion of electricity generation at 38%, followed by coal at 29% and gas at 18%.

South Korea — Electricity Generation by Source (2020)



Source: Salva

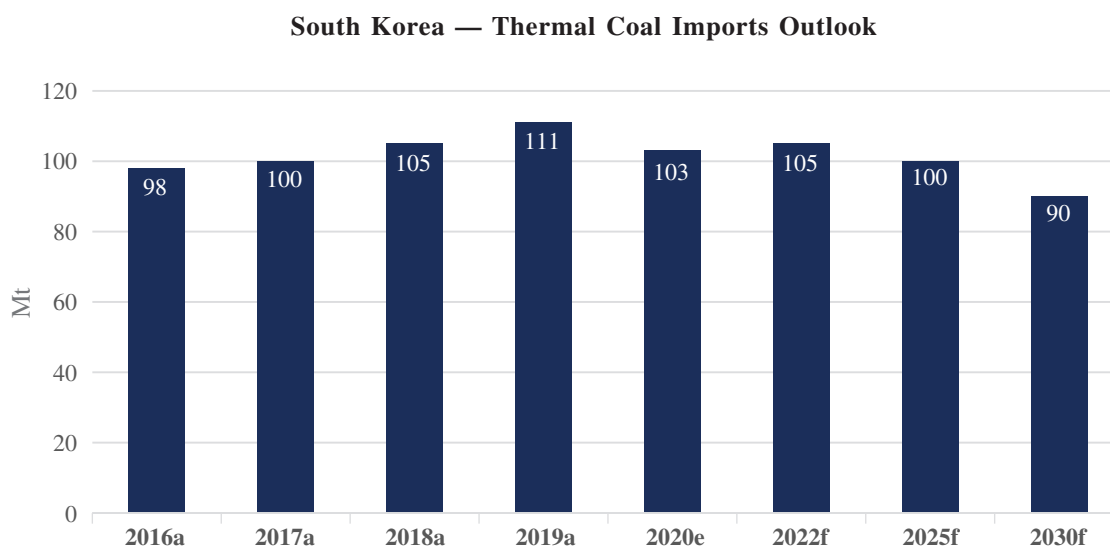
As of December 2020, South Korea runs a total of 60 coal-fired power plants. Most coal-fired power plants operate as base-load generators, along with nuclear reactors, to minimise power production costs.

At the end of November 2020, the South Korea energy ministry announced that it would close down up to 16 coal-fired power plants for three months from December to help reduce air pollution during the winter period and provided a potential boost for LNG demand and imports.

The President of Korea, Mr Moon Jae-in, laid out Korea's current policy to discourage the use of coal and nuclear in favour of natural gas and renewables. The measure to idle coal-fired power plants is in line with President Moon Jae-in's drive to reduce coal consumption to reduce greenhouse gas and fine dust emissions. In October 2020, President declared that the country will achieve carbon neutrality by 2050 by replacing coal-fired power generation with renewable sources and internal combustion engine vehicles with hydrogen-powered and battery-based electric vehicles. As part of efforts to achieve a "carbon-neutrality" by 2050, South Korea will spend US\$66.4 billion over the next five years, focusing on expanding the country's power generation capacity of solar panels and wind turbines to 26.3 GW in 2020 and 42.7 GW in 2025, up from 12.7 GW last year.

South Korea — Thermal Coal Import Outlook

In the short to medium term (2020 — 2025), the transition from coal-based power to more expensive natural gas and renewables will result in rapid hikes in electricity tariffs. Because of that thermal coal is expected to support the baseload of the highly energy-intensive South Korean market and is expected to remain steady at a level of 100 Mt to 105 Mt. However, over the long term, demand for coal will decline with an increased focus on carbon-neutrality.



Source: Salva

Taiwan

In 2020, Taiwan consumed 56 Mt of thermal coal, down 4% y-o-y since 2018. All this thermal coal was imported, making Taiwan the 5th largest importer of thermal coal globally in 2020.

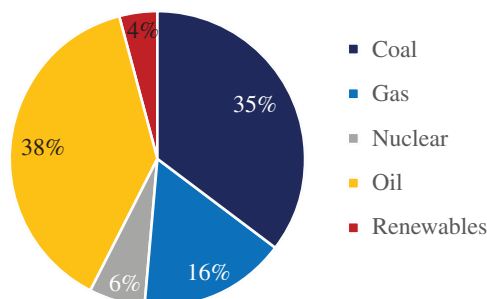
The drop in coal consumption and import volumes was mainly due to Taiwan's increasing preference to buy higher energy coal, which is reflected by a growth in coal imports from Australia at the expense of reduced coal volumes from Indonesia and Russia.

The China trade war is creating even more demand for electricity despite high per capital consumption as industries shift to Taiwan from China. The Taiwanese government plans to eliminate nuclear power and has set a renewable energy target of 20% by 2025 (currently 4%).

Taiwan — Thermal Coal Demand

During 2019, gross power generation reached 274 GWh, growing by a CAGR of 1.5% from 2015. Oil accounts for 38% of electricity generation, followed by coal (35%), natural gas (16%) and nuclear power (6%).

Taiwan — Electricity Generation by Source (2020)



Source: Salva

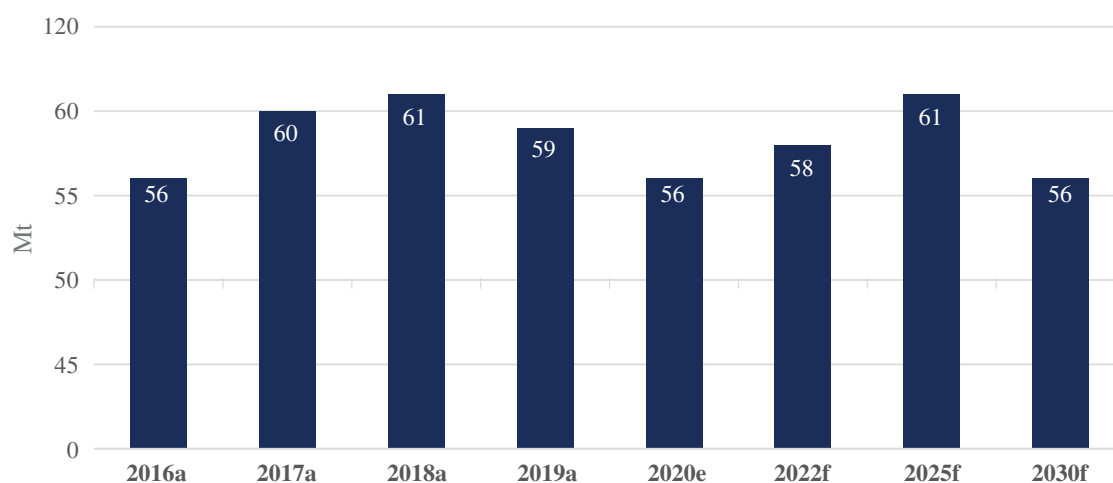
In response to climate change, the Taiwanese Government has set a renewable energy target of 20% by 2025 (currently 4%), with an expected total renewable power generation capacity of 27 gigawatt (GW) — an ambitious growth from the 5 GW currently. It has also set clear goals to eliminate nuclear power by 2025.

The market expectation and favourable policy environment fueled the renewable energy sector. Emphasis has been laid on offshore wind and solar, the two fast-booming renewable sectors. However, the 20% renewable energy target faces other headwinds. Localities and environmentalists are pushing back on an array of projects, and the U.S.-China trade war is creating even more demand for electricity as factories bolt back to Taiwan from China.

Taiwan — Thermal Coal Import Outlook

Taiwan has no domestic thermal coal production, and therefore its entire requirement is imported. Although coal is expected to continue to be the dominant source for power generation in Taiwan, seaborne coal imports are forecasted to decrease from 59 Mt in 2019 to 56 Mt in 2030 as per capital demand for electricity increases but which is offset by higher renewable energy usage.

Taiwan — Thermal Coal Imports Outlook



Source: Salva

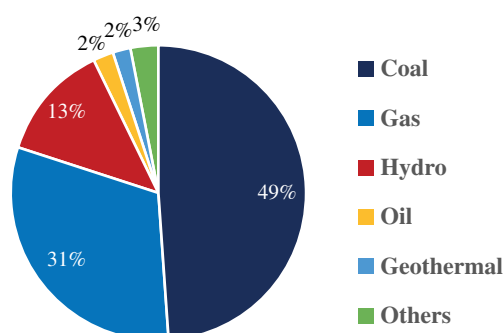
Southeast Asia

In this report, Southeast Asia (SEA) refers to the combination of Thailand, the Philippines, Malaysia, and Vietnam. Thermal coal imports for SEA were 114 Mt during 2019 and growing at a CAGR of 11.6% during the past 3 years. A feature of this region is the low electricity consumption per capita. As such, there are significant growth prospects in this region for electricity consumption.

Southeast Asia — Thermal Coal Demand

Until 2014, gas was the predominant fuel for electricity generation across SEA, accounting for more than half of power generation. However, the majority of coal-fired plants have come online in the past three years, particularly in Malaysia and Vietnam. Coal has increased its share from 25% in 2014 to 49% in 2019, at the expense of oil and gas-fired electricity generation.

Southeast Asia — Electricity generation by Source (2019)



Source: Salva

Of the four countries in SEA, significant coal production exists only in Vietnam (with some minor quantities in Thailand too). Vietnam production of 39 Mt of coal in 2020 remains constant due to difficult geology and low margins.

Coal is the preferred fuel source because it is the cheapest source of power. Some of the recent developments in Southeast Asia are summarised below:

In Vietnam, coal demand is expected to remain robust. Vietnam will add 19 GW over the next decade if all plants currently planned come online as scheduled. Capacity has risen by 6 GW in the past five years and by 17 GW over the past decade. As domestic coal production is constrained by geology and rising costs, Vietnam is expected to turn increasingly to the international market to meet its demand for coal. Coal imports are expected to reach 68 Mt by 2025 and 100 in 2030 at a CARG of 8.3% from 45 Mt in 2020. As per the Vietnamese government power roadmap, coal is anticipated to contribute more than half of the total power generated by 2030, followed by hydropower and natural gas.

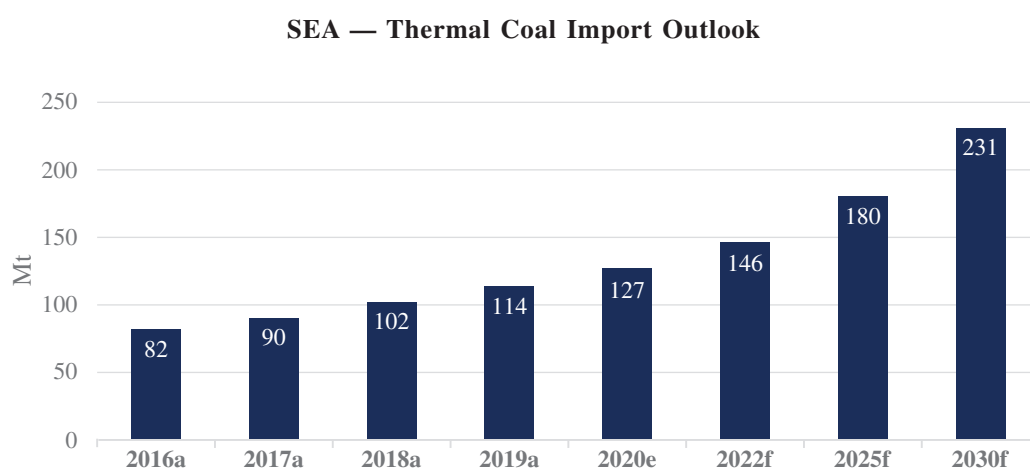
In Malaysia, the power sector has historically relied on cheap regulated gas to fuel growth in demand. However, without price subsidies, coal is expected to be the most economical option from 2020 to 2030 to meet rising electricity demand and maintain reasonable tariffs as Malaysia's gas reserves deplete. Coal consumption has been boosted by new 600 MW coal-fired power plants commissioned during the 2016-2018 period. Construction of the 2000 MW Jimah East project was also completed by December 2019. Malaysia's seaborne thermal coal demand is expected to grow by 2.0% CAGR from 35 Mt in 2020 to 43 Mt in 2030.

In Thailand, Thermal coal demand Thailand is expected to increase marginally as more coal-fired power generation capacity is required to meet rising power demand in its central and southern regions. However, the Electricity Generating Authority Thailand (EGAT) has turned its back on coal-fired power plants for now after years of fruitless attempts to build them in southern Thailand. The proposed Krabi and Tepa coal-fired plant came up against strong opposition from environmental groups and non-governmental organisations because it could cause harm to the ecosystem, specifically fisheries, as well as the tourism industry. As a result, seaborne demand is expected to increase only marginally from 23 Mt in 2020 to 27 Mt in 2030 at a CAGR of 1.5%.

Coal accounts for nearly half of the Philippines' energy mix and is expected to increase to 53% by 2030 when the 22 proposed plants that have already been approved come online (in addition to 28 already operating). However, in December 2020, the Philippines' energy department says it will issue a moratorium on new coal-fired power plants but will allow projects that have already been approved to be built. Coal will be critical to meeting its future power requirements, and 4.0 GW of coal-fired power plants are expected to come online in the Philippines by 2025. Coal imports are predominantly from Indonesia. Seaborne thermal coal demand in the Philippines is expected to grow by 8.1% CAGR from 28 Mt in 2020 to 61 Mt in 2030.

Southeast Asia — Coal Import Outlook

Thermal coal imports to SEA nations are expected to increase at a rapid pace, with imports expected to reach 180 Mt in 2025 and 231 Mt in 2030.



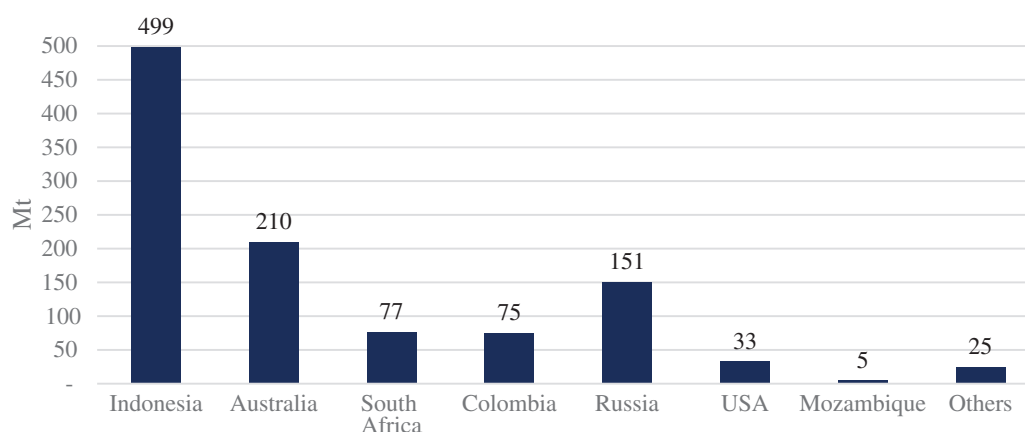
Source: Salva

Global Seaborne Thermal Coal Supply

Indonesia and Australia remained the world's largest exporters of seaborne thermal coal in 2019, with 44% and 20% of exports on a tonnage basis, respectively. South Africa and Colombia are the next two largest seaborne thermal coal suppliers with a market share of 7% each.

Although the Russian Federation's thermal exports stood at 151 Mt in 2019, more than 80% of the Russian coal exports are not seaborne, such as coal exports by land transport to the European Union (EU), Commonwealth of Independent States (CIS), and China. The majority of Russian seaborne exports are restricted to Japan and South Korea.

Seaborne Thermal Coal Exporters, 2019



Source: Salva

Seaborne Thermal Coal Supply to Asian Market

The major suppliers of thermal coal in the Asian market are Indonesia and Australia, which are also the largest two exporters of thermal coal globally. Other seaborne exporters into the Asian region include South Africa, Russia, the USA, and Colombia. These exporters are located geographically further away from Asian users than Indonesia and Australia exporters, and therefore face higher freight costs, which make them marginal swing suppliers into Asia. As a result, any increase in Indonesian or Australian thermal coal exports typically displaces supply from the USA and Russia.

Indonesia and Australia are forecast to continue to supply over 80% of seaborne thermal coal supply to Asia through 2025. South Africa will continue to be the preferred supplier for high-energy coal for power plants based on the west coast of India.

The following table shows the major seaborne exporters of thermal coal (Mt) to Asian markets.

	2019a	2020e	2022f	2025f	2030f	Growth
Indonesia	449	400	425	450	480	31
Australia	210	193	215	224	235	25
South Africa	77	75	78	75	79	2
Colombia	75	52	65	65	65	-10
Russia*	151	149	155	162	168	17
USA	33	21	19	19	18	-15
Mozambique	5	3	4	5	5	0

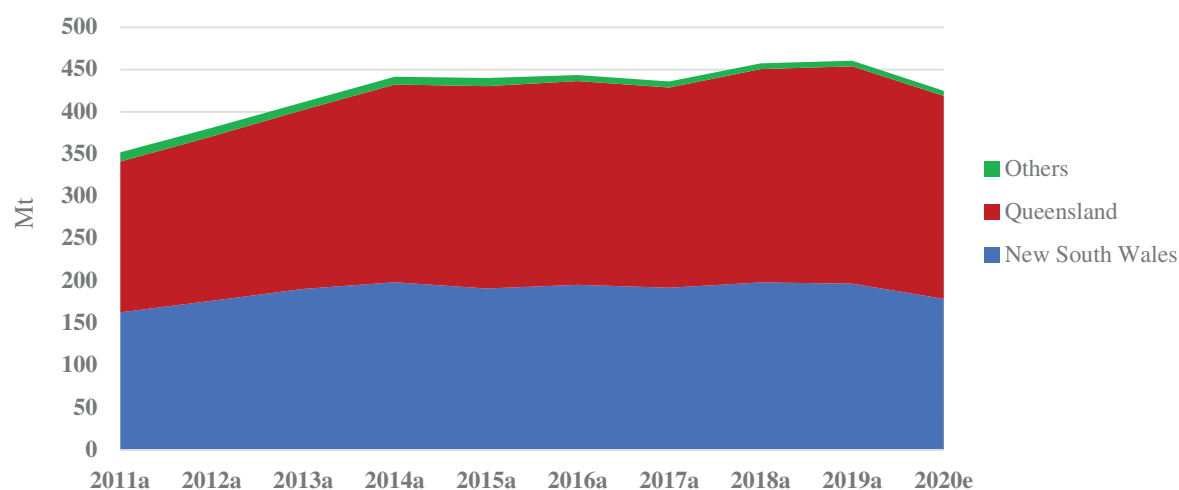
* includes land exports

Source: Salva

Thermal Coal Supply — Australia

Australia produced approximately 425 Mt of coal in 2020(e) after production of 460 Mt in 2019. The long-term growth in coal production in Australia has been strong, growing by a CAGR of 2.7% between 2012 and 2019. Almost the entire production was sourced from New South Wales and Queensland.

Australian Coal Production (Mt)

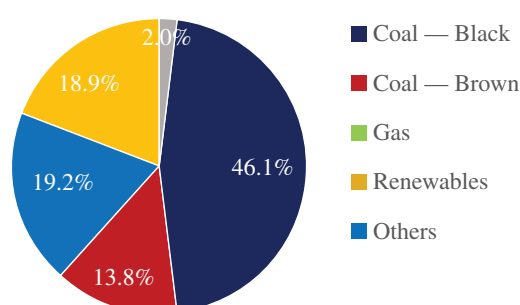


Source: Salva

Australia — Domestic Thermal Coal Demand

Coal accounts for the major proportion of electricity generation, providing 60% of output (46% black coal, 14% lignite), followed by natural gas and renewables.

Australia — Electricity Generation by Source (2019)



Source: Energy.gov.au

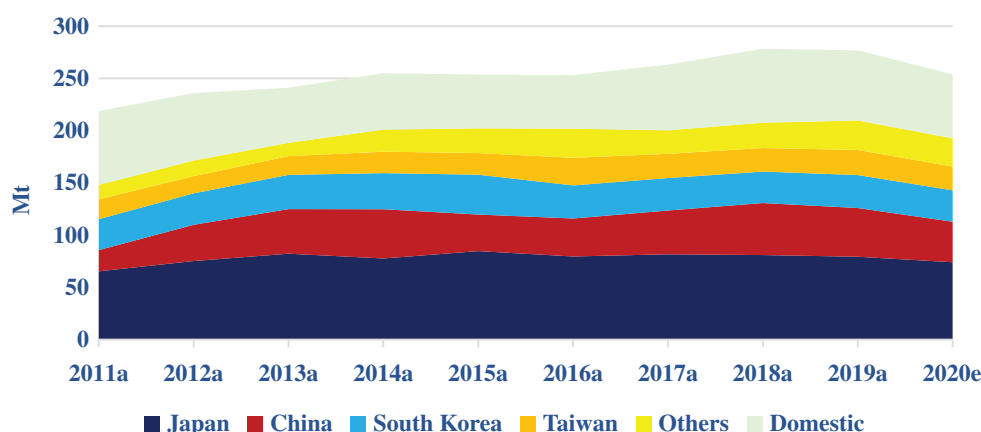
In 2019, Australia consumed 62 Mt of thermal coal comprised of both bituminous and lignite coal, out of which around 55 Mt of coal was used in power generation while the rest is used in cement and other industries.

During 2019, the total electricity generation was 265 terawatt-hours (TWh), which increased by a CAGR of 1% during the past three years) in Australia. Moving forward to 2020, the domestic consumption of coal is expected to decline as coal-fired plants need to be replaced by more efficient plants or renewable energy.

Australia — Thermal Coal Export Outlook

Australia is the world's second-largest exporter of seaborne thermal coal, shipping over 192 Mt in 2020(e), after a record export of 210 Mt in 2019. The exports in 2020 were impacted by lower demand due to the COVID pandemic and import ban on Australian coal in China. The long-term growth in thermal coal exports from Australia has been strong, growing by a CAGR of 2.9% between 2012 and 2019. The entire thermal coal for export was sourced from New South Wales and Queensland.

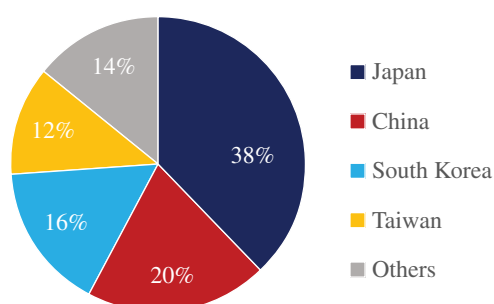
Australian Thermal Coal Production and Exports (Mt)



Source: Salva

A large portion of Australia's thermal coal exports is sold on a contractual basis. Japan is the largest importer of Australian thermal coal, importing almost 74 Mt of coal. China ranks second with imports at 38 Mt, closely followed by South Korea (30 Mt) and Taiwan (22 Mt), while Malaysia and India are other importers. In terms of coal quality, Australia produces high-quality thermal coal products with typical calorific value for export coal ranges from 5,500-6,500 kcal/kg.

Australian Coal Exports by Country (2020e)



Source: Salva

Australia — Coal Production Outlook

The extent of competitiveness of Australian thermal coal in the seaborne market is evidenced by the growth over the past 8 years. While the global seaborne market has grown by an approximately 1% CAGR between 2012-2019, Australian thermal coal exports have grown by a CAGR of 2.9% between the same period.

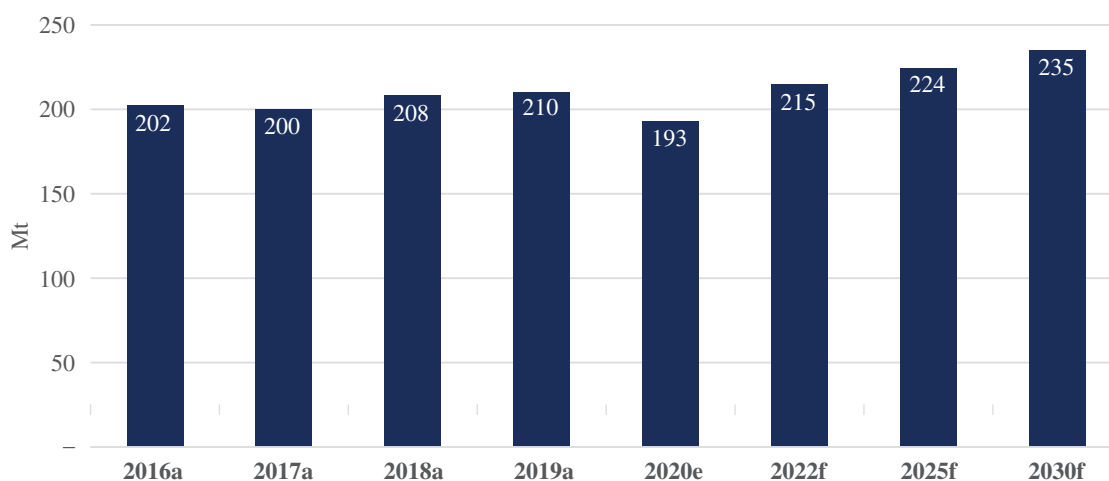
The stable and continuous demand for Australian thermal exports is driven by several factors, including:

- Coal quality and power plant design dependency.
- End-user mine equity.
- Take or pay contracts.
- Industry infrastructure ownership/control.
- Key off-take market stability.

Coal from Australia is typical of higher quality than that from the competing regions of Indonesia and South Africa — higher energy and lower impurities (ash/trace elements) with the advancement of high-efficiency, low emissions coal-fired power generation technology (commonly referred to as HELE technology), and environmental constraints in end-user markets. Consistent supply, quality, and proximity of Australia to end-users and therefore delivered cost competitiveness is also critical. Key end-users and foreign entities also maintain equity participation in various Australian mines and infrastructure, further cementing their aligned interest in production and export consistency.

Australian thermal coals have reliable markets and high dependency from the key Asian demand regions of Japan, Korea and Taiwan for high-quality coals. Moving forward, slower than anticipated incremental demand from traditional markets of Japan, South Korea, and Taiwan is likely to be offset by higher demand from SEA, India, and China. Under this scenario, thermal coal exports from Australia are expected to grow by a CAGR of 1% to reach a level of 235 Mt by 2030.

Thermal Coal Export Outlook — Australia



Source: Salva

Thermal Coal Supply — Indonesia

Indonesia is the world's largest exporter of seaborne thermal coal, shipping over 449 Mt in 2019, which accounts for approximately 44% of the total global market, almost double the next largest supplier, Australia (20%). Indonesian thermal coal production has significantly increased since 2000 to reach a peak of 449 Mt in 2019 before declining to an estimated 400 Mt in 2020 due to COVID pandemic.

The majority of thermal coal produced in Indonesia is exported to Asian markets, mainly to China, followed by India, South Korea, Japan, and SEA. Indonesia's strong coal sector growth can be attributed to three main factors:

- Growing international demand for lower energy cost-effective thermal coal for power generation;
- Proximity to high-growth markets in Asia, particularly India and China; and
- Competitive advantage due to lower capital and operating cost structures compared to international standards.

Resource and Reserves

The Indonesian Ministry of Energy and Mineral Resources (MEMR) estimated that as of December 2019, the country has Coal reserves of 37 Bt, of which 20 Bt are proven.

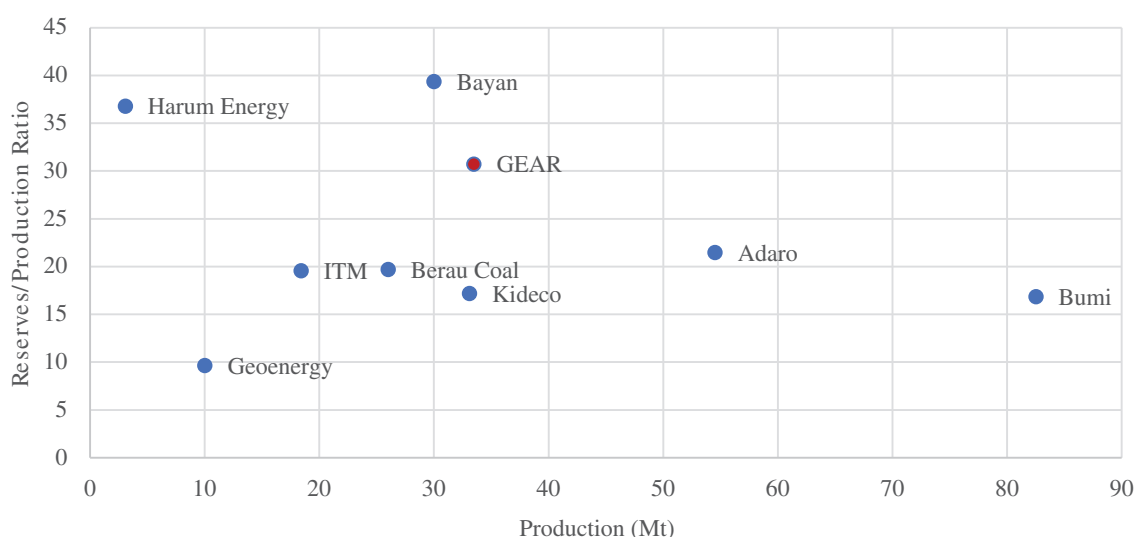
It is estimated that reserves for high calorific value (CV) coal is just 2.7 Bt, while total reserves for low CV coal stood at 14.4 Bn and mid-CV coal was 20.3 Bt.

The island of Kalimantan accounts for around 91% of Indonesian coal production. Around 8% of Indonesian coal is mined in Sumatra Island. The largest reserves are found in East Kalimantan, which accounted for approximately two-thirds of the country's coal output. The region possesses 45% of the country's total reserves, with the next largest contributor being South Sumatra, with 39% of total reserves. East Kalimantan, with its mining operations in Kutai and Tarakan, is the country's main coal-producing region. Together with Barito and Asam in South Kalimantan as well as production from mines in Central Kalimantan.

Coal Reserves to Support Production (Mine Life)

The Indonesian coal mining sector has become highly dependent on the export market with about 80% of coal exported. The top eight (8) producers account for over 72% of the Indonesian coal exports.

Indonesian Coal Exporters — Reserves/Production Ratio*



Source: Salva

* Based on last available annual reports/Salva Mining analysis

GEAR is amongst the top 5 companies in Indonesia in terms of coal reserves (for coal producers of >10 Mtpa) and GEAR is well placed compared to its peers in Indonesia for prolonged growth given its high reserves to production ratio (reserves being over 30 times 2020 annual production).

Coal Quality

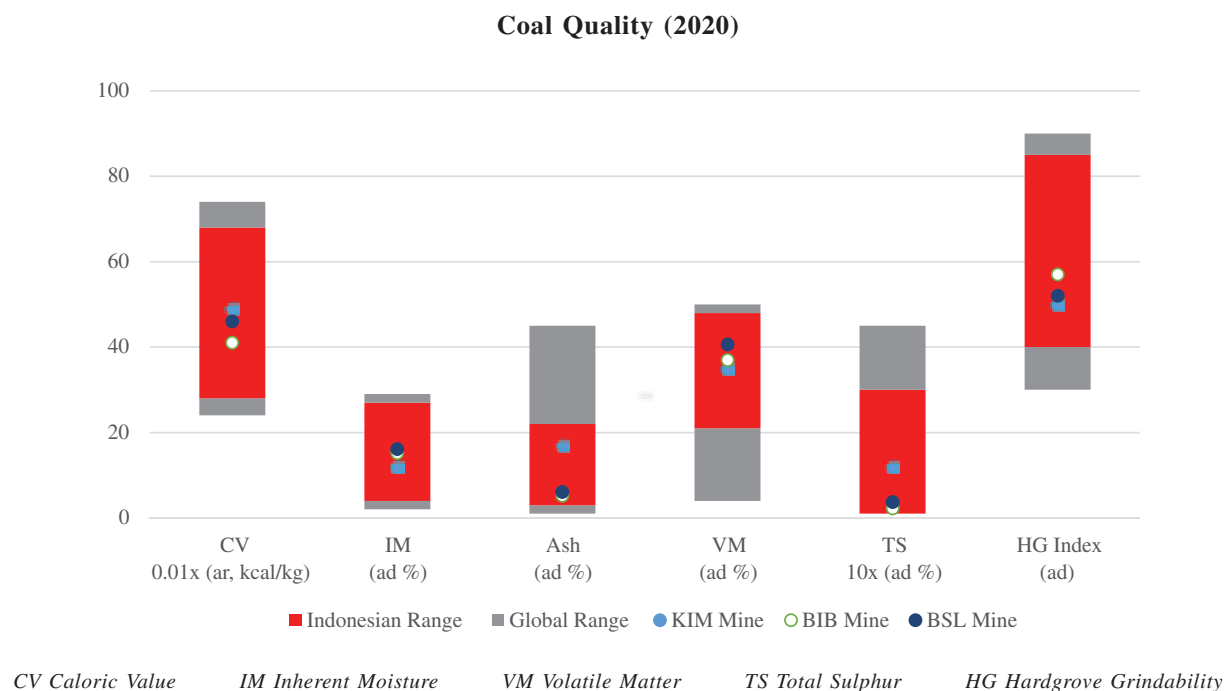
The Indonesian coal quality is commonly classified as lignite coal (<4,000 kcal/kg) to bituminous coal (>5,400 kcal/kg). The majority (64%) of coal reserves is sub-bituminous coal (caloric value of 4,000-5,400 kcal/kg), followed by lignite coal. Production includes a large quantity of sub-bituminous coal, as well as lignite coal with a calorific value under 4,000 kcal/kg. Coal is generally low ash (5-7%) and low sulphur (<1%) but with high moisture content (20-30%).

Notably, Adaro Energy, the second-largest Indonesian mining company in terms of production, produces a type of sub-bituminous coal marketed as economic coal (Ecocoal). Ecocoal coal has low impurities, in particular, low ash (5.5% air-dried) and low sulphur (0.3% air-dried). Ecocoal allows power stations to meet sulphur oxides (SOx) and nitrogen oxides (NOx) emission regulations without the need to install or to operate costly sulphur and nitrogen scrubber plants. Ecocoal is relatively softer, up to 50% less than other Indonesian low-rank coals. This contributes to improved milling performance, mill energy consumption, and combustion burnout. Over 70% of new coal-fired power plants in India, Korea and SEA are designed to accept coal blends of similar specifications.

Coal specifications at GEAR's BIB mine are comparable to Adaro's Ecocoal, albeit slightly lower energy content (4,100 kcal/kg vs. 4,200 kcal/kg). BIB coal is low-pollutant coal that contains ultra-low ash, NOx, and sulphur, and has a low-to-moderate heat value of approximately 4,100 kcal/kg (GAR), which is well suited as a blending coal source for over 70% of power plants in India, Korea, and SEA.

KIM coal is moderate ash and sulphur coal with a calorific value (CV) of approximately 4,900 kcal/kg (GAR) while BSL coal is low ash and sulphur coal with a CV of approximately 4,100 Kcal/kg (GAR). Due to the location in the centre of Sumatra Island, KIM, and BSL coals are more suited to domestic usage rather than exports due to export logistics constraints.

The following figure exhibits the selected indicators of BIB, KIM and BSL coal quality as compared to Indonesian and global thermal coals.



Source: Salva

Indonesia — Domestic Thermal Coal Demand

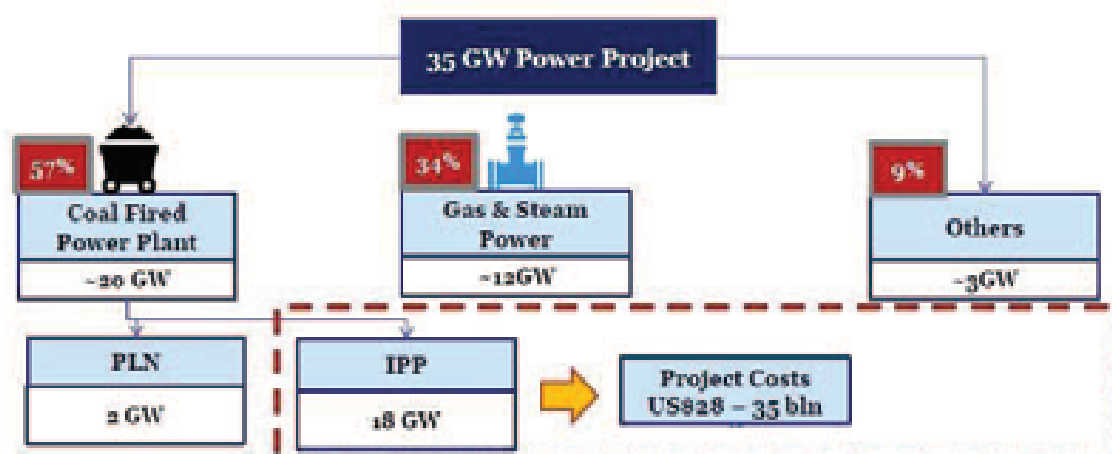
Indonesian Energy Policy

The Indonesian government has sought to encourage the development of infrastructure more generally. The President has made infrastructure development a top presidential priority. According to Indonesia's Energy Policy Briefing in July 2020, coal has always played a major part in Indonesia's power generation, and the government expects it to continue to play a significant role in the decades to come. Coal is expected to meet 57% of the 35,000 MW plan. Despite the negative environmental and climate impacts of coal, Indonesia's coal industry has access to subsidies that can incentivize coal use in the coming decades.

Fast Track Power Generation — 35 GW Program

In June 2016, the Minister of Energy and Mineral Resources issued its 2016 — 2025 Electricity Supply Business Plan (Rencana Umum Penyediaan Tenaga Listrik — “RUPTL”), which announced a goal to achieve an electrification ratio for Indonesia of 99.7% by 2025. To achieve this target, the Indonesian government has planned the 35 GW program, out of which some 25.0 GW projects will be developed by IPP and 10.6 MW by PLN.

35 GW Power Generation Program



Source: Japan Oil, Gas and Metals National Corporation (JOGMEC) Coal Industry Update

Coal will continue to play a vital role in the development of power generation in Indonesia for the next ten years due to the relatively lower costs of construction and operation. Mine-mouth power plants (power plants near coal mines) remain integral to the plan, given Indonesia's large lignite coal deposits are often located in remote areas with minimal infrastructure, making transportation of the coal uneconomic. PLN also plans extensive use of LNG for gas-fired power plants. However, because of the relatively higher cost of LNG (compared to pipeline gas) given the need for regasification, PLN plans to use LNG as a peak-load back-up rather than for base-load power plants, particularly for the Java-Bali, Sumatra, and eastern Indonesia networks, where base-load generation may not be sufficient.

Approximately 1.9 GW of projects is under construction in Sumatra, while an additional 2.6 GW of coal power projects is on Java Island. GEAR's BSL and KIM mines are well-positioned to supply coal to power projects in Sumatra due to its location, while most of the projects on Java Island will need coal to be barged from Kalimantan. The proximity of GEAR's BIB mine to the coast and its location in South Kalimantan could be an advantage compared to other projects in East and Central Kalimantan in supplying coal to Java Island.

Power Demand

Plans for the electricity sector in Indonesia are defined around the 35,000 MW program and the supporting “fast track programs” to add the expected capacity. 57% of the total additional capacity of the 35,000 MW program comes from coal. At the same time, Indonesia still maintains a target of 23% new and renewable energy in the national energy mix by 2025. That would require significant additions of renewables in power generation, although Indonesia is currently not on track to meet this target.

Indonesia’s total coal-fired capacity will increase significantly in the first half of the decade from 31.0 GW in 2020 to over 42.0 GW in 2025, and to reach 49.0 GW in 2030.

Domestic Market Obligation Policy

The Indonesian government is of the opinion that the country’s coal reserves may not be sufficient to support domestic requirements over the long term, which resulted in the introduction of domestic market obligations (DMO) for the coal producers.

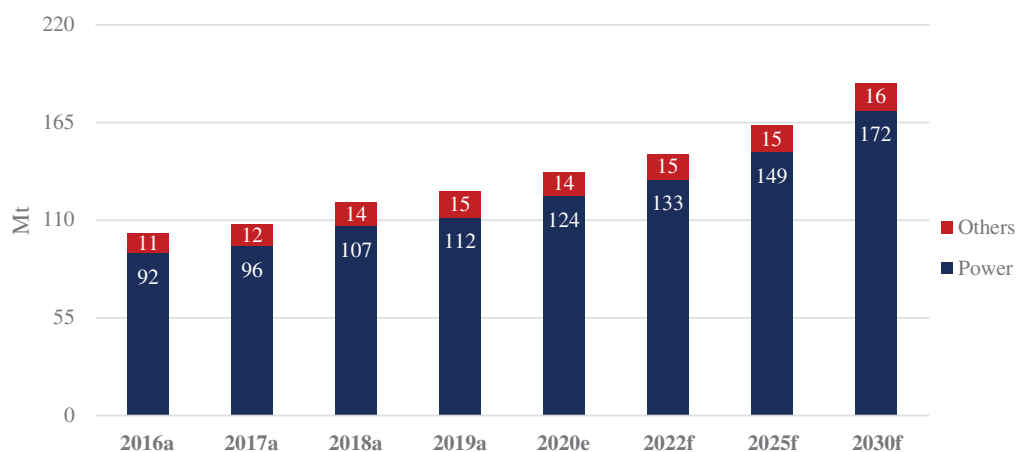
The government plans to continue the domestic market obligation (DMO) policy. The DMO is administered by the MEMR and is set each year based on coal requirement forecasts from domestic end-users. The MEMR assesses this domestic requirement against the coal production plans submitted by mining companies for that year. Once agreed upon, the DMO is expressed in terms of the proportion of expected annual production. DMO is estimated to increase to 187 Mt of coal in 2024 from last year. In 2021, the domestic demand is estimated to increase to 168 Mt of coal, 2022 to 177 Mt of coal, and 184 Mt of coal in 2023. DMO proportion of total production is estimated to increase from 25% to 29% to 2024.

The DMO policy is currently imposed on the low to medium rank coal with a CV of 4,000-6,500 kcal/kg GAR that is used in electricity projects and other industries such as cement, fertilizer, pulp, and metallurgy.

Domestic Coal Demand

As Indonesia develops its domestic power sector, much of the future growth in Indonesian coal production will be aimed at the growing domestic market. Domestic coal demand is anticipated to grow at a CAGR of 3.7% between 2020 and 2025 and a CAGR of 3% during the 2025-2030 period. Indonesian domestic demand for thermal coal is driven primarily by the power generation sector, which comprises approximately 90% of the domestic market. As new power plants are constructed, coal demand from this sector to grow from 124 Mt in 2020 to 172 Mt by 2030, backed by a Government policy supporting coal as part of a drive to increase economic development.

Indonesia — Domestic Thermal Coal Demand Outlook



Source: Salva

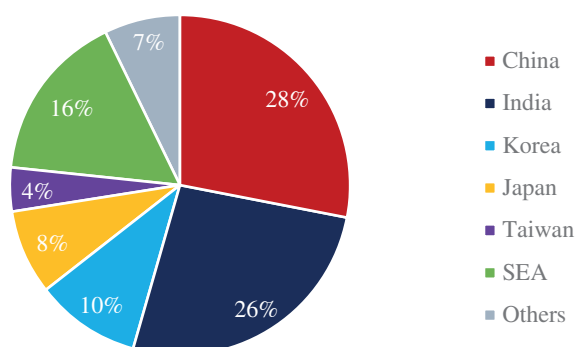
Moving forward, the domestic thermal coal demand in Indonesia is expected to grow to 164 Mt by 2025 and 188 Mt in 2030.

Indonesia — Thermal Coal Exports

Indonesian thermal coal exports declined to 400 Mt in 2020(e) after a peak of 449 Mt in 2019 due to lower demand during the COVID pandemic.

China and India account for over 50% of exports, with Korea, Japan and Taiwan accounting for 22% of exports (2020e). A breakdown of the key export markets for Indonesian thermal coal is shown below.

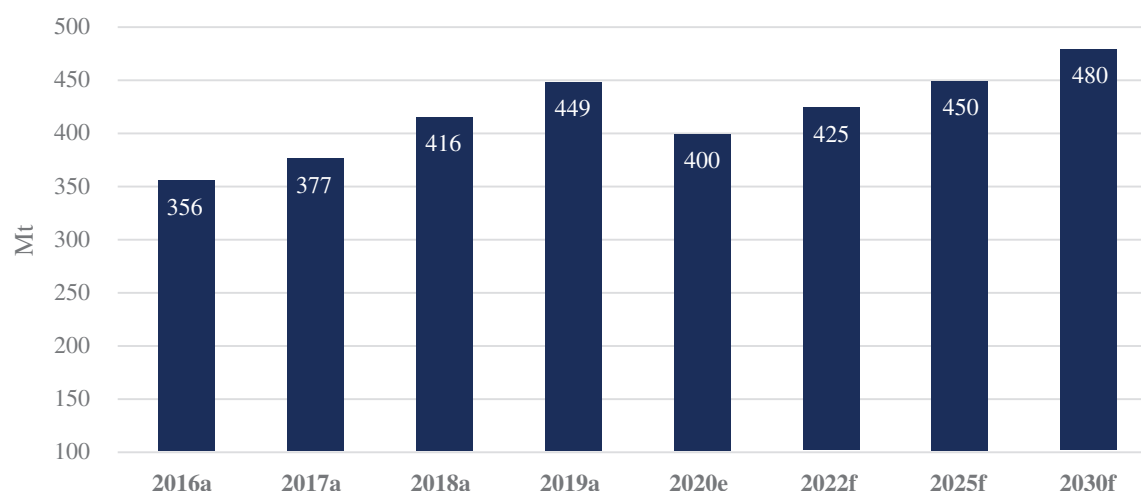
Indonesia — Key Export Markets for Thermal Coal



Source: Salva

A strong 3% CAGR growth in thermal coal exports during the 2016-2020 period has been observed mainly due to increased thermal coal import demand in China and SEA for mid-to-high energy coals. Production from low-rank coal (sub 3,800 kcal/kg) is expected to grow marginally because of oversupply and lack of additional demand from buyers in India. However, production of mid-to-high rank coal (sub-bituminous and bituminous) coal is expected to increase as Indonesian producers will strive hard to protect the market share in the traditional market and at the same time will increasingly export more tonnage to the emerging demand in SEA. In the medium to long term, Indonesia's thermal coal exports are forecast to grow to 450 Mt in 2025 and will grow at a moderate pace to a level of 480 Mt by 2030, registering a CAGR of 0.6%. This export growth is compounded by strong growth in the domestic market (to meet DMO).

Indonesia Coal Export Outlook



Source: Salva

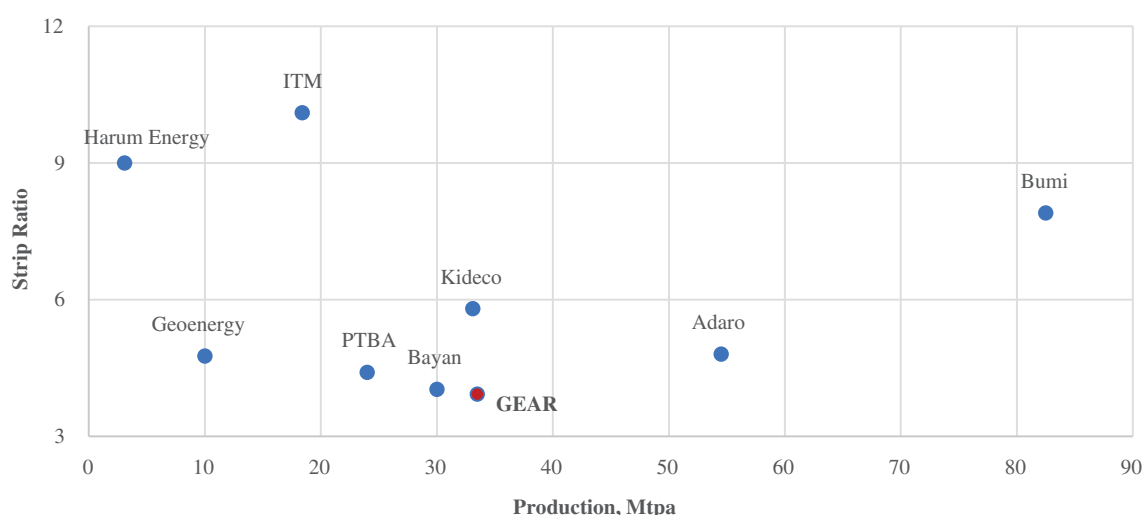
Cost Competitiveness

The coal industry in Indonesia is relatively young. In just 30 years from 1990, Indonesia's coal industry has transformed itself into the largest exporter of thermal coal. Indonesian coal production costs tend to occupy the lower-cost end of the global supply curve. Indonesia's competitiveness is based on a combination of factors:

- Large size mines with high annual coal production volumes;
- Low labour rates compared to most other seaborne coal exporting countries;
- Inexpensive surface mining operations based on contractor model;
- Favourable internal transport logistics and costs (mainly by barge); and
- Use of transshipment loading facilities that have lower capital and operating cost.

The following charts exhibit the production rate expressed in million tonnes per annum (Mtpa) and waste stripping ratio (ratio of waste volume moved per tonnes of coal produced, expressed in bank cubic metre per tonne) for major Indonesian coal producers.

Major Indonesian Coal Producers — Production Rate & Waste Strip Ratio

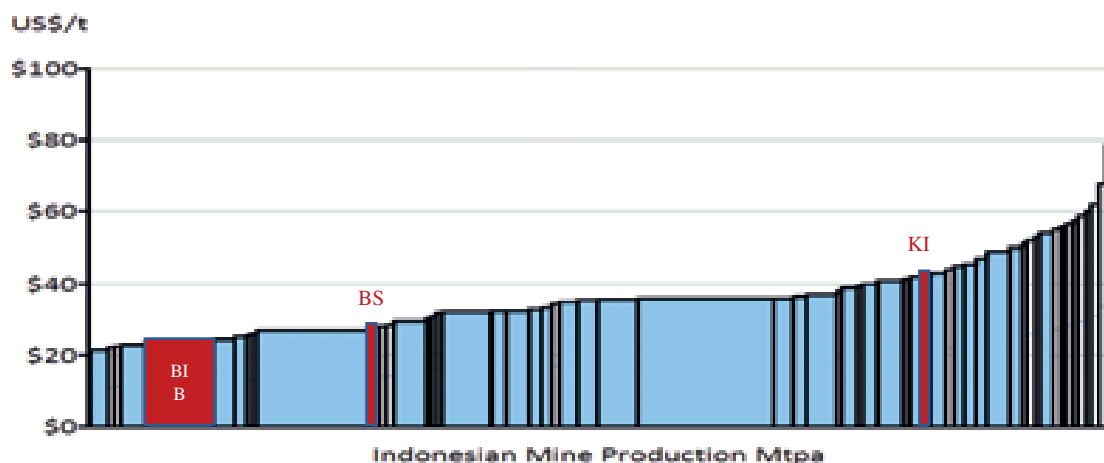


Source: Salva

GEAR is one of the top three thermal coal producers in Indonesia in terms of throughput. GEAR production has ramped up significantly during the past 10 years from 1.8Mt in 2010 to 33.5Mt in 2020 (18x). GEAR is one of the fastest growing Indonesian mining companies in terms of coal production (CAGR of 31% 2015 to 2020). The increase in production was achieved predominately by brownfield low capital intensity expansion at BIB Mine which has sufficient reserves for another 15-20 years. GEAR's waste stripping ratio of around 4.0x is one of the lowest for large-scale mines (>10 Mtpa) in Indonesia.

The following charts exhibit the competitiveness of GEAR's BIB, BSL, and KIM Mines compared to the other Indonesian thermal coal producers in terms of unit cost (US\$/t FOB or Customer Site).

GEAR' Mines Position on Indonesian Coal Cost Curve¹

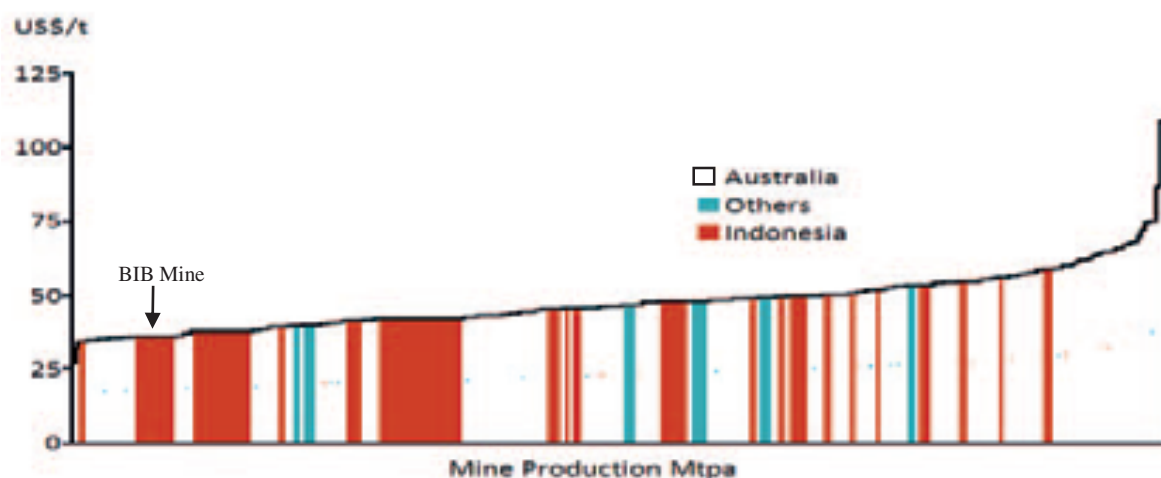


¹ direct cash cost comprising of operating cost, royalties, marketing and other indirect taxes.

Source: Salva

The following charts exhibit the competitiveness of BIB Mine compared to the other Asia Pacific Seaborne thermal coal supply curve (US\$/t FOB adjusted to coal quality of 6,322 kcal/kg GAR).

BIB Mine Position on Asia Pacific Seaborne Coal Cost Curve¹



¹ direct cash cost includes operating cost, royalties, marketing and other indirect taxes adjusted to Newcastle Index

Source: Salva

GEAR's BIB Mine is situated very competitively in the lowest quartile on the Asia-Pacific supply cost curve and is well-positioned to supply coal in the Asian market even during the periods of low coal prices as compared to other producers in the Asia Pacific seaborne market.

GEAR's KIM and BSL Mines are domestic suppliers of relatively high energy coal within Sumatra Island. They compete well against Sumatra producers that typically have lower coal quality or against coal shipped from Kalimantan Island which needs additional shipping and land freight cost added to arrive at the customer destination (inland on Sumatra Island). KIM coal is typically sold at a premium to the global benchmark for similar coal to account for the logistic costs associated with the alternative options.

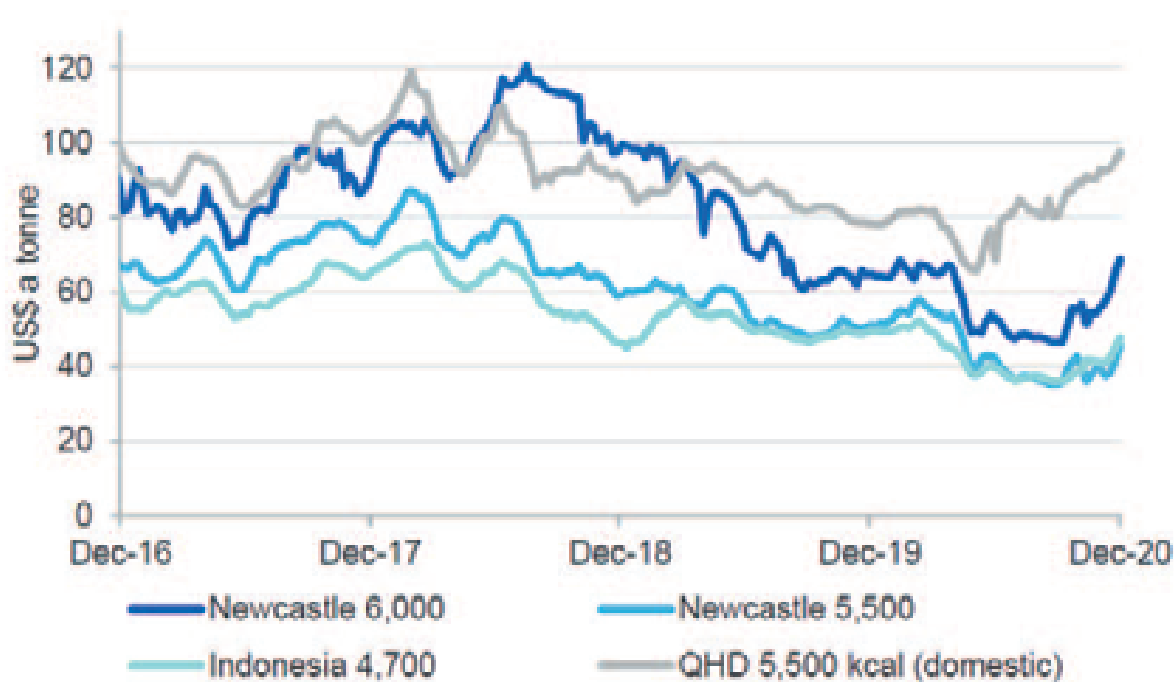
Price Outlook

Newcastle Thermal Coal Benchmark Price Forecast

Thermal coal prices declined during the H1 of 2020 due to lower demand during the COVID pandemic. However, prices recovered from their August 2020 low in the December quarter of 2020. The benchmark Australian thermal coal spot price — Newcastle 6,000 kcal/kg — rebounding to average at an estimated \$60 a tonne in the December quarter, 24 per cent higher than the September quarter 2020 average. The main driver of improving prices was the curtailment of coal mine production around the world, with world exports in the September quarter down 13 per cent year-on-year, as higher-cost mines sought to limit their operating losses amid low prices. This recovery coincided with cooler weather in the northern hemisphere and the emergence of many countries from COVID-19 containment measures.

China's government intervention to limit imports is placing downward pressure on Australian thermal coal prices, while supporting China's thermal coal miners. Prices for China's domestic product have soared to around double the price of the equivalent Australian coal (see comparison with QHD prices in figure below).

Thermal Coal Prices



Source: Resource and Energy Quarterly, Dept of Industry, Australia

In 2021, thermal coal spot price gains will be driven by a rise in seaborne thermal coal demand as the global economy recovers from the COVID-19 pandemic. However, longer-term trends will constrain the extent of the rise: growth in the seaborne trade over the outlook period is forecast to be modest.

The table below summarises the price outlook for the Newcastle Coal Index provided by various coal analysts (data collected and compiled by KPMG in February 2021). The data sets include a price forecast for both coal sales on contract sales and coal sales on spot markets. Given that most of the coal-based on the Newcastle Index is sold on a contract basis, the spot price forecast was used only when the analyst was not forecasting contract prices.

Newcastle Thermal Coal Index — Price Outlook (USD/tonne)

Analyst	Reporting date	2021	2022	2023	2024	2025	LT (2021)
Contributor 1	17-Jan-21	77	80	n/a	n/a	n/a	70
Contributor 2	15-Jan-21	65	70	75	75	n/a	75
Contributor 3	15-Jan-21	64	n/a	n/a	n/a	n/a	n/a
Contributor 4	13-Jan-21	70	75	75	75	65	65
Contributor 7	11-Jan-21	62	59	60	59	n/a	54
Contributor 9	7-Jan-21	65	67	71	75	76	68
Contributor 10.....	7-Jan-21	64	n/a	n/a	n/a	n/a	n/a
Contributor 11.....	6-Jan-21	60	65	65	67	n/a	75
Contributor 12.....	6-Jan-21	74	70	n/a	n/a	n/a	65
Contributor 13.....	5-Jan-21	55	55	n/a	n/a	n/a	n/a
Contributor 14.....	4-Jan-21	80	78	75	73	70	70
Contributor 15.....	4-Jan-21	65	68	n/a	n/a	n/a	70
Contributor 16.....	18-Dec-20	75	74	75	n/a	n/a	67
Contributor 18.....	15-Dec-20	65	68	n/a	n/a	n/a	75
Contributor 19.....	11-Dec-20	75	72	66	61	n/a	n/a
Contributor 20.....	10-Dec-20	78	70	n/a	n/a	n/a	n/a
Contributor 21.....	10-Dec-20	70	73	75	75	n/a	71
Contributor 22.....	9-Dec-20	75	79	n/a	n/a	n/a	n/a
Contributor 23.....	8-Dec-20	63	64	n/a	n/a	n/a	n/a
Contributor 24.....	1-Dec-20	55	59	63	63	63	n/a
Low		55	55	60	59	63	54
High		80	80	75	75	76	75
Average		68	69	70	69	69	69
Median		65	70	73	73	68	70

Data Source: KPMG, Feb 2021

As per the consensus estimate over the long-term, the benchmark coal price is expected to increase to US\$70/t (2021 real dollar terms).

Coal Price Outlook — BIB Mine

The price outlook for the coal product from the BIB mine was estimated by Salva based on the historical difference between the Newcastle Thermal Coal Index and the Harga Batubara Acuan (HBA) prices for the Ecocoal (4,200 kcal/kg), which was further adjusted for calorific value differential between BIB coal and Ecocoal to derive at an estimate of 49.1% of the Newcastle Coal Index.

BIB Mine Coal Price Outlook (USD/tonne)

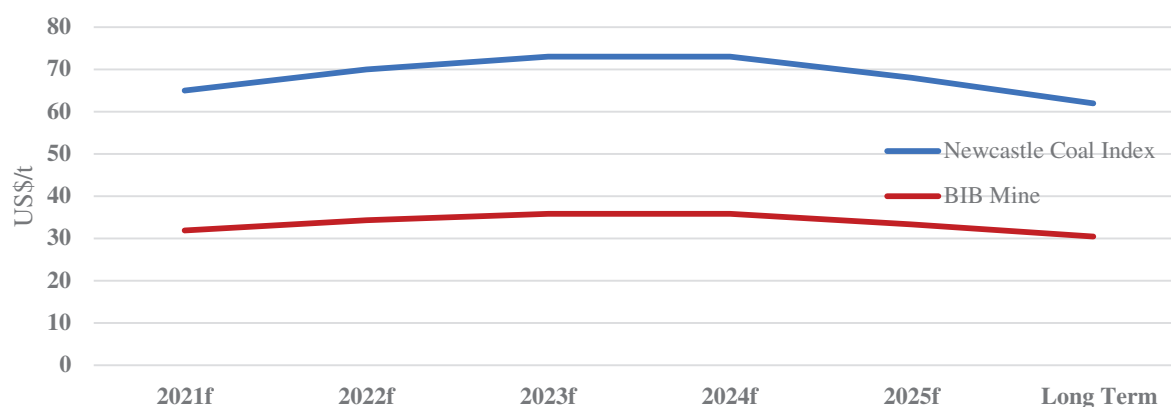
	2021f	2022f	2023f	2024f	2025f	Long Term
Nominal Terms						
Newcastle Coal Index	65	70	73	73	68	62
BIB Mine	32	34	36	36	33	30
Real Terms						
Newcastle Coal Index	65	68	70	68	62	70
BIB Mine	32	34	34	33	30	34

* Note: Real — Nominal Conversion based on 2.4% annual inflation

Data Source: KPMG, Salva

The following chart exhibits the forecasted FOB prices for the benchmark index and BIB Coal.

BIB Coal Price Outlook (USD/tonne, nominal)



Data Source: KPMG, Salva

Coal Price Outlook — KIM & BSL Mines

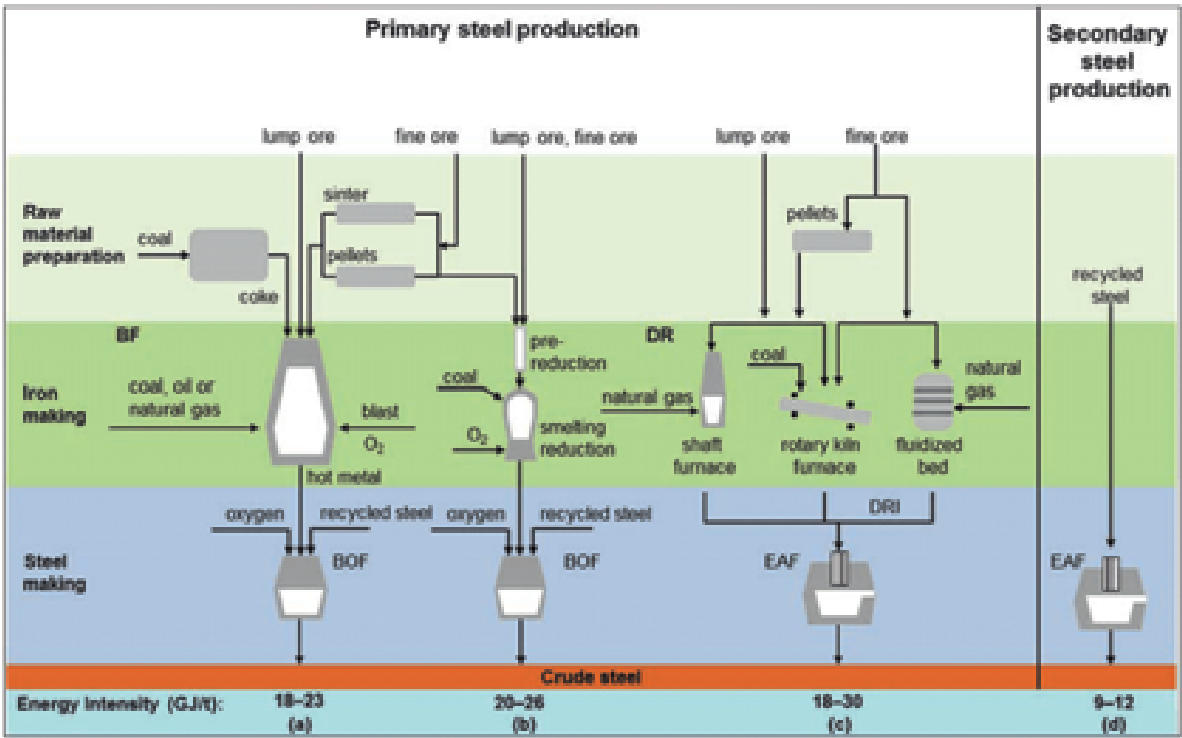
The KIM and BSL Mines produce coal which is sold in the domestic market. At present, the primary markets for this coal are paper and pulp mills located in Sumatra, including PT Lontar Papyrus Pulp and Paper Industry's mill in Jambi (LPPPI) and PT Indah Kiat Pulp and Paper's mill located in Perawang, Riau (IKPP).

The price for the coal sold to these customers is linked with the Indonesian diesel prices. The price forecast is based on the actual contracts which are being realised by the company at present. The domestic coal sales price for KIM and BSL mine is forecast to stay relatively flat in real terms.

Metallurgical Coal

Steel Making and Metallurgical Coal

There are several methods used to make crude steel, which apply different technologies and utilise different raw material inputs. These are summarised concisely in the diagram below.



Source: World Steel Association

Most of the iron is manufactured using blast furnace (BF) technology, which requires metallurgical coal to produce pure pig iron. The bulk of the remaining production uses mini-mill technology with recycled material. A small portion of iron is produced from other technologies, notably Direct Reduced Iron (DRI) technology. The blast furnace method of iron-making technology requires iron ore and coke as key inputs, while the DRI method do not require coke as a raw material input. In the blast furnace method, coke is prepared using coking coal and then layered with iron ore in the blast furnace. Use of electric arc furnaces is the most common DRI method to produce sponge steel. However, direct reduced iron is highly susceptible to oxidation and rusting if left unprotected, and requires quick processed further to steel. Unlike blast furnace pig iron, which is almost pure metal, DRI contains some siliceous gangue, which needs to be removed in the steel-making process.

About 70% of iron is manufactured using blast furnace (BF) technology, which requires metallurgical coal. The BF process is likely to remain the major technology for iron/steelmaking in short to medium term. However, the share of electric arc furnaces (EAF) may gradually increase, supported by many mini-mill projects mainly in emerging economies. Most of the growth in steelmaking capacity is expected to continue to occur in Asia, supported by many integrated steelmaking projects that are based on the blast furnace technology.

Coke is produced by heating coking coal in a coke oven in the absence of oxygen. Coke is then charged into a blast furnace to provide fuel and to help convert iron ore into liquid iron. Coke strength is critical to the operation of the blast furnace, and coke strength requires a certain level of hard coking coal as an input.

While coking coal is used to prepare coke for the blast furnace, pulverized coal injection (PCI) coal is injected directly into the blast furnace during the iron-making process, where it ignites and produces heat and reducing gases.

From a technological perspective, it is difficult to see a suitable replacement for metallurgical coal within the steel production process due to its threefold purpose in the blast furnace — it acts as a source of heat, acts as a reducing agent for the iron ore, and provides permeability to the blast furnace burden. This triple role makes metallurgical coal very difficult to substitute, and therefore integral to the steel production process via the blast furnace.

Metallurgical Coal Classification

Metallurgical coals are generally classified as having high carbon or energy levels, low moisture contents, and low impurities such as ash, sulphur and phosphorous. Metallurgical coals are required inputs into the blast furnace method of steel production, and can generally be classified into three main categories:

- **Hard coking coal (HCC)** — a necessary input in the production of strong coke. When heated in a coke oven (which has an absence of oxygen), hard coking coal will swell to form coke.
- **Pulverised Coal Injection coal (PCI)** — coal used for its heat value and injected directly into blast furnaces (without an intermediate coking phase) as a supplementary fuel, which reduces the amount of coke required and therefore costs. PCI coal can also be sold into the thermal coal market. It usually commands a higher price than semi-soft coking coal.
- **Semi-soft coking coal (SSCC)** — used in the coke blend along with hard coking coal, but results in a low coke quality and more impurities. Semi-soft coking coal can also be sold as thermal coal.

In 2020, Australia's exports of HCC and PCI represented 85% of total metallurgical coal exports with balance representing SSCC. Besides, the SSCC market tends to be more difficult to forecast as this product is often a by-product of a mine mainly producing thermal coal. SSCC can be sold into either the metallurgical or the thermal coal markets but attracts a higher price if sold into the former.

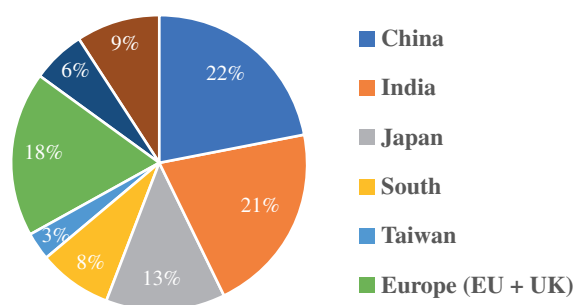
Competitive landscape

Australia is the largest exporter of Metallurgical coal accounting for over half of the global exports followed by the USA and Canada. BHP, Glencore, Anglo America, Peabody are some of the largest metallurgical coal exporters globally.

Metallurgical Coal Demand

Asia and Europe account for a majority of the demand for seaborne metallurgical coal.

Seaborne Metallurgical Coal Demand



Source: Salva

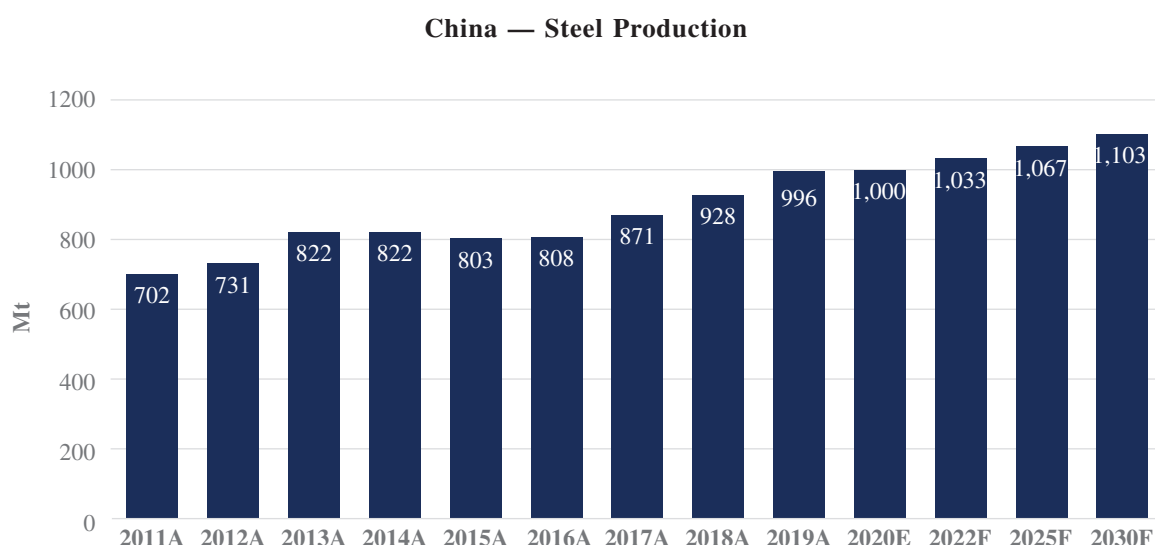
China

Chinese Steel Production

Chinese crude steel production in 2019 was 996 Mt, which accounted for 52% of global crude steel production (Source: Worldsteel). Chinese crude steel production has grown at a CAGR of 5.1% over the last decade, although the growth has not been linear as shown in the chart below. The clear majority of Chinese steel production is for domestic consumption. While steel exports at an estimated 92 Mt in 2019 are considerable by international standards, this is less than 10% of Chinese steel production.

Chinese steel intensity (i.e., consumption) was 600 kilograms per person in 2019, which is still well below the level of Japan, Korea and Taiwan. Since 2010, steel intensity per capita in China has risen an average of 3.2% per annum. Salva has forecast steel consumption per capita in China to grow on average 1.0% per annum from 2021-30 period.

China's population at the end of 2019 was 1,398 million and is forecast by the United Nations to rise to 1,441 million by 2030 (CAGR of 0.3%). Combining the population growth forecast and the steel intensity forecast above provides the following estimate of Chinese crude steel production across the forecast period. Based on the steel intensity and population growth, steel demand is forecast to grow by 1.30% CAGR.



Source: Salva

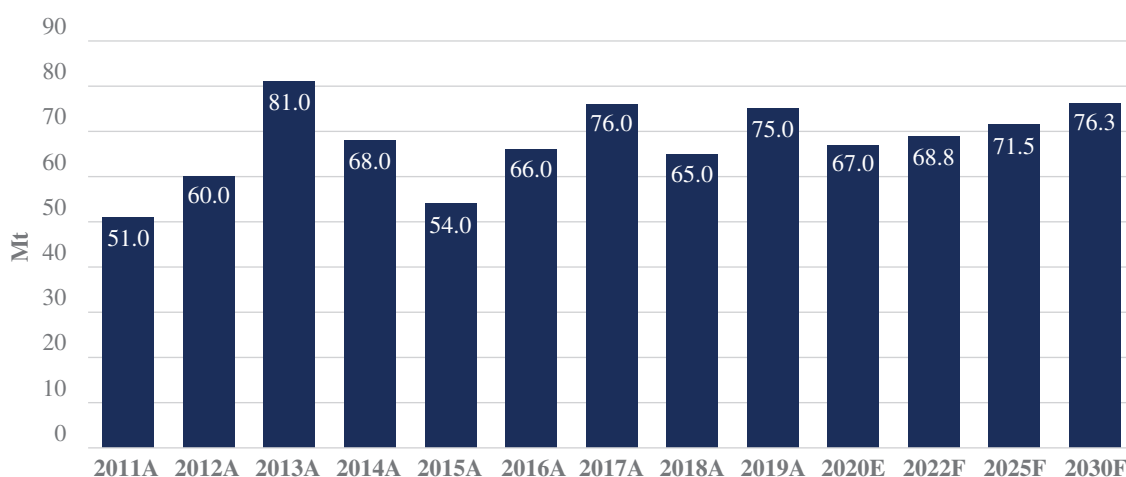
Approximately 90% of China's steel production is via the blast furnace route, which requires metallurgical coal, with the remaining 10% of steel production utilising technology that does not require metallurgical coal.

Chinese Metallurgical Coal Demand

In 2019, China imported an estimated 75 Mt of metallurgical coal, making it the largest importer of metallurgical coal globally. Of this, 25 Mt of metallurgical coal was imported via road from Mongolia, so China's seaborne metallurgical coal imports were 50 Mt.

Metallurgical coal imports into China are forecast to increase from 67 Mt in 2020(e) to 76 Mt in 2030 assuming a constant ratio of blast furnace iron production to crude steel production, as tabled below. This represents a CAGR of 3.3% across the period.

China — Coking Coal Import Demand Outlook



Source: Salva

Chinese metallurgical coal imports are dominated by Australia, (almost 50% in 2019) and Mongolia (34% in 2019), with smaller volumes from Canada, Russia and the United States.

India

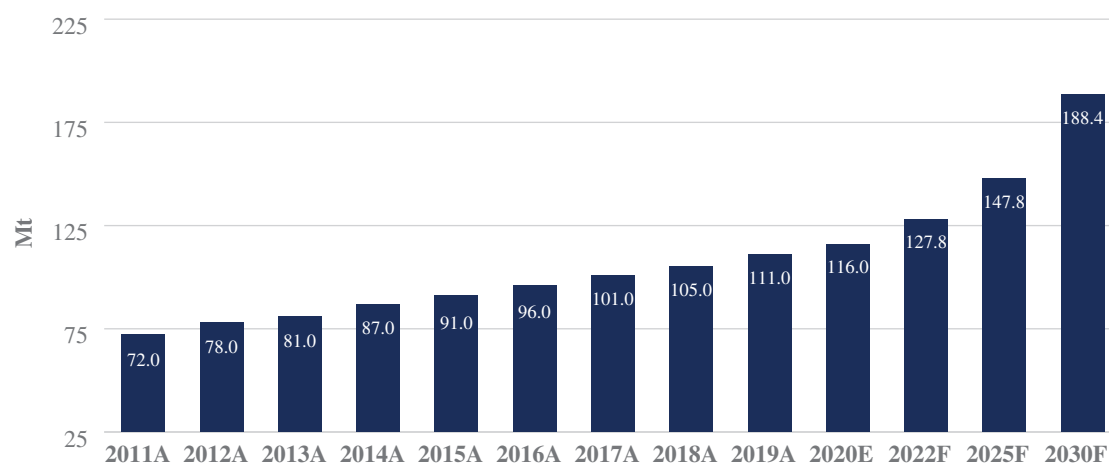
Indian Steel Production

Indian crude steel production in 2019 was 111 Mt, which accounted for 6.0% of global crude steel production (source: Worldsteel). Since 2011, Indian crude steel production has grown at a CAGR of 5.6%, as shown in the chart below. The vast majority of Indian steel production is for domestic consumption, with net exports in 2019 of around 5 Mt, which represents less than 5% of production.

Indian steel intensity was 77 kilograms per person in 2019, which is extremely low by global standards and about one-eighth of the Chinese steel intensity. However, growth seems to be accelerating, and since 2010, Indian steel intensity has risen an average of 4.0% per annum. Salva has forecast steel consumption per capita in India to continue growing at 4.0% per annum from 2021-30 period. India is entering the industrialisation phase of its economic development, where it is not uncommon to find growth rates higher than this for sustained periods and has a rapidly growing steel sector to support this growth. By comparison, it took China ten years (1993-2003) to lift steel consumption per capita from 75 kgs per capita to 170 kgs per capita, so our forecast assumes Indian growth will be approximately half the Chinese rate through this period of development.

India's population at the end of 2019 was 1,366 million and is forecast by the United Nations to rise significantly over the forecast period to 1,513 million by 2030 (CAGR of 0.93%). Combining the population growth forecast and the steel intensity forecast above provides the following estimate of Indian crude steel production across the forecast period. Based on the steel intensity and population growth, steel demand is forecast to grow by 5.0% CAGR.

India — Steel Production



Source: Salva

Approximately 50% of India's steel production is via the blast furnace route, which requires metallurgical coal, with the remaining 50% of steel production utilising technology that does not require metallurgical coal.

Indian Metallurgical Coal Production

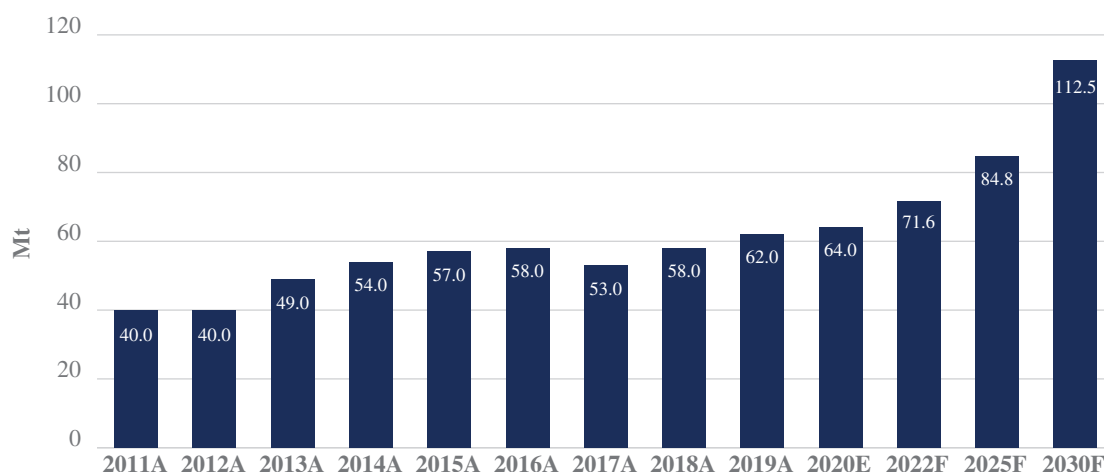
India is the world's second-largest producer of coal, behind China. However, India only produces small volumes of metallurgical coal domestically. Metallurgical coal is mainly produced from underground mines in India and comprises a very small proportion of total coal production. Generally, Indian metallurgical coal is characterised by high ash and low sulphur, but only around 10% of the total coal produced is suitable for steel-making purposes after undergoing extensive processing in coal washeries. Our estimate for metallurgical coal production forecast for India is to remain flat at 9 Mtpa during the 2020-30 period.

Indian Metallurgical Coal Import Demand

In 2019, India imported an estimated 62 Mt of metallurgical coal. All of this was imported from the seaborne market, so India is the largest seaborne importer of metallurgical coal, slightly ahead of China. As illustrated below, Indian metallurgical coal imports have increased strongly and steadily over the last decade, from below 40 Mt in 2011 to well over 62 Mt in 2019, driven by strong domestic demand for steel due to urbanisation, infrastructure development, and strong economic growth.

Assuming a constant ratio of blast furnace iron production to crude steel production, metallurgical coal imports into India are forecast to increase from 64 Mt in 2020(e) to 112 Mt in 2030, as tabled below. This represents a CAGR of 5.8% across the period.

India — Coking Coal Import Demand Outlook



Source: Salva

India is heavily reliant on Australian metallurgical coal, which supplied over 75% of imports (46 Mt) in 2019. Smaller volumes are imported from Mozambique, Canada, and Russia.

Japan

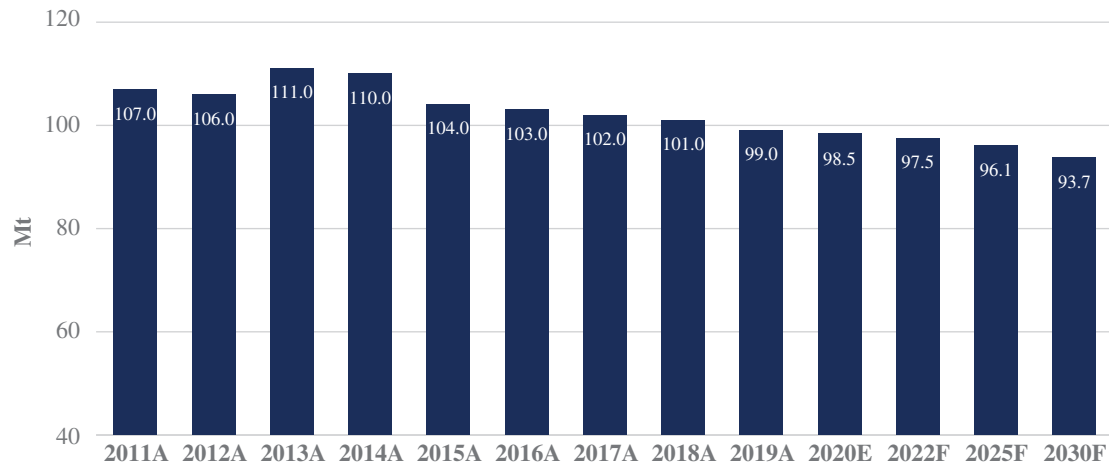
Japanese Steel Production

Japanese crude steel production in 2019 was 99 Mt, which accounted for 5.3% of global crude steel production (source: Worldsteel). Since reaching a peak of 120 Mt in 2007, Japanese crude steel production has contracted at a CAGR of -1.55%.

Japanese steel intensity in 2019 was 788 kilograms per person, very high by global standards. Since 2010, steel intensity per capita in Japan has fallen on average by 0.7% per annum, although it has stabilised around 800 kgs/capita in recent years. Some Japanese companies produce steel offshore, including in China. Japanese steel production tends to be of high quality and high carbon in nature. Due to the extremely established nature of the Japanese steel sector and steel consumption, Salva has forecast zero growth in Japanese per capita steel consumption from 2021-30 period.

According to the United Nations, Japan's population at the end of 2020 was 126 million and is forecast to fall over the forecast to around 120 million by 2030 (CAGR of -0.5%). Based on the steel intensity and population decline, steel demand is forecast to decline by 0.5% CAGR.

Japan — Steel Production



Source: Salva

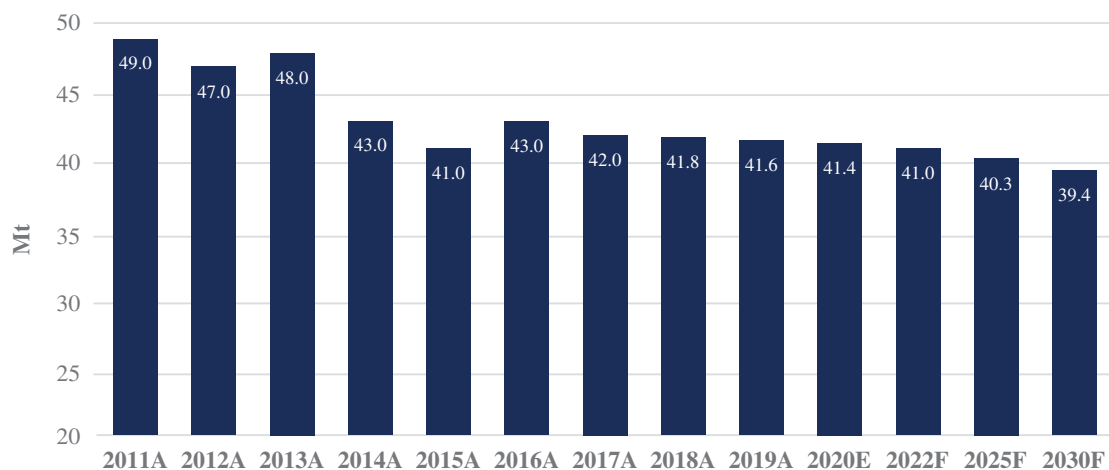
Salva estimates that 76% of Japan's steel production (or 75 Mt in 2019) is via the blast furnace route, which requires metallurgical coal, with the remaining 24% of steel production utilising technology that does not require metallurgical coal.

Japanese Metallurgical Coal Import Demand

Japan has no domestic coal production and therefore is entirely dependent on imports to meet its steel production requirements.

In 2019, Japan imported an estimated 42 Mt of metallurgical coal, all from the seaborne market. As shown in the chart below, Japan's imports of metallurgical coal have been falling steadily since 2007 as steel production declined. Assuming a constant ratio of blast furnace iron production to crude steel production, metallurgical coal imports into Japan are forecast to decline from 42 Mt in 2020(e) to 39 Mt in 2030, as tabled below. This represents a CAGR of -0.5% across the period.

Japan — Coking Coal Import Demand Outlook



Source: Salva

Most of Japan's metallurgical coal imports are from Australia, which accounted for over 62% of volumes, followed by Canada (15%), the USA (10%), and Russia (6%).

South Korea

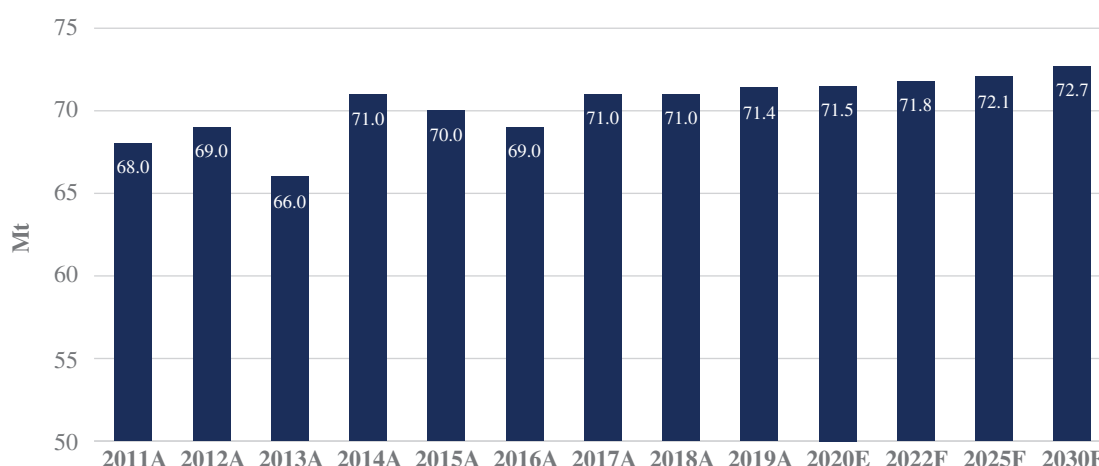
Korean Steel Production

Korean crude steel production in 2019 was 71 Mt, which accounted for 3.8% of global crude steel production (source: Worldsteel). Korean crude steel production has grown at a CAGR of 3.0% over the last decade.

Korean steel intensity in 2019 was almost 1,400 kilograms per person, the highest level in the world by some margin due to Korea's massive heavy manufacturing and shipbuilding sectors. Since 2010, steel intensity per capita in Korea has risen an average of 2.0% per annum, although it has been largely stable since 2014. Due to the extremely high intensity and relatively low growth rate in recent years, Salva has forecast zero growth in Korean per capita steel consumption to 2030.

According to the United Nations, Korea's population at the end of 2020 was 51 million and is forecast to rise to nearly 52 million by 2030. Based on the steady steel intensity and a marginal increase in population, steel demand is forecast to increase by 0.17% CAGR.

Korea — Steel Production



Source: Salva

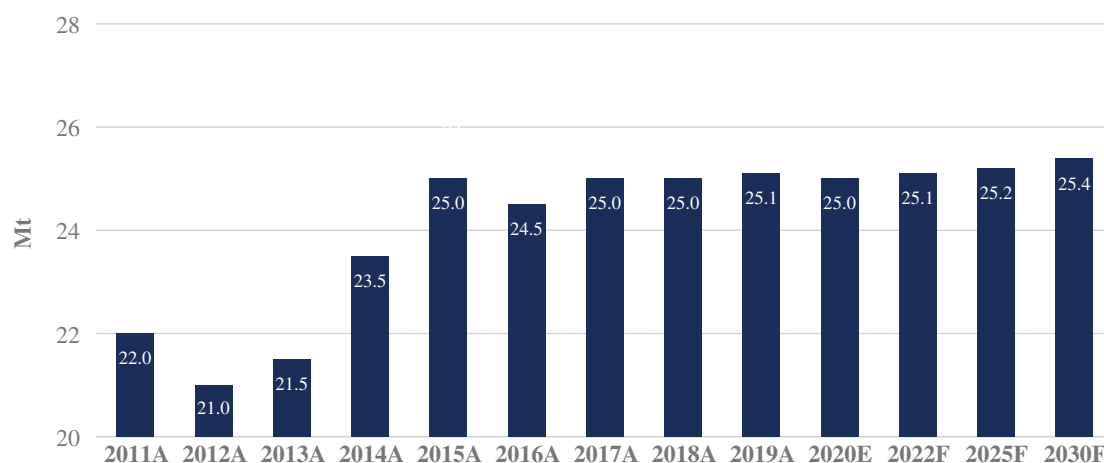
Salva estimates that 68% of Korea's steel production (or 49 Mt in 2019) is via the blast furnace route, which requires metallurgical coal, with the remaining 32% of steel production utilising technology that does not require metallurgical coal.

Korean Metallurgical Coal Import Demand

Korea has no domestic coal production and therefore is entirely dependent on imports to meet its steel production requirements.

In 2019, Korea imported an estimated 25 Mt of metallurgical coal, all from the seaborne market. Assuming a constant ratio of blast furnace iron production to crude steel production, metallurgical coal imports into Korea are forecast to increase marginally from 25 Mt in 2020(e) to 26 Mt in 2030. This represents a CAGR of 0.17% across the period.

Korea — Coking Coal Import Demand Outlook



Source: Salva

The main suppliers of metallurgical coal imports for Korea in 2019 were Australia (43%), Canada (21%), Russia (18%), and the USA (13%).

Taiwan

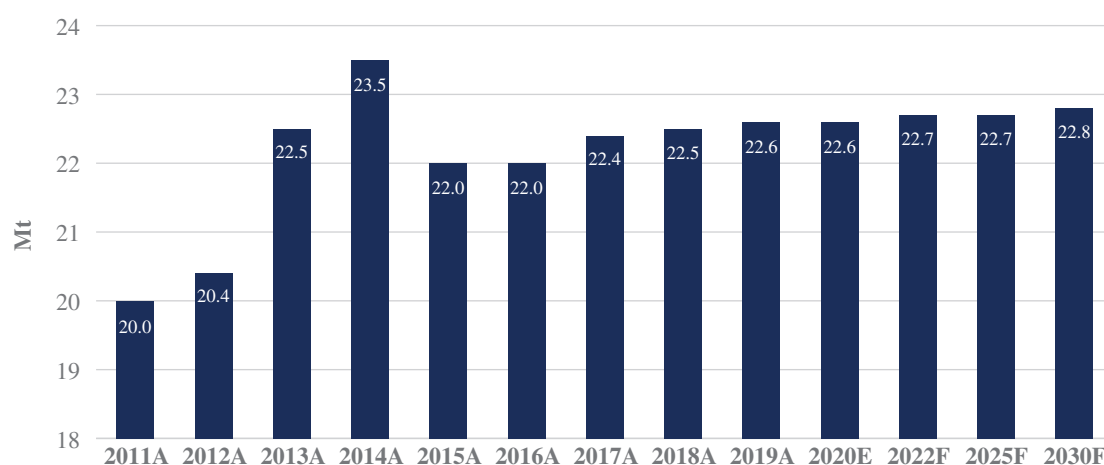
Taiwanese Steel Production

Taiwanese crude steel production in 2019 was 22 Mt, which accounted for 1.2% of global crude steel production (source: Worldsteel). Taiwanese crude steel production has grown at a CAGR of 0.7% over the last decade, although the growth has not been linear.

Taiwanese steel intensity was 948 kilograms per person in 2019, one of the highest levels in the world due to Taiwan's substantial manufacturing sector. Since 2010, steel intensity per capita in Taiwan has risen an average of 1.5% per annum. Due to the extremely high intensity of Taiwanese steel consumption and relatively low growth rate in recent years, Salva has taken a conservative approach and forecast zero growth in Taiwanese per capita steel consumption from 2020-30.

According to the United Nations, Taiwan's population at the end of 2020 was 23.8 million and is forecast to rise slightly to 24.0 million by 2030. Based on the steady steel intensity and a marginal increase in population, steel demand is forecast to increase slightly over the period.

Taiwan — Steel Production



Source: Salva

Salva estimates that 62% of Taiwan's steel production (or 15 Mt in 2019) is via the blast furnace route, which requires metallurgical coal, with the remaining 38% of steel production utilising technology that does not require metallurgical coal.

Taiwanese Metallurgical Coal Import Demand

Taiwan has no domestic coal production and therefore is entirely dependent on imports to meet its steel production requirements.

Salva estimates that Taiwan's metallurgical coal imports in 2019 were 9 Mt. Assuming a constant ratio of blast furnace iron to crude steel production, metallurgical coal imports into Taiwan are forecast to increase from 9.2 Mt in 2020 to 9.4 Mt in 2030.

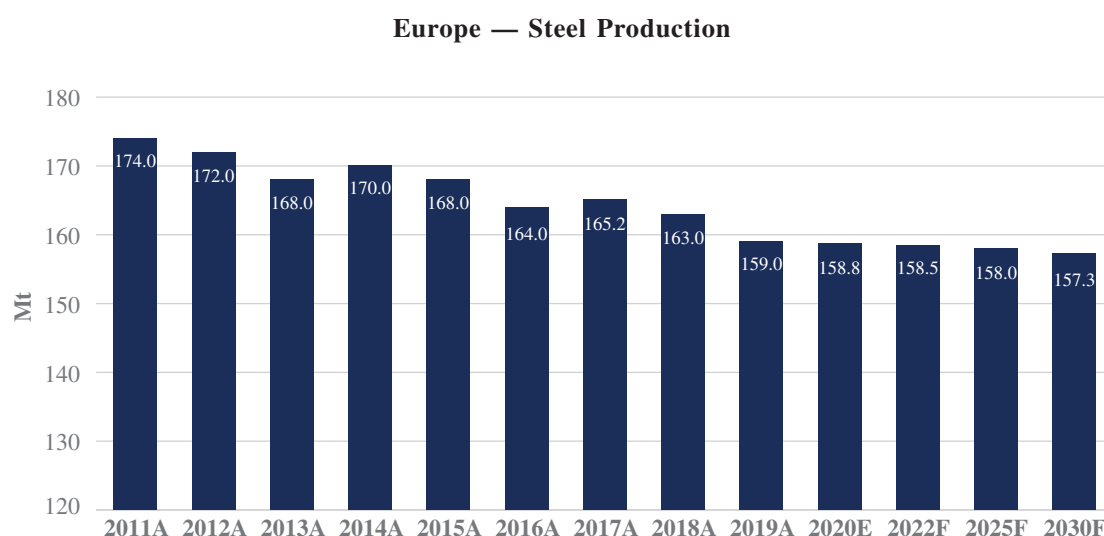
Europe (the European Union and the United Kingdom)

European Steel Production

European crude steel production in 2019 was 159 Mt, which accounted for 8.5% of global crude steel production (source: Worldsteel). European crude steel production has contracted at an annual average rate of 2% over the last decade.

European steel intensity was 330 kilograms per person in 2019. Since 2011, steel intensity per capita in Europe has fallen an average of 0.5% per annum. Considering this trend of declining demand, Salva has forecast steel consumption per capita to fall 0.5% per annum to 2030.

According to the United Nations, Europe's (EU27) population at the end of 2020 was 447 million and is forecast to rise slightly to 465 million by 2030. Based on the small decline in steel intensity and a marginal increase in population, steel production is forecast to decline marginally to 2030.



Source: Salva

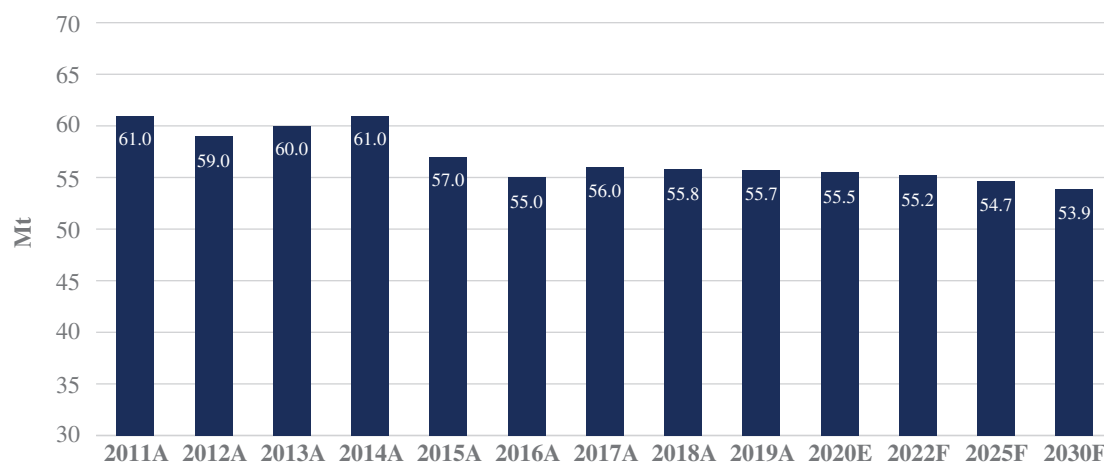
Salva estimates that 59% of European steel production (or 94 Mt in 2019) is via the blast furnace route, which requires metallurgical coal.

European Metallurgical Coal Import Demand

In 2019, Europe imported an estimated 56 Mt of metallurgical coal. Imports of metallurgical coal have fallen over the last decade. This partly reflects the fact that Europe is increasingly importing finished steel products, particularly from Asia.

Assuming a constant ratio of blast furnace iron to crude steel production, metallurgical coal imports into Europe are forecast to fall from 56 Mt in 2019 to 54 Mt in 2030.

Europe — Coking Coal Import Demand Outlook



Source: Salva

Australia

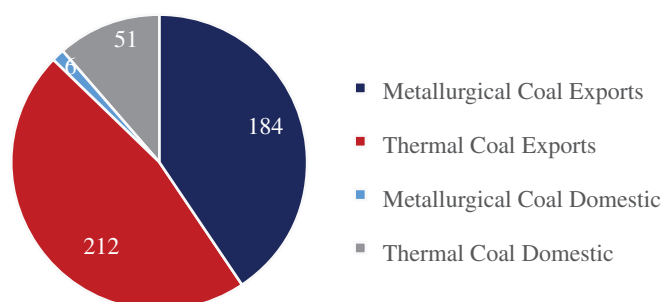
Australian Coal Production

In 2019, Australia produced an estimated 453 Mt of saleable black coal, making it the 5th largest producer of coal globally, behind China, India, the USA, and Indonesia. Almost all this black coal (434 Mt) was produced in the states of Queensland and New South Wales, with some minor volumes in Western Australia. Australia's black coal production has three key markets:

- Metallurgical coal is exported for use in steel production (generally in Asia).
- Thermal coal is exported for use in power generation (generally in Asia).
- Thermal (Black and Brown) coal is used domestically for power generation.
- A small volume of metallurgical is also consumed domestically.

In 2019, the approximate split of black coal production by these categories was:

Australia — Coal Production Split 2019 (Mt)



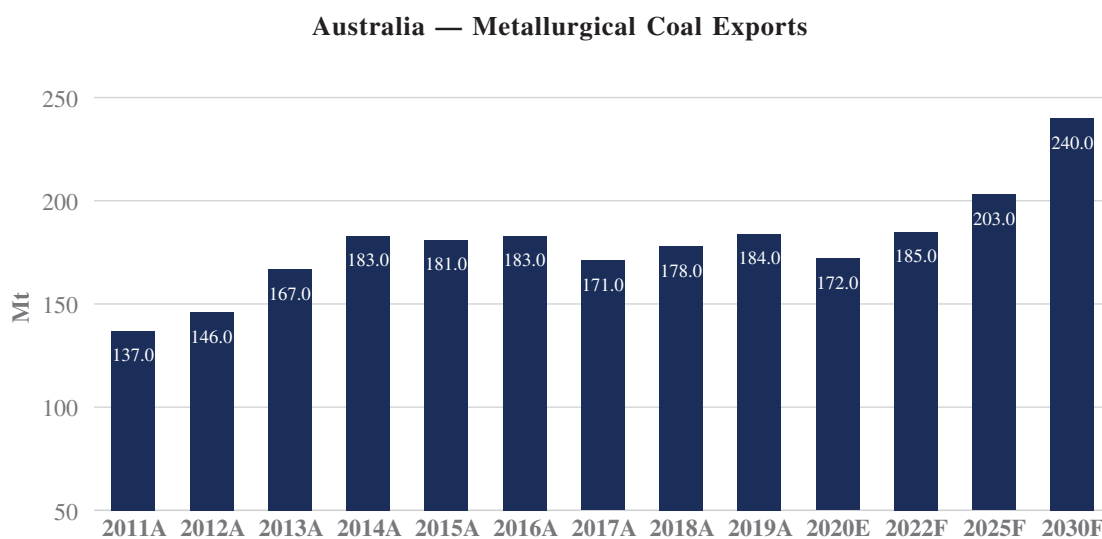
Source: Salva

Of the 184 Mt of metallurgical coal that was exported from Australia in 2019, the estimated distribution by coal type was as follows:

- Hard coking coal: 120 Mt.
- Semi-soft coal: 29 Mt.
- PCI (pulverized injection coal): 35 Mt.

Australian Metallurgical Coal Exports

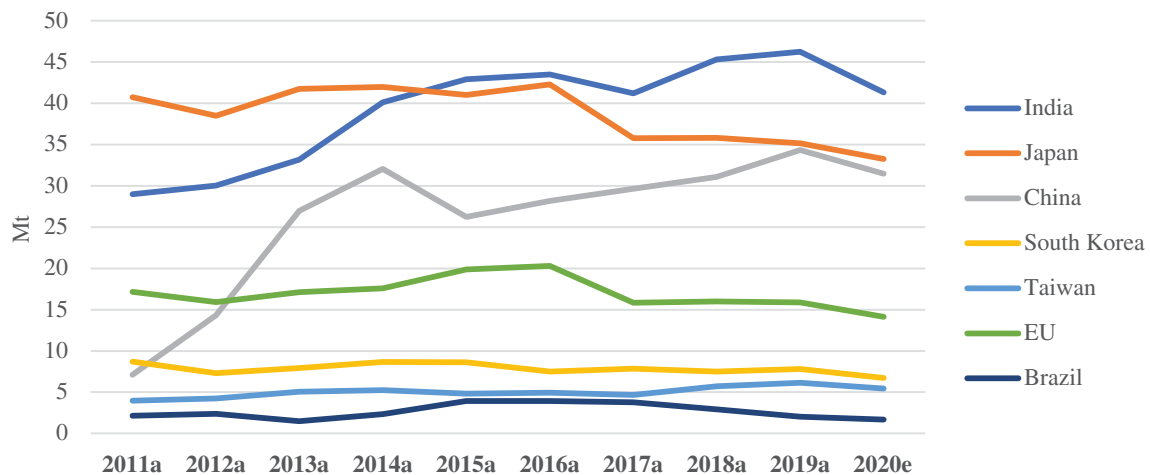
Australian metallurgical coal exports in 2019 were 184 Mt, making Australia the largest exporter globally. Exports grew strongly from 2007 to 2016 in response to strong demand growth, which increased coal prices, followed by a dip in 2017 exports due to a severe cyclone in Queensland early in the year. As can be seen below, there has been only marginal growth in exports from Australia between 2014 and 2019.



Source: Salva

In 2020 (e), the effect of a ban on the import of Australian coal in China resulted in a drop in Australian exports to 168 Mt. Australian metallurgical coal producers are seeking non-Chinese markets for their metallurgical coal. There is a sense of “musical chairs” playing out in the metallurgical markets where Australia is displacing supply from Canada, the US, and elsewhere while those suppliers look to replace the Australian product into China. Given Australia is the largest supplier in China, the replacement is not one-to-one, and this has emerged in the increased price spread between Australian FOB and CFR China prices.

Australia Metallurgical Coal — Major Export Destinations



Source: Salva

Going forward, the dispute between Mainland China and Australia continues to be the single most influential driver in the seaborne metallurgical markets in the short term. Australian metallurgical coal producers remain steadfast regarding finding alternative markets for their coal. While BHP's latest guidance shows no change for 2021, some of the other producers are not expected to fare as well.

But, in the background of current events is an improving steel market, as global manufacturing is looking towards market recovery in 2021 with the probable end of suppressed economic activity from COVID-19. Salva's model is based on the assumption that the restrictions on Australian coal in China will end around the end of Q2 2021. While this is an estimate based on our market intelligence, there is very high uncertainty around that estimate.

The strong competitive position of Australian metallurgical exports is driven by several factors, including:

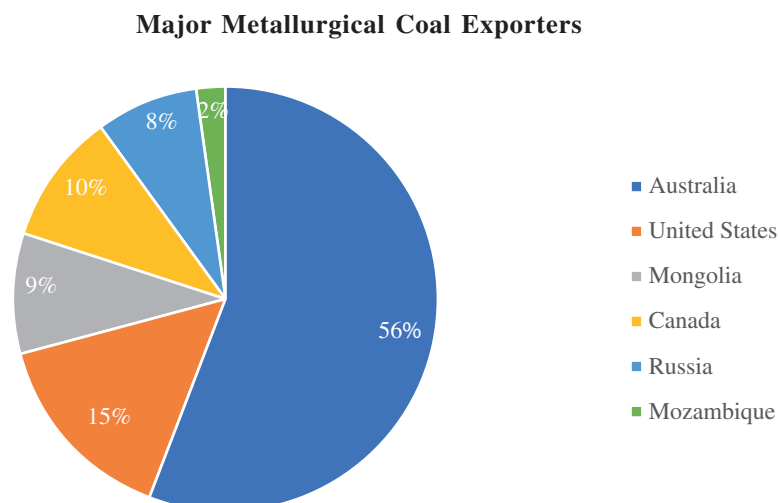
- Coal quality.
- End-user mine equity.
- Key off-take market stability.

Australian metallurgical coal, particularly hard coking coal from Queensland's Bowen Basin — by far the largest exporting basin of metallurgical coal globally — is generally considered the best in the world, and indeed many benchmark price indices for metallurgical coal are based on Australian coals. Steel producing countries, particularly those without domestic supply, seek Australian metallurgical coal to ensure high-quality steel is produced.

The underlying demand stability from the long-term importers of Australian metallurgical coals (India, Japan, Korea, and Taiwan), driven largely by significant steel production in these regions, provides substantial underlying support for production security. The significance of their dependency on Australian coals is further evidenced by their mine equity participation and/or ownership, as mentioned above. This participation, particularly from the Japanese, was pivotal in the development of Bowen Basin metallurgical coal exports.

Other Major Exporters of Metallurgical Coal

Australia is by far the largest seaborne exporter of metallurgical coal globally, accounting for nearly 57% of the overall supply. Its major competitors in seaborne exports in volume terms are the United States (metallurgical coal exports of 40 Mt in 2019) and Canada (metallurgical coal exports of 34 Mt in 2019). Other exporters include Mozambique and Russia. The distribution of seaborne metallurgical coal exports in 2019 is charted below.



Source: Salva

United States

In 2019, the United States exported an estimated 50 Mt of metallurgical coal, making it the second-largest exporter globally. The US metallurgical coal sector is structurally different from those of Australia and Canada. While the latter two are almost exclusively focused on the export market (and export over 90% of production), the US sector services a large domestic steel industry as well as exporting metallurgical coal.

In 2019, the USA produced 87 Mt of crude steel (30 Mt using basic oxygen furnace), compared to 14 Mt in Canada and 5 Mt in Australia. So, many US metallurgical coal mines are developed to serve the domestic steel sector, with exports generally (but not always) a secondary consideration. This is evidenced by the pattern of US metallurgical coal exports over the last decade, which is highly variable.

The US metallurgical coal sector is also quite fragmented, with many mines (over 70), mostly producing small volumes (less than 2 Mtpa). In recent years, only around five US metallurgical coal mines have produced more than 2 Mtpa. Many mines also can switch production over time between the domestic and export markets, depending upon existing contractual arrangements and relative market returns. These mines also tend to close and restart operations more than their Australian and Canadian counterparts, so overall production volumes are more volatile.

In short term, United States metallurgical coal suppliers are moving more cargos to China to capture the high CFR prices. However, new investment to cater to this market is not evident due to the policy uncertainty.

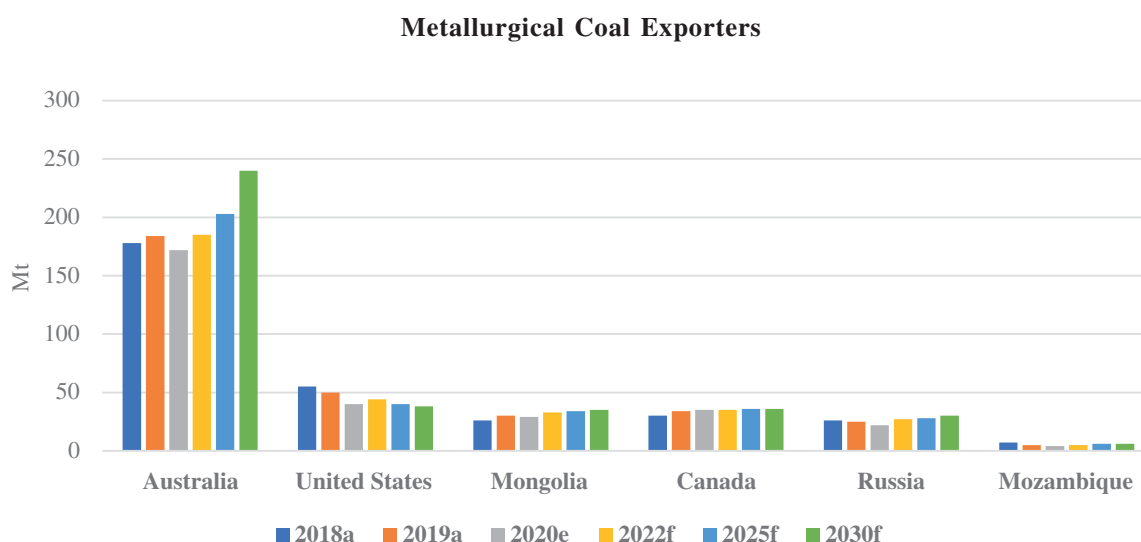
Canada

Metallurgical coal exports from Canada have been remarkably consistent over the last decade. Canada exported 30 Mt of metallurgical coal in 2019, all through the west coast. Almost all of this was exported from mines owned by Teck Resources, which is the world's second-largest exporter of metallurgical coal (behind BHP). Teck operates six metallurgical coal mines in western Canada and exports through terminals (Neptune and Westshore) at Vancouver.

Teck's cost structure is very competitive on a global basis, which is reflected by the fact its volumes have been remarkably consistent throughout the full coal market cycle, which is quite volatile. Even in very difficult market conditions, Teck has hardly reduced production or exports.

In short term, Teck is planning to move over 7 Mt to China in 2021 to diversify its market. Teck is in the process of ramping its Neptune export terminal following its expansion with a goal of completion by the end of Q1 2021. However, there is little incremental supply available from Canadian suppliers. Bowing to public pressure, the Government of Alberta has reversed its decision of May 2020 to rescind the province's 1976 policy of no coal exploration and development. The Government of Alberta has also recently announced the revocation of coal exploration licenses issued since Mid-2020. This could potentially impact various coal developers like Atrium Coal Ltd.

The pattern of exports from these major suppliers and the forecast is charted below.



Source: Salva

World Metallurgical Coal Trade

World trade in metallurgical coal grew to an estimated 333 Mt in 2019. Robust demand for metallurgical coal was supported by strong world industrial production growth, and thus strong steel output, which grew by 3% CAGR since 2010 to 1,868 Mt. The world metallurgical coal trade is projected to continue to grow over the outlook period at an average annual rate of 1.6%, to reach 395 Mt in 2030.

India is expected to be the key source of import demand growth and overtake China as the world's largest metallurgical coal importer during the outlook period, driven by the ongoing expansion of its domestic steel sector. In contrast, China's import demand is expected to be modest, as steel production growth slows down due to moderating economic growth, and as the growing use of scrap steel displaces metallurgical coal. Demand is projected to remain subdued or marginally decline among most other major importers apart from Brazil.

	Unit	2018 ^a	2019 ^a	2020 ^c	2022 ^f	2025 ^f	2030 ^f	CAGR
World trade.....	Mt	325	333	323	342	358	395	1.6%
Metallurgical coal imports								
China	Mt	65	75	67	69	71	76	0.2%
India	Mt	58	62	64	72	85	112	5.6%
Japan.....	Mt	42	42	41	41	40	39	-0.5%
South Korea.....	Mt	25	25	25	25	25	25	0.1%
Taiwan	Mt	9	9	9	9	9	9	0.1%
Europe (EU + UK)	Mt	56	56	55	55	55	54	-0.3%
Brazil.....	Mt	16	17	18	19	21	24	3.2%
Metallurgical coal exports								
Australia	Mt	178	184	170	185	203	240	2.4%
United States	Mt	55	50	40	44	40	38	-2.5%
Mongolia	Mt	26	30	29	33	34	35	1.4%
Canada.....	Mt	30	34	35	35	36	36	0.5%
Russia	Mt	26	25	22	27	28	30	1.7%
Mozambique	Mt	7	5	4	5	6	6	1.7%

Source: Salva

Global metallurgical coal production was profitable during 2020 due to high prices and Asian demand. These persistently strong market conditions have encouraged the restart of some idled operations in the USA. The expansion of existing mines and the development of new mines, especially in Australia, is expected to support supply growth over the outlook period.

Australia is expected to comfortably remain the dominant exporter of metallurgical coal, accounting for a projected 60% of world exports by 2030. Exports from the US are projected to decline — some US producers sit to the right of the cost curve, and will be vulnerable to price declines.

Metallurgical Coal Benchmark Prices

Australia Benchmark Metallurgical Coal Price Forecast

After a strong 2018 and 2019 period, metallurgical coal prices fell in early 2020 driven by a steel industry slowed by the COVID-19 pandemic.

While the Chinese domestic and global prices including the USA East Coast (USEC) have recovered with the robust recovery in the steel industry, the Australian price plunge is more likely to reflect significant uncertainty arising from Chinese import restrictions on Australian coal. The Australian premium HCC spot price is estimated to average \$108 a tonne in the December 2020 quarter, a little lower than the September 2020 quarter. Chinese domestic prices have moved in the opposite direction, with one Chinese domestic hard coking coal benchmark up 13% in the same period that Australian prices fell. After the Chinese New Year, spot pricing improved approximately 40% from December 2020 lows of \$101/t.



Source: Resource and Energy Quarterly, Dept of Industry, Australia

The recovery of Australian metallurgical coal prices will largely depend on Chinese government policy and signals. If the patterns of previous years are observed — where Chinese imports of Australian coal rebound sharply after the Chinese New Year — then this could be expected to help prices for Australian coal close the gap with other global prices. This is the assumed scenario that underpins our forecast. The table below summarises the price outlook for the Australian HCC price provided by various coal analyst (data collected and compiled by KPMG in February 2021).

Australian Hard Coking Coal Price — Outlook (USD/tonne)

Analyst	Reporting date	2021	2022	2023	2024	2025	LT (2021)
Contributor 1	17-Jan-21	138	140	n/a	n/a	n/a	110
Contributor 2	15-Jan-21	130	150	150	148	n/a	140
Contributor 4	13-Jan-21	140	150	150	150	149	149
Contributor 5	12-Jan-21	150	157	n/a	n/a	n/a	n/a
Contributor 7	11-Jan-21	120	126	133	140	n/a	136
Contributor 8	7-Jan-21	114	154	158	162	166	n/a
Contributor 9	7-Jan-21	139	146	146	144	145	133
Contributor 10.....	7-Jan-21	121	153	n/a	n/a	n/a	n/a
Contributor 11.....	6-Jan-21	138	145	155	155	n/a	160
Contributor 12.....	6-Jan-21	125	150	n/a	n/a	n/a	150
Contributor 13.....	5-Jan-21	130	130	n/a	n/a	n/a	n/a
Contributor 14.....	4-Jan-21	145	145	145	150	150	150
Contributor 15.....	4-Jan-21	145	145	n/a	n/a	n/a	130
Contributor 16.....	18-Dec-20	140	151	153	n/a	n/a	140
Contributor 17.....	16-Dec-20	131	149	152	151	n/a	140
Contributor 18.....	15-Dec-20	123	125	n/a	n/a	n/a	140
Contributor 19.....	11-Dec-20	122	120	119	118.8	n/a	n/a
Contributor 20.....	10-Dec-20	143	147	n/a	n/a	n/a	n/a
Contributor 21.....	10-Dec-20	135	145	150	150	n/a	136

Analyst	Reporting date	2021	2022	2023	2024	2025	LT (2021)
Contributor 22.....	9-Dec-20	131	152	n/a	n/a	n/a	n/a
Contributor 23.....	8-Dec-20	134	145	n/a	n/a	n/a	n/a
Contributor 24.....	1-Dec-20	150	150	150	150	150	n/a
Low		114	120	119	119	145	110
High		150	157	158	162	166	160
Average		134	144	147	147	152	140
Median		135	146	150	150	150	140

Source: KPMG, February 2021

As per the consensus estimate, the benchmark HCC price is expected to moderate to US\$150/t during the 2023-25 period.

Coal Price Outlook — Isaac Plains

The price outlook for the Isaac Plains Coal was estimated by Salva based on the historical difference between the HCC Index price and the actual price achieved. Based on the information provided by the Company, Isaac Plains is achieving between 72% to 75% of the HCC prices for its product.

Isaac Plains Coal Price Outlook (USD/tonne)

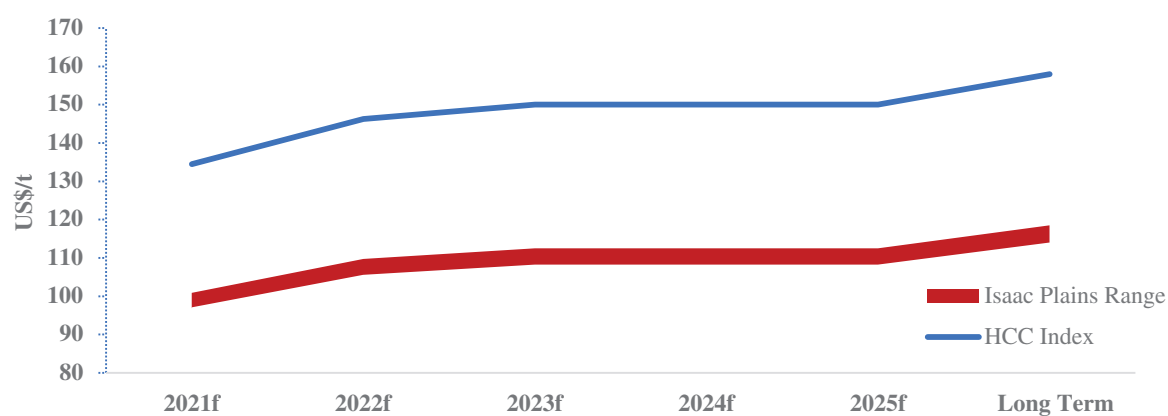
	2021f	2022f	2023f	2024f	2025f	Long Term
Nominal Terms						
HCC Index	135	146	150	150	150	158*
Isaac Plains	97-101	105-110	108-113	108-113	108-113	113-118
Real Terms						
HCC Index	135	143	143	140	136	140
Isaac Plains	97-101	103-107	103-107	101-105	98-102	101-105

* Note: Real — Nominal Conversion based on 2.4% annual inflation

Data Source: KPMG, Salva

The following chart exhibits the forecasted FOB prices for the benchmark index and BIB Coal.

Isaac Plains Coal Price Outlook (USD/tonne, nominal)

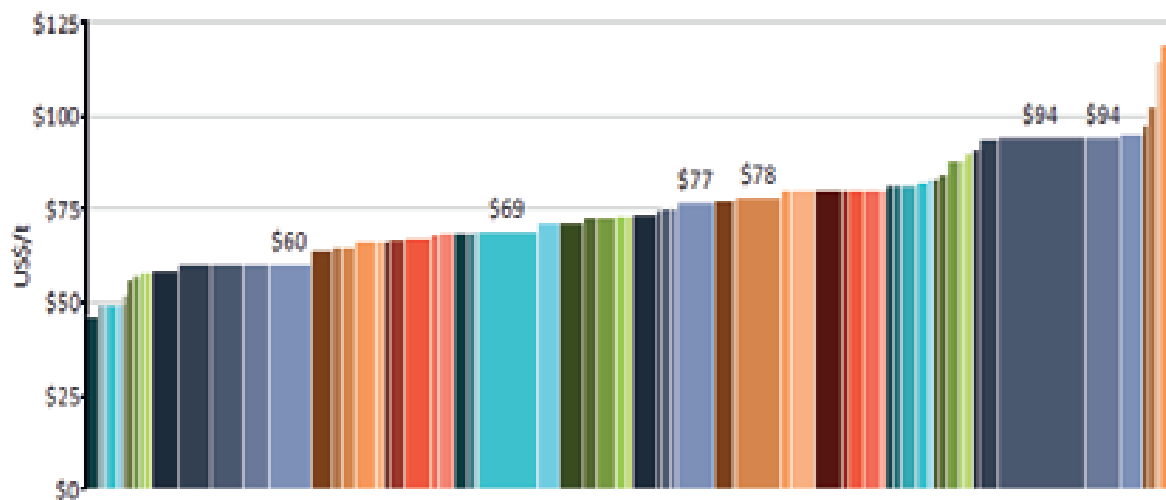


Data Source: Salva

Metallurgical Coal Cost Curve

The cost curve for the global seaborne metallurgical coal (including hard coking, PCI and Semi-soft) is shown in the figure below.

Seaborne Metallurgical Cost Global Cost Curve (US\$/t)



Source: Salva

The median cost was estimated at US\$66.4/t. The first quartile AISC cost was estimated as US\$73.3/t, while the third quadrant cost was US\$81.5/t. 90th Percentile cost was estimated as US\$95/t. The vast majority of the seaborne metallurgical coal exporters in the USA have cost in the fourth quadrant of the cost curve.

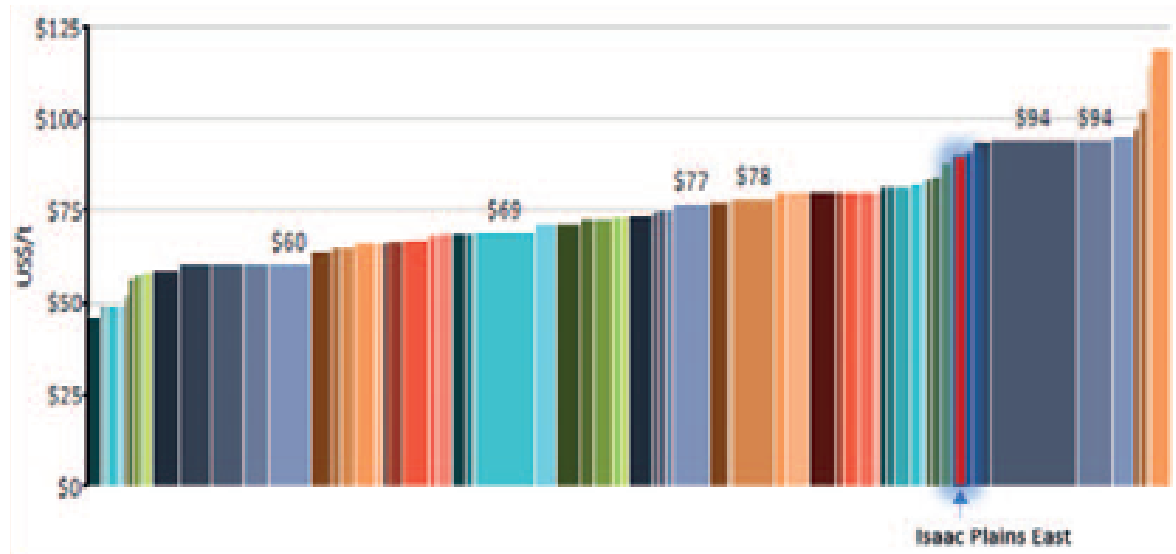
Isaac Plains Operations Cost Competitiveness

Stanmore Coal is listed on the Australian Securities Exchange (ASX), and is a subsidiary company of Golden Energy and Resources Limited (an SGX listed company), with a focus on the production of metallurgical coal for the seaborne coal market selling into various steel mills and coke makers worldwide.

In 2015, Stanmore acquired the mothballed Isaac Plains coal mine, restarting the mining operations and achieving a stable operation producing consistent mining volumes with reliable coal quality. Mining operations were then transitioned to the Isaac Plains East (IPE) project area to access coal of superior quality, which is currently being mined at an annualised rate of 2.2 Mtpa with a FOB cash cost of A\$115/t during H2, 2020.

Isaac Plains exports over 50% of its coal to Japan, with the rest predominately to India, South Korea, and Europe. The FOB cash cost before royalty was reported at A\$115/t during H2, 2020. Applying the state royalty, cash cost is estimated at US\$89/t, placing it at the 81st percentile of the cost curve.

Isaac Plains Position on Global Metallurgical Coal Cost Curve



Source: Salva

However, given the relatively short mining life within Isaac Plains East (IPE), Stanmore acquired the Wotonga South coal resource from Peabody Energy, later renamed the Isaac Downs Project. Stanmore had undertaken a Bankable Feasibility Study (BFS) for Isaac Downs Project in 2020 which confirmed the following:

- Metallurgical coal can be produced from Isaac Downs deposit.
- Coal Reserves of 25.9 Mt ROM (22.3 Mt Proved Reserves and 3.6 Mt Probable Reserves).
- Marketable Coal Reserves of 17.9 Mt (17.3 Mt is coking coal at 9.1-9.5% ash and 0.6 Mt is thermal coal).
- Production levels of ROM coal matched to the 3.5 Mtpa capacity at the Isaac Plains Coal Processing Plant (CHPP) to produce approximately 2.2 Mtpa of product.
- Over 80% of the ROM Production target is from Proved Coal Reserves.

Please refer to the Stanmore announcement dated October 23 2020 in relation to BFS for Isaac Downs Project for further details.

Gold Market

Gold (Au), a precious metal has been used in jewellery and as a form of currency for thousands of years. However, in more recent history, there has been increasing demand for its use in the manufacture of electronics, dentistry, medicine, and aerospace technology.

Historically, gold was used to back paper currencies in monetary systems known as “gold standards.” In such money systems, currency issuers are guaranteed to redeem notes for a fixed amount of gold. Today, gold is often held as part of an investment portfolio, as it is generally considered to maintain its value over the long term. Gold is widely regarded as a monetary asset as it is considered less volatile than world currencies and therefore provides a safe-haven investment during periods of economic uncertainty.

Gold Ore Reserves

Global gold reserves totalled 53,000 tonnes of gold content in 2020, according to the United States Geological Survey. Australia has a higher gold deposit reserves of 10,000 tonnes, followed by Russia (7,500 tonnes), the United States (3,000 tonnes), South Africa (2,700 tonnes), and Peru (2,700 tonnes).

Gold Mining and Processing

Gold extracting is most economical in large, easily mined deposits.

Gold mining and extraction or recovery from its ores may require a combination of comminution, mineral processing, hydrometallurgical and pyrometallurgical processes to be performed on the ore. The detailed steps of the process vary from mine to mine depending upon ore characteristics and ore factors.

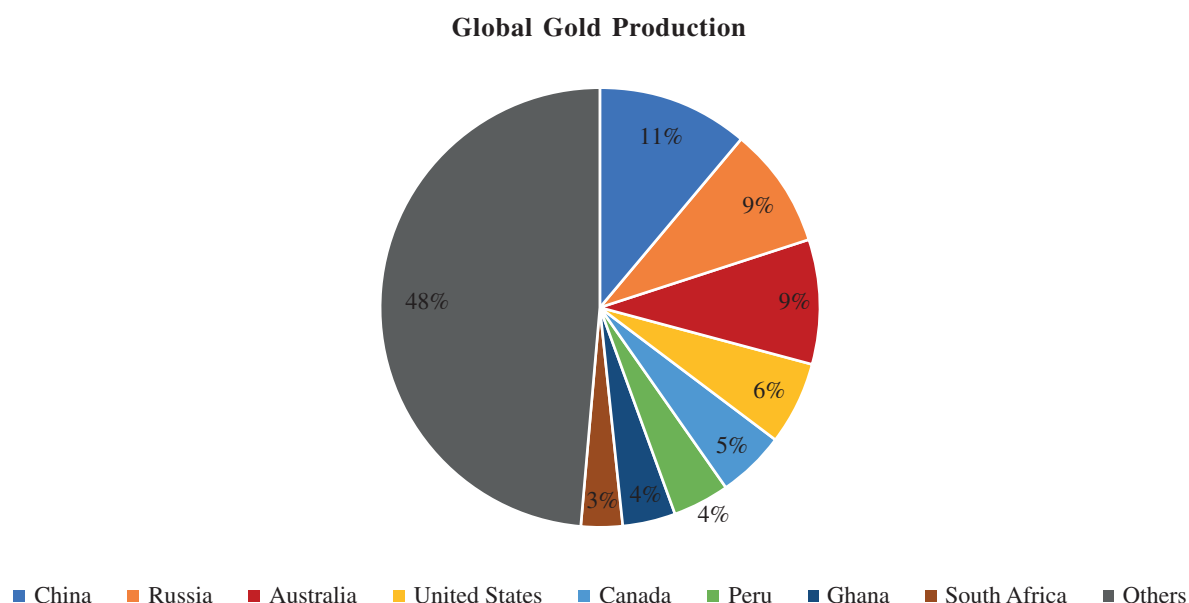
Gold produced at mine sites generally takes the form of gold dore bars with between 50% and 90% gold content. Gold dore bars are then sent to a refiner where silver and gold are parted and the gold is refined to commercial-grade gold bullion. Most gold is traded as refined gold (also known as gold bullion) in purity that ranges from 995 to 999 fineness, which is produced by a chlorination process and that of higher fineness, by an electrolytic process.

Gold is also produced in some mines as part of the process of mining and refining other metals, such as copper.

Gold Production

World gold supply is generally divided into primary gold (i.e., gold produced from ore mining) supply, official sector sales, and secondary gold (i.e., gold produced from gold scrap) supply.

World mine production of gold has grown progressively over the past few years, with 3,335 tonnes estimated to have been produced globally in 2020. The mine production has grown at a CAGR of 2.45% during the past 7 years.



Source: Salva

The top 8 producing countries account for over 50% of the production.

Australia is the world's third-largest gold producer, after China (which also ranks as the second-largest consumer of gold) and Russia. Until 2007, South Africa was the industry leader dating back to the 1880s, but production plummeted in 2008 due to labour and technical issues. Australian-sourced gold accounted for 325 tonnes or approximately 9.0% of global mine production in 2019.

Competitive landscape

At a country level, China was the largest producer in the world in 2019 and accounted for around 11 per cent of total global production. Russia and Australia are the next largest producers at 9 per cent each followed by the United States at 6 per cent.

Newmont is the largest gold producing company (5.91 Moz in 2020, acquired Goldcorp in early 2019), followed by Barrick Gold (4.76 Moz in 2020, acquired Randgold Resources in 2018) and AngloGold Ashanti (3.05 Moz). Australia listed Newcrest Mining (2.15 Moz production in 2020) is ranked 7th globally in term of gold production.

Gold Demand & Supply Balance

Gold's diverse uses, in jewellery, technology, and storage by central banks and investors, mean different sectors of the gold market rise to prominence at different points in the global economic cycle. This diversity of demand and the self-balancing nature of the gold market underpin gold's robust qualities as an investment asset.

The table below shows the gold demand and supply (in tonnes) with resultant surplus/deficit.

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Supply										
Mine production.....	2,885	2,894	3,100	3,347	3,349	3,497	3,466	3,542	3,538	3,336
Recycled gold	1,638	1,648	1,215	1,149	1,086	1,249	1,128	1,147	1,282	1,297
Total Supply	4,523	4,542	4,314	4,496	4,435	4,746	4,594	4,689	4,820	4,633
Demand										
Jewellery.....	2,096	2,141	2,736	2,544	2,479	2,019	2,257	2,285	2,137	1,327
Technology	429	382	356	348	332	323	333	335	326	302
Bar & Coins.....	1,502	1,322	1,731	1,066	1,091	1,073	1,044	1,090	871	896
ETFs	261	251	-887	-149	-129	541	272	70	398	877
Central banks.....	481	569	629	601	580	395	379	657	668	273
Total Demand.....	4,770	4,665	4,565	4,411	4,353	4,351	4,284	4,436	4,400	3,675
Surplus/Deficit.....	-247	-123	-250	85	83	395	310	252	420	958

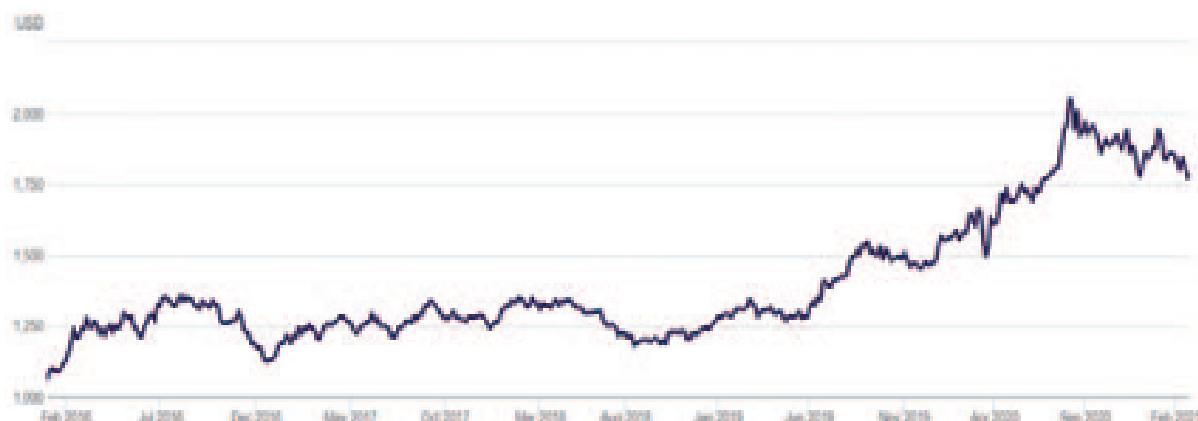
Source: London Bullion Market Association

Gold demand has been steady for the past 7 years to 2019. Demand for physical jewellery is estimated to have declined by 38%, largely on the back of sharply lower demand in Asia during the COVID pandemic impacted 2020.

Gold Prices

Historically, the price of gold is negatively correlated to the prices of other asset classes during times of uncertainty and financial crises. Due to the recent coronavirus outbreak sparking uncertainty, the price of gold has rallied from US\$1,050/oz at the beginning of 2016 to the spot price of US\$1,785/oz at present (70% increase in 5 years) as investors demand the high liquidity that gold provides.

Gold Prices — 5 years historical



Source: [gold.org](https://www.gold.org)

In the recent survey of the leading banker/brokers conducted by the London Bullion Market Association (LBMA), Double-digit price rises were forecasted for all precious metals during 2021 against 2020 actual average prices, with gold set to increase by 11.5% on actual average prices in 2020. Key factors driving prices include negative or falling US interest rates, US monetary and fiscal policy, as well as weakness in the dollar.

Broker/Bank	Low	Average	High
Goldman Sachs.....		\$2,300	
Robin Bahr Metals Consulting (RMBC).....	\$1,800	\$2,163	\$2,400
MKS PAMP Group.....	\$1,820	\$2,072	\$2,300
Bank of America		\$2,063	
Metals Daily.....	\$1,810	\$2,025	\$2,285
Commerzbank AG	\$1,750	\$2,000	\$2,150
Japan Bullion Market Association	\$1,750	\$2,000	\$2,150
Commonwealth Bank of Australia.....		\$2,000	
TD Securities	\$1,775	\$1,994	\$2,131
Mitsubishi Corporation.....	\$1,600	\$1,960	\$2,200
Standard Chartered	\$1,700	\$1,958	\$2,200
ABN AMRO.....	\$1,750	\$1,951	\$2,050
Credit Agricole.....	\$1,720	\$1,930	\$2,140
Sumitomo Corp	\$1,710	\$1,920	\$2,125
HSBC Securities.....	\$1,695	\$1,907	\$2,010
Bank of China	\$1,575	\$1,887	\$2,150
Quantitative Commodity Research	\$1,710	\$1,868	\$2,075
Morgan Stanley		\$1,835	
ED&F Capital Markets.....	\$1,680	\$1,815	\$2,050
Noah Capital Markets.....	\$1,590	\$1,650	\$1,840
Average	\$1,715	\$1,965	\$2,141

Source: *London Bullion Market Association*

The World Gold Council expects that the interplay between financial uncertainty, lower interest rates, weakening in global economic growth, and gold price volatility will continue to drive gold demand. Moving forward, the overall macroeconomic backdrop is set to remain supportive for gold, with the numerous political and economic uncertainties likely to lead to stock market volatility and higher risk aversion. While demand from key Asian markets will likely to remain weak this year, ongoing central bank purchases and renewed investor interest will lend support for the current gold prices.

Australian Gold Production

Australia produces approximately 10 Moz (325 tonnes) of gold annually.

During the Q3 of 2020, Newcrest's Cadia Valley operation took out the top spot as Australia's largest gold producer with 196,504 oz for the quarter, followed by Newmont's Boddington (178,000 oz) and Newcrest's Lihir Operation in PNG (177,337 oz). Of the mines where gold is a by-product, OZ Minerals' Prominent Hill produced the most gold 51,629 oz followed by BHP's Olympic Dam with 36,608 oz and Evolution's part of Ernest Henry with 24,569 oz. The table below shows the gold production at some of the biggest gold producers in Australia and/or companies listed on ASX.

Operation	Company	Mine Type	Grade (g/t)	Au Production (koz p.a.)	AISC (A\$/oz)
Cadia Valley	Newcrest Mining Limited	UG	1.02	823	106
Lihir	Newcrest Mining Limited	OP	2.38	773	1,301
Boddington	Newmont Corporation	OP	0.65	712	1,395
Fosterville	Kirkland Lake Gold Limited	UG	30.3	646	488
Tanami	Newmont Corporation	UG	6.41	524	1,011
Tropicana	JV AngloGold Ashanti/IGO Limited	OP/UG	1.58	428	1,529
Telfer	Newcrest Mining Limited	OP/UG	0.86	396	1,418
Sunrise Dam	AngloGold Ashanti Limited	UG	2.28	296	1,647
Jundee Yandal	Northern Star Resources Limited	OP/UG	3.30	285	1,212
Kalgoorlie Operations ...	Northern Star Resources Limited	UG	2.70	285	2,028
Granny Smith	Gold Fields Limited	UG	5.06	276	1,342
Agnew Lawlers	Gold Fields Limited	UG	5.78	248	1,448
KCGM	JV Northern Star/Saracen	OP/UG	1.30	230	1,400
Gruyere	JV Gold Fields/Gold Road Resources	OP	1.03	224	1,497
Cowal	Evolution Mining Limited	OP	0.91	220	958
Carosue Dam	Saracen Mineral Holdings Limited	OP/UG	2.90	213	1,300

Source: Salva

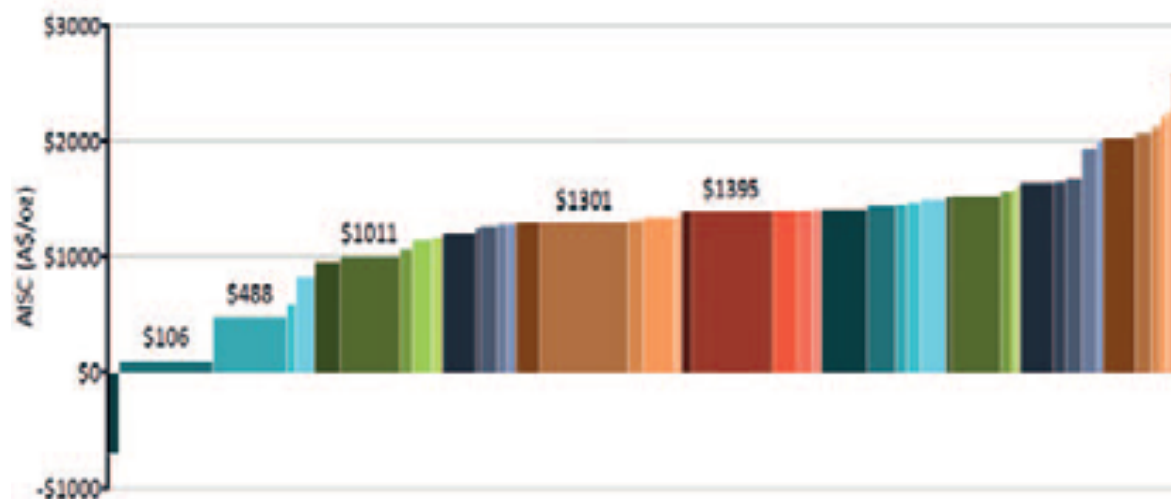
All-in Sustaining Cost (AISC) for Australian Gold Producers

The average All-in Sustaining Cost (AISC) for Australia and New Zealand was A\$1,422/oz, which is up 3.2% (A\$45/oz) on the previous quarter average AISC of A\$1,377/oz.

Evolution Mining's part of the Ernest Henry operations was the lowest cost producer reporting an AISC of A\$-710/oz followed by Newcrest's Cadia Valley operations with an AISC of A\$106/oz, then by Kirkland Lakes' Fosterville mine (A\$488/oz). It should be noted that Ernest Henry and Cadia Valley benefit from significant base metal by-products.

The lowest cost "gold only" operations were Kirkland Lakes' Fosterville mine with an AISC of A\$488/oz, then Saracen's Thunderbox mine (A\$827/oz) and Newmont's Tanami operation (A\$1,011/oz).

Australian Gold Production AISC Cost Curve



Source: Salva

The median AISC cost was estimated as A\$1,342 for Granny Smith operations. The first quartile AISC cost was estimated as A\$1,011/oz (Tanami Mine), while the third quadrant AISC cost was A\$1,478/oz (Edna May Mine).

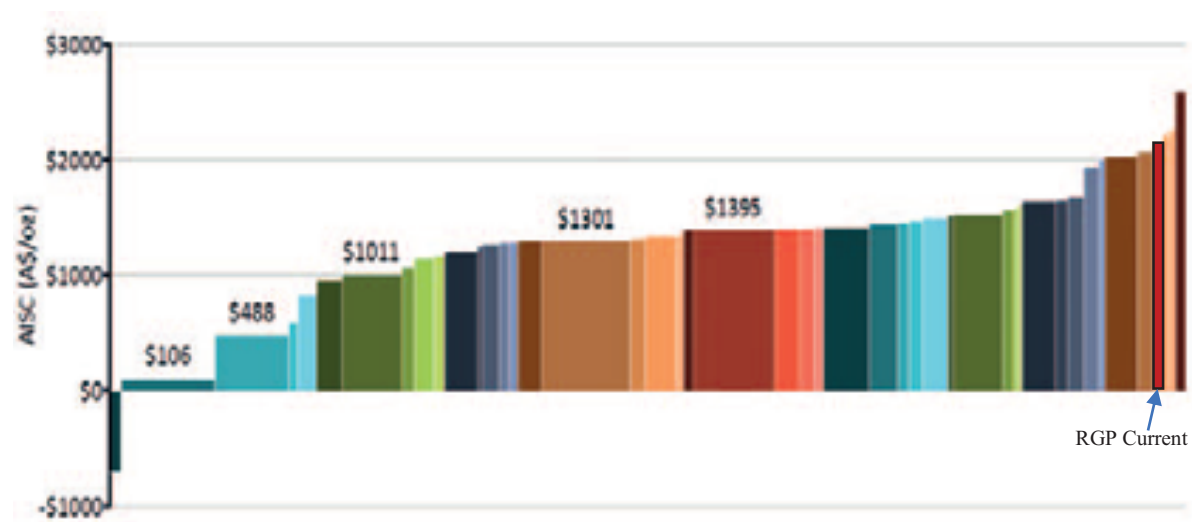
Ravenswood Cost Competitiveness

The Ravenswood Gold Project (RGP) is located approximately 120 kilometres (km) south of Townsville and 60km east of Charters Towers, Queensland. Ravenswood is a mature operation and has been in continuous production since 1987. Mining of the underground Mt Wright orebody, 10km northwest of the Ravenswood processing plant, was completed in Quarter 4 of 2019. To date, over 4Moz of gold have been mined from the Ravenswood and Mt Wright deposits, with a further 4Moz remaining in resources, giving a total mined and in-situ endowment of the Ravenswood goldfield of around 8Moz of gold.

In 2020, the operation was confined to processing low-grade stockpiles, which accumulated during past Sarsfield-Nolans open-pit mining operations. The facilities handled approximately 3.0 Mtpa of this material to produce 47.6 Koz of gold in the nine month period ended 31 December 2020. RGP is undertaking a strip-back and expansion of the existing open pit, namely Buck Reef West (BRW), together with an expansion of the existing processing facilities and construction of a new tailings storage facility.

RGP produced 46.6koz of gold during FY2020 at an AISC of A\$2,222/oz while treating low-grade stockpiles, placing it in the fourth quadrant of the cost curve. As per the independent qualified person technical and valuation report released by GEAR in the SGX circular dated 8 March 2021, after the completion of the strip-back of the existing open pits together with an expansion of the existing processing facilities, RGP will expand production capacity to over 200 Koz of gold per annum which will improve its cost competitiveness.

RGP Position on Australian Gold AISC Cost Curve



Source: Salva

BUSINESS

Overview

We are an international energy and resources company with geographical presence in Indonesia, Australia and Singapore. In Indonesia, we are a leading energy coal producer operating through our subsidiary, GEMS, and its subsidiaries. Our business in Australia includes metallurgical coal and gold mining. In Australia, our metallurgical coal mining business is conducted through our subsidiary, Stanmore, and its subsidiaries, and our gold mining business is conducted through our joint venture investment in Ravenswood. Our operations cover exploration, development, mining, processing and marketing of (i) energy coal sourced from coal mining concession areas and tenements of GEMS in Indonesia and through coal trading, (ii) metallurgical coal sourced from our coal mining concession areas and tenements of Stanmore in Australia, and (iii) non-coal businesses, including gold sourced from gold mining tenements of Ravenswood in Australia through our joint venture. Our resources portfolio also includes a forestry business.

A brief description of our businesses is set forth below.

Energy Coal. Historically, our mining operations have been focused on energy coal, through the mining operations of GEMS, a public company listed on the IDX. As of March 30, 2021, GEAR owned 62.5% of GEMS.

GEMS has five coal mining concession areas in South and Central Kalimantan, Jambi (a province in Sumatra) and the South Sumatra Basin, Indonesia. The GEMS Group obtained its first coal concession in 2006 and commenced production in 2007. The GEMS Group has a total of five concession areas with an estimated 1,029.0 million tonnes of proved and probable coal reserves and 2,912.3 million tonnes of estimated coal resources, including coal reserves, as of December 31, 2020, according to the Salva JORC Reports. In 2017, 2018, 2019 and 2020, the GEMS Group produced 15.6 million tonnes, 22.6 million tonnes, 30.8 million tonnes and 33.5 million tonnes of coal, respectively. In 2020, coal produced in the BIB concession area accounted for 91.1% of GEMS' overall production volume, with the remainder of production volume from our KIM and BSL concession areas. These mining concession areas generally hold sub-bituminous and bituminous energy coal. Revenue from the energy coal segment accounted for 91.5% of our revenue in 2020.

Our coal trading business is part of our energy coal operations in Indonesia. We engage in coal trading through our direct and indirect subsidiaries, GEMS, GEMS Trading, GEAR Trading and PT Roundhill Capital Indonesia, which allows us to access different varieties of coal and creates potential blending opportunities with our own mined coal. Our coal trading business entails procurement of sales orders from customers and sourcing of coal from other Indonesian coal producers. We sold 1.6 million tonnes, 1.1 million tonnes and 0.7 million tonnes of coal in our coal trading segment in 2018, 2019 and 2020, respectively. We believe that our coal trading business helps to provide us with information about coal supply and demand, market pricing and credit risk.

Metallurgical Coal. In 2018, GEAR began to diversify our business operationally and geographically through our acquisition of a majority and controlling interest in Stanmore. Our effective interest in Stanmore increased from 19.9% in December 2018 to 25.5% in January 2019, to 31.5% in March 2020 and to 60.0% in May 2020.

Stanmore is an Australian coal producer focused on metallurgical coal that owns and operates the Isaac Plains Complex in Queensland's prime Bowen Basin region. Stanmore is listed on the ASX under stock symbol "SMR." GEAR, through its subsidiary GIAPL, acquired a majority interest in Stanmore through the On-Market Takeover Bid in May 2020. As of December 31, 2020, GIAPL owned 75.3% of Stanmore, and GEAR owned an effective interest of approximately 60.0% in Stanmore through its approximately 80% ownership in GIAPL.

The Isaac Plains Complex encompasses a portfolio of operational mines and interests in exploration projects at various stages of development. The Isaac Plains Complex has an estimated 49.2 million tonnes of proved and probable coal reserves and 154 million tonnes of estimated coal resources, including coal reserves. See “— Stanmore Metallurgical Coal Mining — Coal Reserves, Resources and Quality of Stanmore.” All of the Stanmore Group’s current mining operations are located in the Isaac Plains Complex at the Isaac Plains East mine. In Stanmore’s FY2019 and Stanmore’s FY2020, the Stanmore Group produced 2.4 million tonnes and 2.4 million tonnes of saleable coal, respectively. Revenue from our metallurgical coal segment accounted for 8.4% of our revenue in 2020 and comprised revenue from the Stanmore Group from May 18, 2020 to December 31, 2020.

Non-coal Business. Our non-coal business spans across gold mining, forestry and renewables.

Gold Mining. In March 2020, we acquired a 50% interest in the Ravenswood Gold Mine in Queensland, Australia. We entered into the gold mining business with a view to reducing our exposure to coal price cycles, as gold is generally a countercyclical precious metal. We are engaged in this business through our joint venture investment in Ravenswood. We hold a 50.0% interest in Ravenswood through a joint venture with EMR, which is a specialist mining private equity fund that invests in global resource projects and companies, primarily focusing on copper, gold, hard coking coal and potash. In addition to the Ravenswood Gold Mine, as of December 31, 2020, EMR owned or was an investor in eight mines and projects globally, including the producing Capricorn Copper and Kestrel Coal Resources mines in Queensland, the Golden Grove zinc, copper and other precious metals mine in Western Australia and the Lubambe copper mine in Zambia.

The Ravenswood Gold Mine is located in Queensland, Australia and has an estimated 2.60 million oz of proved and probable ore reserves as of September 11, 2020 according to the AMDAD Report, and 3.74 million oz of estimated ore resources as of September 30, 2020, according to the SD2 Reports. Since becoming part of our Group on March 31, 2020 through December 31, 2020, the Ravenswood Gold Mine has produced 47.6 kozo of gold. In 2020, we recognized a share of loss of a joint venture (net of tax) of \$4.9 million related to Ravenswood.

Forestry Business. We are also engaged in the forestry business through our subsidiary, HRB. We are currently planting sustainable wood, including acacia mangium, sengon, and rubber trees for furniture and agricultural uses on our forestry concession lands, comprising approximately 265,095 hectares across four regions in South Kalimantan, Indonesia.

Renewables. We incorporated a new subsidiary, GEAR Renewables Pte, in May 2019. GEAR Renewable’s principal activity is exploring and making investments in renewable energy projects, which we believe will help to further diversify our energy portfolio. In November 2019, GEAR Renewables invested \$4.0 million in a renewable energy fund dedicated to making investments in solar PV systems in target geographies of Taiwan, Japan and Australia.

For the years ended December 31, 2019 and 2020, our revenue was \$1,115.8 million, and \$1,162.7 million, respectively. Our revenue in 2019 and 2020 included \$1,107.5 million and \$1,061.4 million, respectively, from the GEMS Group, and our revenue in 2020 included \$97.2 million from the Stanmore Group. Our Adjusted EBITDA for 2019 and 2020 was \$129.7 million and \$147.9 million, respectively.

We are listed on the Mainboard of the Singapore Stock Exchange under the stock symbol “AUE.” Our market capitalization was \$275.9 million as of April 30, 2021.

Our Competitive Strengths

We believe that we have a number of competitive strengths, including the following:

A leading coal producer in Indonesia with high quality coal reserves under mining concessions with long tenure to support production expansion plans

We are a leading coal producer in Indonesia through our subsidiary, GEMS, and its subsidiaries. We are one of the top three energy coal producers in Indonesia in terms of 2020 throughput, according to Salva. We have grown our annual coal production volume in Indonesia from 22.6 million tonnes in 2018, to 30.8 million tonnes in 2019 and 33.5 million tonnes in 2020, representing a 2018 to 2020 CAGR of 21.7%. We ramped up production significantly during the past 10 years from 1.8 million tonnes in 2010 to 33.5 million tonnes in 2020 representing a 18x increase in production over the period. According to Salva, we were one of the fastest growing Indonesian mining companies in terms of coal production (CAGR of 31% between 2015 to 2020). We achieved such high rates of increase in production predominately through brownfield low capital intensity expansion at GEMS' BIB Mine and a low stripping ratio of 4.0x, which is one of the lowest stripping ratios for large-scale mines in Indonesia, according to Salva.

We have substantial high quality coal reserves to support sustainable production over the long term. Our five concession areas held through GEMS have an estimated 1,029.0 million tonnes of 2P coal reserves as of December 31, 2020, according to the Salva JORC Reports. We are among the top five players in Indonesia in terms of coal reserves (for coal producers of >10Mtpa), according to Salva. Based on our current and planned production capacity, we believe that BIB has sufficient coal reserves to support production for another 15 to 20 years, according to Salva. According to Salva, we are well placed compared to our peers in Indonesia for prolonged growth given our high reserves to production ratio of over 30 times annual production, based on our production of 33.5 million tonnes of coal in 2020. Our mining concession areas in Indonesia hold coal reserves with CV ranging from 2,835 kcal/kg to 6,528 kcal/kg, with the majority of our coal reserves located in the BIB concession area and having CVs of approximately 4,055 kcal/kg (arb), according to the Salva JORC Reports. According to Salva, the coal in BIB's concession area is a low-pollutant coal containing ultra-low ash, nitrogen oxide and sulphur, which is well suited as a blending coal source for over 70% of power plants in India, Korea and Southeast Asia. We believe that our substantial coal reserves coupled with its high energy content makes us an attractive supplier to coal power plants in the region.

A significant portion of our 2P coal reserves are held under BIB's CCoW, which allows us greater visibility and flexibility in terms of planning our capital expenditures, investments and production schedules for our assets. BIB's CCoW expires in 2036. With the issuance of MEMR Regulation 34/2017 on May 9, 2017, the Indonesian Government may no longer enter into CCoWs and instead issues IUP licenses that are typically valid for periods of less than 20 years. Accordingly, we believe that we have a competitive advantage in terms of production flexibility due to BIB's CCoW as compared to other players with IUP licenses.

Ownership of high quality metallurgical coal and gold assets

We have a majority and controlling interest in Stanmore, a primarily metallurgical coal focused company that operates the Isaac Plains Complex in Queensland, Australia. Through GIAPL, we increased our effective ownership in Stanmore from 19.9% in December 2018 to 25.5% in January 2019, to 31.5% in March 2020 and to 60.0% in May 2020. The Isaac Plains Complex has an estimated 49.2 million tonnes of quality metallurgical coal reserves (according to the Stanmore JORC Reports), and the Ravenswood Gold Mine has an estimated 2.60 million oz (as of September 11, 2020 according to the AMDAD Report) of quality ore reserves. The life span of our coal reserves in the Isaac Plains Complex is more than 12 years, based on the production run rate of 2.4 million tonnes per annum. Stanmore also owns high quality coal mining infrastructure, which includes a dragline, CAT 6060 hydraulic excavator, CHPP that was commissioned in 2006 and has a nameplate throughput capacity of 500 tph (3.5Mtpa ROM), and access to rail and port infrastructure, which is supported by long-term contracts, providing security of access to the rail network and relevant ports.

In March 2020, we acquired a 50% interest in the Ravenswood Gold Mine in Queensland, Australia. The life span of our gold reserves in Australia is approximately 14 years, based on the production rate of approximately 185,000 oz per annum and its estimated 2.60 million oz of proved and probable ore reserves as of September 11, 2020. Apart from quality ore reserves, Ravenswood Gold Mine owns a 5.0Mtpa gold processing plant. Based on feasibility studies conducted by Ravenswood, we have put together plans to develop and expand the mining operation of Ravenswood Gold Mine. According to the completed feasibility studies, we can build on Ravenswood Gold Mine's existing infrastructure to implement our development and expansion plans to increase production capacity to 7.2Mtpa and capability to produce over 200,000 oz of gold per annum. Ravenswood expects to produce on an average approximately 185,000 ounces of gold per annum over a targeted 14-year mine life.

Low cost structure allowing market resilience through periods of volatility

Our BIB Mine is in the lowest quartile on the Asia-Pacific supply cost curve and is well-positioned to supply coal in the Asian market even during the periods of low coal prices as compared to other producers in the Asia Pacific seaborne market, according to Salva. Almost half of the BIB coal concession area overlaps with the forest concession area held by our subsidiary, HRB. This results in cost savings as we pay low land compensation in the BIB concession area. BIB coal mining operations accounted for 89.4%, 93.2% and 91.1% of the GEMS Group's coal production volume in 2018, 2019 and 2020.

The proximity of our operations to nearby ports helps to reduce our logistical and transportation costs at GEMS and Stanmore. Each of our BIB coal blocks is located in close proximity to processing facilities and nearby ports in South Kalimantan. Stanmore's tenements located in Bowen Basin (Queensland) are situated near rail infrastructure and Stanmore owns a train loop and loading facility, which enables smooth transportation of the coal from the mine to the port. Further, Stanmore's dragline operation, which is supplemented by truck-and-shovel operations, allows Stanmore the flexibility to increase production volumes to take advantage of a strong pricing environment and also to reduce production volumes to focus on producing its highest-margin tonnes in a weaker pricing environment. We own coal hauling roads at our BIB mine, the Bunati port, stockpiles and barge loading conveyor belts, which facilitates uninterrupted transportation of our coal from mine to port and eventually to end customers. Similarly, we also own the Nilau port in Jambi, which includes a stockpile and barge loading conveyor belt.

We enjoy a low cash cost position. Our average cash cost for energy coal in the past five years has ranged from approximately \$19.5 per tonne to \$27.4 per tonne. Our low cost position has allowed our coal mining operations to remain profitable despite a low coal price environment. In 2018, 2019 and 2020, our gross margins from our energy coal segment, which we calculate as the difference between revenue and cost of sales in our energy coal segment as a percentage of energy coal segment revenue, were 34.6%, 32.7%, and 36.1%, respectively. In Indonesia, our coal is mined using surface open-cut mining methods, which lead to a lower stripping ratio as compared to other Indonesian mines. GEMS has a stripping ratio of 4.0x, which is one of the lowest stripping ratios for large-scale mines in Indonesia, according to Salva. GEMS has relatively thin layers of overburden and thick horizontal coal seams, which contributes to efficient and low-cost mining.

Robust financials underpinned by strong fundamentals

We have demonstrated resilient and robust financial growth despite a volatile coal price environment. Our average selling price per tonne of coal decreased from 2018 to 2020. For the GEMS Group, the average selling price per tonne of coal mined decreased from \$41.4 per tonne in 2018 to \$35.0 per tonne in 2019 and \$31.0 per tonne in 2020. For Stanmore, the average selling price per tonne of coal mined decreased from A\$173.8 per tonne in Stanmore's FY2019 to A\$159.5 per tonne in Stanmore's FY2020 and to A\$115.1 per tonne in the six months ended December 31, 2020. During the first half of 2020, as a result of lockdowns and other measures implemented by governments in response to COVID-19, there was a significant decline in demand from key export markets for Indonesian and Australian coal, including reduced demand from India and China, which in turn drove down our realized prices from coal sales. Despite this, our Adjusted EBITDA increased from \$129.7 million in 2019 to \$147.9 million in 2020, driven by continued production ramp up, economies of scale and prudent cash cost management. We have successfully increased our Adjusted EBITDA margin from 11.6% in 2019 and to 12.7% in 2020.

Our robust financial performance is supported by a stable balance sheet and healthy cash position. As of December 31, 2020, our total debt to Adjusted EBITDA and net debt to Adjusted EBITDA ratio was 2.6 and 0.8, respectively, and we have a strong cash balance of \$262.8 million (not including restricted cash). After giving effect to the issuance of the Notes and the redemption of the 2023 Notes and the repayment of the CS/Mandiri Facility using a portion of the net proceeds of this offering, our total debt to Adjusted EBITDA ratio as of December 31, 2020 would have been 3.1. GEMS pays us dividends of approximately 80% of its free cash flow under the terms of the GEMS Shareholders' Agreement. From 2017 to 2020, we have regularly received dividends aggregating to approximately \$185 million from GEMS, which supports our healthy cash position.

Our robust financial position and prudent capital management enables us to operate consistently throughout business cycles while continuing to invest in future expansion plans. With no fixed dividend policy, we preserve cash for business expansion through new investments and diversification, debt servicing and working capital. We also hedge our foreign currency exposures where relevant. For GEMS, its revenue is USD denominated or USD linked, and as such it is considered as a natural hedge and no currency hedging is undertaken. Stanmore undertakes currency hedging to cater for a scenario where the Australian dollar strengthens against the USD as its revenue is denominated in USD while its costs are denominated in Australian dollar. Similarly, Ravenswood partly hedges the gold price exposure in Australian dollars.

Diversified operations with strategically positioned mines to capitalize on robust markets in Asia

Our energy coal enjoys high demand in Indonesia and internationally particularly from China and India, which continue to be our main export markets. In Indonesia, our strategic location which is in close proximity to the planned coal-fired power plants in the Java and Sumatra areas, helps us to reduce logistics cost and allows us to bid at competitive prices compared to our peers. Meanwhile, according to Salva, the next phase of growth in electricity demand is expected to come from Southeast Asian economies, including Thailand, the Philippines, Malaysia and Vietnam, which is expected to drive Asian energy coal demand and compensate for an anticipated drop in coal imports in Japan and Korea, according to Salva. We have entered new markets such as Vietnam, the Philippines and Cambodia. For energy coal, compared to our Australian coal producing counterparts, we believe that we are able to offer more competitive prices within the region due to economies of scale, lower freight, logistical and labor costs. For this reason, we believe that our strategic location in Indonesia positions us to serve the growing Southeast Asian demand.

For metallurgical coal, compared to our American coal producing counterparts, we believe that we are able to offer more competitive prices within the region due to lower freight and logistical costs given our closer proximity to the key consumption markets of Japan, Korea and India.

INDONESIA & SINGAPORE



AUSTRALIA



Our recent acquisitions have allowed us to diversify our operations in the following ways:

Geographic diversification: our acquisitions of Stanmore and Ravenswood in Australia have helped to reduce our exposure to and reliance on Indonesia as a market. We aim for this to continue in the future as we have plans to develop and expand the mining operations of the Ravenswood Gold Mine and Stanmore. Stanmore's mining operations will be transitioning to Isaac Downs, which is an extension of the current operations. We intend to operate Isaac Downs as a satellite development, using our existing coal processing plant and train loading facilities in the Isaac Plains Complex to provide a mid-volatility pulverized coal injection product and a range of semi-hard and/or semi-soft coking coals. Ravenswood is currently undertaking a strip-back and expansion of its existing open pit, Buck Reef West, together with an expansion of the existing processing facilities and construction of a new tailings storage facility.

Product portfolio diversification: we now produce metallurgical coal products and gold through Stanmore and Ravenswood, respectively, which over time is intended to reduce our reliance on our energy coal operations in Indonesia. We believe that this will in turn reduce our exposure to fluctuations in energy coal prices and provide more stable source of revenue. Energy and metallurgical coal have different uses, where energy coal is primarily used in energy generation while metallurgical coal is used in the primary steel-making process. Therefore, factors affecting the demand for energy coal may not affect the demand for metallurgical coal. We believe that the demand for metallurgical coal will remain buoyant in the near future. According to Salva, 70% of iron is manufactured using the blast furnace technology, which requires use of metallurgical coal. The blast furnace process is likely to remain the major technology for iron/steelmaking in short to medium term, though the share of electric arc furnaces may gradually increase, supported by many mini-mill projects mainly in emerging economies. According to Salva, most of the growth in steelmaking capacity is expected to continue to occur in Asia, supported by many integrated steelmaking projects that are based on the blast furnace technology. In addition, gold prices are often resilient against market turbulence, which helps our revenue stability.

Customer diversification: our diversified product portfolio allows us to serve to a wider range of customers, spanning energy and steel producers, over a wider range of geographies. Such diversification also helps us reduce our reliance on any individual customer, and sales to our largest customer reduced from 17.4% of our revenue in 2019 to 15.5% of our revenue in 2020. The GEMS Group's sales are primarily derived from Indonesia, China and India, while Stanmore's sales are primarily derived from Japan, South Korea, India and Europe, with Ravenswood Gold Mine's sales derived fully from Australia. In 2020, 29.9%, 20.3%, 4.2%, 1.5% and 0.6% of our revenue was from China, India, Japan, Korea and Europe respectively. We have thus been able to develop an increasingly geographically diverse customer portfolio and decrease our reliance on China, which has been traditionally a big importer of energy coal, as a market.

Ownership of integrated high quality infrastructure

BIB's existing infrastructure includes its ROM stockpile, a primary crushing and screening plant at the mine site and a weigh bridge, port stockpile, secondary crushing circuit at the Bunati port, which is located within an average of 25 kilometers from the BIB mining concession. The Bunati port also has a jetty and barge loading conveyor, the capacity of which is approximately 30Mtpa. In addition, coal mined from the BIB mine is currently hauled using a dedicated haul road, which has capacity to haul up to 30Mtpa of coal and most of which is owned by BIB. We intend to increase our production capacity of our BIB coal mines to 44 million tonnes by 2023 (subject to the completion of relevant feasibility studies and acquiring necessary approvals) to extract operational synergies through the benefits of scale and integration of operations. We are in the process of upgrading our mine infrastructure to accommodate future production volume growth. We are currently upgrading our existing infrastructure, including our crushers and conveyor belts, at the BIB mine to accommodate our production expansion plans, and we also plan to undertake road widening and are in the process of upgrading our existing hauling road to accommodate double trailer trucks with 170 tonne capacity with the aim that our infrastructure can handle up to 36 million tonnes per annum of coal production in 2021. For BIB, we believe that our access to, and ownership of, dedicated coal infrastructure enables us to have the benefit of substantial cost and quicker ramp up as we are able to manage the entire process from mine to port, so as to facilitate the smooth delivery of our coal to end customers. We have direct access to the Java Sea and our 800 meter conveyor belts enables direct loading to barges regardless of tidal conditions. These efficiencies further add to our competitiveness and reliability in bidding for coal supply to key customers.

Stanmore's existing infrastructure includes a coal handling preparation plant, which has capacity to process up to 3.5Mtpa run-of-mine coal, 2.4Mtpa of port capacity, which is secured by long-term contracts and up to 2.4Mtpa in rail capacity. We have contractually secured rail and port capacities, which provides certainty to our production and marketing activities. In addition to the CHPP, Stanmore owns a high-quality dragline and the CAT 6060, with the aim of increasing its production capacity at low costs. Stanmore also owns a train loop and loading facility, which enables smooth transportation of coal mined from the mine to the port.

Ravenswood Gold Mine's existing infrastructure includes a gold processing plant, which was upgraded in 2019 and has capacity to process up to 5.0Mtpa, a tailings storage facility, an on-site accommodation for staff and an established pipeline that reliably supplies water to the mine from the Burdekin River. Ravenswood Gold Mine returned to open-pit mining at Buck Reef West pit in December 2020. Ravenswood has plans to expand the mining operation of Ravenswood Gold Mine by purchasing a new mining fleet, expanding the ore processing facilities and commissioning new primary and secondary crushers, ball mill and leach tanks, building a new tailings storage facility and associated service infrastructure such as expanded camp and mine service area. It is estimated that such expansion plans will cost approximately A\$450 million, and will be funded through a combination of external non-recourse financing through project finance and equipment finance, which Ravenswood has secured from a syndicate of banks consisting of Macquarie Bank, Natixis and BNP Paribas, and a Japanese equipment financier, respectively, and internal financial resources which includes equity injected by Ravenswood's shareholders and cashflows from Ravenswood's operations. As part of the development plan, new equipment will be installed in the ore processing facilities between March 2021 to March 2022. This aims to increase both production capacity and processing power, and is designed to increase throughput rate while maintaining or improving gold recovery. It is planned that, post completion and commissioning of the expansion of the ore processing facilities, Ravenswood Gold Mine will have an annual nameplate capacity of around 7.2Mtpa and capability to produce over 200,000 oz of gold per annum. Ravenswood expects to produce on an average approximately 185,000 oz of gold per annum over a targeted 14-year mine life.

Experienced management team with track record of strong corporate governance and operational excellence

Our senior management at GEAR, GEMS and Stanmore levels have extensive and diverse experience in mining, operations, engineering, finance and risk management. Our senior management includes independent professionals who have held key management positions with other companies within the coal mining industry. We are committed to a high standard of corporate governance. We have established practices and policies in order to comply with the listing and disclosure criteria of the SGX-ST, ASX and IDX. The board of directors of GEMS has been recognized as "One of the Best 50 Companies with the Best Good Corporate Governance" by the Indonesian Institute for Corporate Directorship for seven consecutive years. We are also committed to environmental sustainability. Coal and gold mining are resource intensive processes that have a high impact on the environment. We are committed to preserving the environment we operate in and carrying out our operations in a responsible and sustainable manner. We comply with applicable environmental standards and submit our operations to environmental monitoring and surveillance by the relevant authorities. In 2020, we achieved 100% compliance with local effluent discharge limits. Between 2018 and 2020, we reclaimed and rehabilitated 269 ha of land, exceeding our target of 246 ha of land. Beyond environmental measures, we also carry out activities and community development programs to provide guidance to local communities surrounding our mining concession areas relating to health and safety and environmental sustainability, educational opportunities, economic assistance, social, labor and infrastructure development. We believe that these programs will create long-term benefits that will ensure the sustainability of our business growth. See "— Corporate Social Responsibility" for more information on our corporate social responsibility programs.

With our experienced management team at the helm, we have delivered a strong track record of growth through our increased coal production despite a volatile coal price environment. We increased our production from 1.8 million tonnes in 2010 to 33.5 million tonnes in 2020. Through our continuous communication and cooperation with regulators, we have consistently obtained government approvals to increase production capacity. In 2020, we obtained approval for the increase in production output at our BIB coal mine to 32.0 million tonnes, from 20.0 million tonnes in 2016. In addition to close cooperation with regulators, as BIB has historically always been in compliance with the Domestic Market Obligations stipulated by MEMR, we are able to capitalize on our long standing relationships with our mining services

providers to re-negotiate our contract prices to provide us with greater costs flexibility, especially during periods of low coal price environment. This has further allowed us to maintain our low cost structure during periods of coal price volatility. Furthermore, our management team continues to implement and learn best industry practices in operating our mining concessions, and we work closely with our mining services providers to deploy large capacity vehicles such as excavators and dump trucks to increase our mining efficiencies. We believe that we are able to leverage on our management team's expertise and operational excellence to successfully execute our expansion plans in our current mining concessions.

We have also successfully acquired strategic assets to increase our coal reserve base and diversify our portfolio. In August 2018, GEMS completed the acquisition of the BSL Group, which added 427 million tonnes to our coal resources and 189.9 million tonnes to our coal reserves (as of December 31, 2020). In May 2020, via our subsidiary GIAPL, GEAR's effective shareholding in Stanmore increased to approximately 60.0%, following our On-Market Takeover Bid, which added to and helped to expand and diversify our product offerings into metallurgical coal and established our presence in Australia. Our 2018 Westgold investment and 2020 Ravenswood investment helped to further diversify our portfolio to include the gold mining business. We believe expanding into the gold mining business helps to reduce our reliance on coal and exposure to coal price cycles. We successfully exited our Westgold investment in 2020, with an aggregate return on investment of more than 20.0%. We continue to have an interest in gold mining through our Ravenswood interest, and we have plans to develop and expand the mining operation of Ravenswood Gold Mine.

Our Strategy

Our vision is to be a globally diversified energy and resources company, leading in innovation and sustainability.

Continue to grow organically through production expansion

We intend to increase our production capacity at our existing mines to capitalize on the growing demand for our coal products. We are in the process of upgrading our mine infrastructure to accommodate future production volume growth. In BIB, we are continuing to make progress on plans to expand our port facilities with the upgrading of our existing conveyor belts, road widening efforts and addition of new conveyor belts to handle up to 44 million tonnes per annum of coal production, subject to the completion of relevant feasibility studies and acquiring necessary approvals. We are also in the process of upgrading our existing hauling road to accommodate double trailer trucks with 170 tonne capacity to minimize bottlenecks during coal transport. We intend to expand Ravenswood processing capacity from 5.0Mtpa to 7.2Mtpa and also construct a new tailings storage facility.

For Stanmore's Isaac Plains Complex, Stanmore invested a total of A\$14.8 million in 2019 in the acquisition of the CAT 6060, and the building of warehouse facilities, and associated equipment expenditure to support the CAT 6060, to help our operations at the Isaac Plains Complex. Following the granting of approvals for mining at Isaac Downs, it is planned that the CAT 6060 will transition to the Isaac Downs mine, where it will establish the initial mine operations. The expected life of the equipment is greater than 10 years and this investment is considered an integral part of the Isaac Downs mine, as well as currently supporting the Isaac Plains East operations in the shorter term.

Ravenswood Gold Mine returned to open-pit mining at Buck Reef West pit in December 2020. Ravenswood has plans to expand the mining operation of Ravenswood Gold Mine by, among others, expanding the ore processing facilities and commissioning new primary crushers. The mine's production will be supplemented as required by the processing of existing stockpiles of low grade gold ore, which will be screened and beneficiated. As part of the development plan, new equipment will be installed in the ore processing facilities between March 2021 to March 2022. This aims to increase both production capacity and processing power, and is designed to increase throughput rate while improving gold recovery. It is planned that, post completion and commissioning of the expansion of the ore processing facilities, Ravenswood Gold Mine will have an annual nameplate capacity of around 7.2Mtpa and capability to produce over 200,000 oz of gold per annum. Ravenswood expects to produce on an average approximately 185,000 oz of gold per annum over a targeted 14-year mine life.

We also plan to expand our marketing network for both Indonesian and international customers. We intend to enter into long term coal sales agreements with our key customers to ensure stability of demand. To reduce our reliance on traditional export markets such as China and India, we also intend to grow and diversify our international markets especially ASEAN countries that continue to increase their coal import demand such as Vietnam, the Philippines and Cambodia, in relation to energy coal.

Strategic inorganic growth in coal mining to ensure long term growth

One of our growth strategies is to identify and complete sustainable and accretive acquisitions and/or joint ventures in the coal and gold mining industries. Since 2018, GEMS completed the acquisition of the BSL Group and GIAPL increased its shareholding in Stanmore from 31.5% to 75.3% following a successful On-Market Takeover Bid. The BSL Group and Stanmore acquisitions have helped to increase our coal reserve base, which sustains planned organic expansion plans. The Stanmore acquisition has also helped to expand and diversify our product offerings into metallurgical coal and established our presence in Australia, which over time has the potential to reduce our reliance on energy coal and our exposure to risks associated with having a significant portion of our operations and assets in Indonesia. In addition, we believe that we have successfully acquired these assets at attractive prices, which positions us to further improve our profitability and cash flows over time as these mines are developed.

From November 2017 to September 2020, we held a minority interest in Westgold Resources Limited, a top 10 gold producer in Australia. This was a profitable investment and provided us with the opportunity to gain access and insight into the running of large gold mine operations. The Ravenswood acquisition is our second investment in the gold producing industry.

We also intend to extend our core business within the mining of natural resources to include precious metals, base metals and minerals. Precious metals include, among others, gold and silver, and base metals and minerals include, among others, copper, cobalt, zinc, nickel and ferroalloys.

Our area of focus for future acquisitions and/or joint ventures would be on resource rich geographies such as Australia, Canada and the United States of America, as well as Indonesia, where our primary operations are currently located.

Continued commitment to environmental, social and governance

At the heart of our business is our vision to enhance value for all stakeholders. We are committed to addressing environmental, social and governance issues in our business operations. We have in place comprehensive corporate social responsibility programs that address the areas of safety, environment, community engagement, labor relations and governance and we are committed to continual improvement in these identified areas. We are intentional with our corporate social activities, which have long-term plans and targets, and we encourage all our employees to participate in such activities.

Acknowledging that coal and gold mining are resource intensive processes, we place strong emphasis on preserving the environment that we operate in, and carrying out our operations in a responsible and sustainable manner. We have put in place numerous policies and guidelines that are regularly audited by internal and external auditors to ensure that we are compliant with the applicable environmental standards. Our policies are comprehensive and address areas such as air quality, energy consumption and greenhouse gas emissions, solid waste management and water resource management. As a result of our continued efforts, BIB's Environmental Management System attained its ISO 14001:2015 certification in December 2018, and has also, from 2016 to 2020, received awards from the Indonesian Government under their environmental evaluation program which was introduced in 2002. We continue to explore ways to ensure energy efficiency and to reduce the environmental impact of our operations. Apart from our mining operations, we have also invested \$4.0 million in a renewable energy fund dedicated to making investments in solar PV systems in target geographies of Taiwan, Japan and Australia.

Diversification into other commodities for resiliency through commodity price cycles

In March 2020, we completed our acquisition of a 50.0% interest in Ravenswood Gold Mine in Queensland, Australia. We believe that the Ravenswood Gold Mine has significant expansion potential to become a large-scale, low-cost and long-life producer. Ravenswood has plans to expand the mining operation of Ravenswood Gold Mine and it is intended that, post completion of such plans, Ravenswood Gold Mine will have an annual nameplate capacity of around 7.2Mtpa and capability to produce over 200,000 oz of gold per annum. Ravenswood expects to produce on an average approximately 185,000 oz of gold per annum over a targeted 14-year mine life. Apart from Ravenswood Gold Mine, we intend to continue to work closely with our mining services providers, with whom we have long-standing and established relationships, to ensure our growth initiatives are implemented on a timely basis that meets our planned budgets.

Going forward, we plan to continue to explore opportunities to further diversify our commodity price exposure by gaining greater exposure to non-coal assets. We may implement this strategy through strategic acquisitions of, partnerships with or investments in, operators with strong track records and productive assets that can add immediate value to our portfolio. We believe that our diversification strategy and increased exposure to non-coal commodities can provide us with greater resiliency in challenging commodity price environments.

Prudent financial policy to ensure sustainable long term growth

We intend to maintain our prudent financial policy, which we believe has allowed us to grow in a sustainable manner. We had total loans and borrowings of \$319.7 million and \$382.0 million as of December 31, 2019 and 2020, respectively and cash and cash equivalent of \$177.8 million and \$262.8 million, respectively, during the same period. Our net debt position as of December 31, 2019 and 2020 was \$141.9 million and \$119.2 million, respectively. Our total debt to Adjusted EBITDA as of December 31, 2019 and 2020 was 2.5 and 2.6, respectively while our net debt to Adjusted EBITDA was 1.1 and 0.8, respectively. After giving effect to the issuance of the Notes and the redemption of the 2023 Notes and the repayment of the CS/Mandiri Facility using a portion of the net proceeds of this offering, our total debt to Adjusted EBITDA ratio as of December 31, 2020 would have been 3.1. On a long term basis, we target a debt to EBITDA ratio of up to 3.0.

We actively monitor our liquidity, interest rate and foreign currency exposure. We also monitor our forecasted cash flows and outflows to ensure liquidity needs are met and any potential cash shortfalls are addressed in advance. We rely on our operational cash flow, particularly our Indonesian coal sales denominated in Indonesian Rupiah, to hedge against foreign currency risk exposure. We also aim to match our foreign currency inflows with our expenses which provides us with a natural hedge.

Corporate History

GEMS was incorporated as a limited liability company in Indonesia in 1997 under the name PT Bumi Kencana Eka Sakti and was listed on the IDX in November 2011. The principal activities of GEMS are energy coal mining and trading, both of which are conducted by GEMS through its subsidiaries. Following completion of the reverse takeover of SGX-ST Mainboard-listed UFS (now GEAR) by GEMS in April 2015, UFS acquired approximately 67.0% of GEMS from DSS, was renamed “Golden Energy and Resources Limited” and changed its core business from forestry to coal mining.

Stanmore was incorporated as a limited liability company in Australia in 2008 and was listed on the ASX in December 2009. Stanmore has become a subsidiary of GEAR following the close of the On-Market Takeover Bid on May 18, 2020. The principal activities of Stanmore include the exploration, development, production and sale of metallurgical and energy coal in Queensland, Australia. Stanmore is a primarily metallurgical coal focused company.

The following table sets forth a number of key milestones in our corporate history.

Year	Event
1997.	<ul style="list-style-type: none"> GEMS was incorporated as a limited liability company in Indonesia on March 13, 1997.
2006.	<ul style="list-style-type: none"> GEMS obtained its first coal concession in the concession areas of BIB in South Kalimantan.
2009.	<ul style="list-style-type: none"> GEMS obtained its second coal concession in the concession areas of KIM in Jambi (a province in Sumatra).
2010.	<ul style="list-style-type: none"> GEMS obtained its third coal concession in the concession areas of TKS in Central Kalimantan.
2011.	<ul style="list-style-type: none"> GEMS completed its initial public offering to list its shares on the IDX. GMR (previously named GMR Infrastructure Investments (Singapore) Pte. Ltd.) became a strategic shareholder owning 30.0% of GEMS and entered into the GMR Coal Sales Agreement with GEMS.
2016.	<ul style="list-style-type: none"> GEMS acquired its fourth concession in the concession areas of through the acquisition of the EMS group of companies.
2018.	<ul style="list-style-type: none"> In January 2018, GEAR acquired an approximately 10.0% equity interest in Westgold. In February 2018, GEAR issued \$150 million 9.0% senior secured notes due 2023. In August 2018, GEMS acquired the BSL Group. In December 2018, GEAR acquired a 19.9% shareholding interest in Stanmore.
2019.	<ul style="list-style-type: none"> GEAR increased its shareholding in Stanmore from 19.9% to 25.5%. through an off-market takeover bid under Chapter 6 of the Corporations Act 2001 (Cth) (“Off-Market Takeover Bid”). GEAR incorporated GEAR Renewables, its subsidiary for investing in renewable energy projects. GEAR established the GEAR Innovation Network Pte Ltd (“GIN”), a tech innovation centre supported by the Economic Development Board of Singapore.
2020.	<ul style="list-style-type: none"> GEAR successfully divested its Westgold investment through a series of open-market transactions. In March 2020, GEAR acquired Ravenswood Gold Mine through a joint venture with EMR. In March 2020, GEAR increased its shareholding in Stanmore to 31.5%. In May 2020, GIAPL increased its shareholding in Stanmore to 75.3% through the On-Market Takeover Bid. Accordingly, GEAR’s effective shareholding in Stanmore increased to approximately 60.0% through its approximately 80% ownership in GIAPL.
2021.	<ul style="list-style-type: none"> In March 2021, GEAR completed the sale of 264,705,885 shares in the capital of GEMS to Ascend Global Investment Fund SPC — ADSP, which resulted in our shareholding in GEMS decreasing from 67.0% to 62.5%. In April 2021, GEMS shares resumed trading on IDX.

Resumption of Trading of GEMS Shares on IDX

GEMS is listed on the IDX, and, as of December 31, 2020, had approximately 3% of its issued and outstanding shares held by public shareholders. Pursuant to Decision of the Indonesia Stock Exchange No. Kep-00001/BEI/01/2014 on the Amendment of Regulation No. I.A regarding Listing of Shares and Equity-Linked Securities other than Shares Issued by Listed Company issued on January 20, 2014, which came into force on January 30, 2014, an Indonesian publicly listed company must have at least 7.5% of its issued and outstanding shares held by the public and at least 300 shareholders. Beginning in March 2016, GEMS had received six warning letters from the IDX for non-compliance with the IDX's free float requirement and, through December 31, 2020, had paid fines aggregating to Rp.275.0 million (approximately \$19,748.65). As a result of GEMS' non-compliance with such requirements, the IDX suspended the trading of the shares of GEMS has been suspended since January 31, 2018.

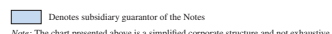
On March 30, 2021, we completed the sale of 264,705,885 shares in the capital of GEMS ("GEMS Sale Shares") to Ascend Global Investment Fund SPC — ADSP ("Ascend Global") (the "GEMS Partial Sale"), which resulted in our shareholding in GEMS decreasing from 67.0% to 62.5%. The purpose of the GEMS partial sale was to enable GEMS to meet the free float requirement and resume trading of GEMS' shares on the IDX. We believe that the resumption of trading of GEMS' shares on IDX will help to re-establish an objective market value for GEMS' shares, which in turn will allow investors to appropriately value GEAR and GEMS. Further, as the borrowings (including the 2023 Notes) are secured in part against a pledge over GEMS shares, listed shares are generally preferred by lenders and noteholders due to their liquidity and ease of realization in the open market in case of an enforcement scenario. The shares of GEMS resumed trading on the IDX on April 26, 2021.

The aggregate consideration for the GEMS Partial Sale is \$50 million ("Consideration"), which is to be satisfied by way of payment by Ascend Global to us on the date falling 30 days after March 30, 2021 (the "Completion Date"), or such other date as may be extendable at our option up to the first anniversary of the Completion Date. We may mutually agree for all or a portion of the consideration to be: (i) set-off against an amount equivalent to the dividends paid by GEMS in respect of the GEMS Sale Shares ("the Relevant GEMS Dividends") assigned to and received by us under the Assignment Agreement (as defined herein) and/or any other amounts which may be owing by Ascend Global to us, and/or (ii) settled by way of the transfer to us of shares in GIAPL owned by Ascend Global (the "GIAPL Shares"), on terms to be mutually agreed. In this regard, we are presently in preliminary discussions regarding a potential sale of the GIAPL Shares owned by Ascend Global, representing approximately 20% shareholding in Golden Investments (Australia) Pte. Ltd, to us (the "GIAPL Acquisition"). We intend to use the consideration for future investments as well as for general working capital purposes.

In order to secure Ascend Global's obligations under the agreement, Ascend Global entered into (i) an Indonesia share pledge to create and perfect a pledge over the GEMS Sale Shares and any additional shares in the capital of GEMS of which Ascend Global is the owner or is entitled to acquire or receive as a result of its holding of the GEMS Sale Shares in favor of us, which will only be released after payment in full of the Consideration by Ascend Global; (ii) an assignment of dividends agreement to assign to us all of its existing and future rights and entitlements to receive the Relevant GEMS Dividends declared, paid or made by GEMS in respect of the GEMS Sale Shares during the period commencing on the Completion Date up to (and including) the date falling 30 days after the Completion Date, or such other date as may be extendable at GEAR's option up to the first anniversary of the Completion Date (the "Payment Date", and such period the "Relevant Period"); and (iii) a deed of power of attorney to sell shares and an irrevocable power of attorney to appoint us as its attorney in respect of the GEMS Sale Shares and any additional shares in the capital of GEMS which Ascend Global is the owner of or is entitled to acquire or receive as a result of its holding of the GEMS Sale Shares during the Relevant Period.

In order to effect the GEMS Partial Sale, on March 30, 2021, we completed a consent solicitation exercise and entered into a supplemental indenture to make certain amendments to the indenture dated as of February 14, 2018 in respect of our 2023 Notes that were necessary in order to permit us to carry out the GEMS Sale and the GIAPL Acquisition.

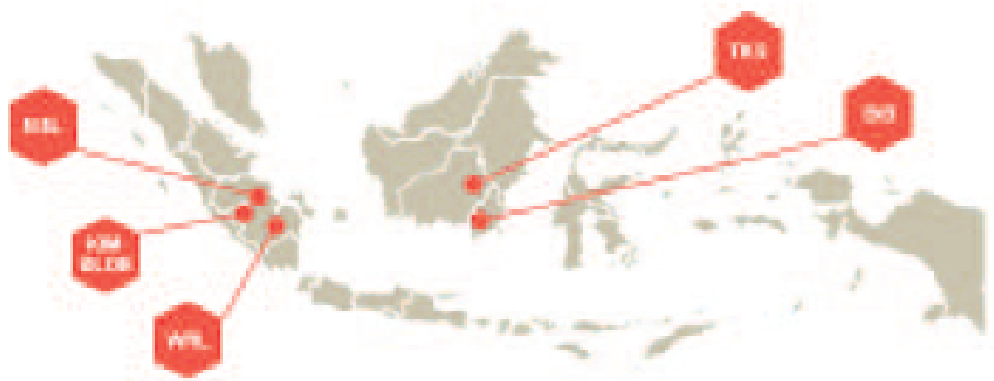
The following chart provides an overview of our corporate structure as of the date of this Offering Memorandum.



Energy Coal Concession Areas

– 200 –

The following map illustrates the GEMS Group's mining concession areas in Indonesia as of December 31, 2020.



GEMS' five concession areas in Indonesia have an estimated 1,029.0 million tonnes of proved and probable coal reserves and 2,912.3 million tonnes of estimated coal resources, including coal reserves, as of December 31, 2020, according to the Salva JORC Reports. Its concession areas in Indonesia comprise the BIB, KIM, BSL, TKS and WRL concession areas.

BIB Concession Area

Through our subsidiary, PT Roundhill Capital Indonesia, which owns BIB, GEMS has mining rights to concession areas covering an area of approximately 24,100 hectares in South Kalimantan. GEMS' mining rights to this concession area are granted through a CCoW entered into between BIB and the Indonesian Government, which is valid for 30 years until 2036. See "Regulation — Indonesian Regulations" for further details on CCoWs.

BIB's mining concession area contains our largest coal reserves and comprises five separate coal blocks: Kusan Girimulya (comprising separate Kusan and Girimulya sub-blocks) in the northeast and Batulaki South in the southwest, Sebambar South and Sebambar North in the southeast and Pasopati in the north. As of December 31, 2020, the Batulaki North block has not been well explored.

KIM Concession Area

Through KIM and its subsidiaries, GEMS has mining rights to a concession area covering approximately 2,610 hectares in Jambi (a province in Sumatra). GEMS' mining rights to this concession area are granted under Mining Permits held by KIM and its subsidiaries that are valid for periods ranging from 10 to 20 years, with the longest permit expiring in 2029. See "Regulation — Indonesian Regulations" for further details on Mining Permits. KIM's mining concession area comprises two coal blocks separated by the Batang Asam river: the East KIM block and the West KIM block.

BSL Concession Area

In August 2018, GEMS acquired the rights to a mining concession area covering approximately 23,300 hectares in South Sumatra, Indonesia, which consist of two sub-blocks, the north block and the south block, through our acquisition of the BSL Group. BSL holds the mining rights to the concession area pursuant to a CCoW entered into between BSL and PT Perusahaan Negara Tambang Batubara, which is valid for 30 years commencing from March 31, 2011. GEMS commenced mining operations at the BSL concession area in 2018. Coal mined from the BSL concession area is exported and is also sold within Indonesia as a source of coal supply to power plants.

Other Concession Areas

In September 2016, through WRL, GEMS acquired a concession in the Musi Banyuasin region in the South Sumatra Basin. The WRL concession area covers an area of approximately 4,739 hectares and comprises one block. The concession area is located approximately 153 kilometers from Palembang. WRL's Mining Permit is valid for 10 years until 2026. GEMS' operations at the WRL concession area are in the exploration phase, and we have not commenced mining operations. GEMS intends for its proposed mine in the WRL concession area to eventually serve as a source of coal supply to power plants in Indonesia.

Through TKS, GEMS has mining rights to a concession area covering approximately 9,707 hectares located in Central Kalimantan. GEMS' mining rights to this concession area are granted under two Mining Permits held by TKS that are valid for periods of 16 and 18 years, expiring in 2026 and 2028, respectively. TKS also has another concession area covering approximately 1,748 hectares located in Central Kalimantan. The TKS mine has been under care and maintenance since March 2012. In 2018 and 2019, we commenced trial production of our coal from the TKS concession areas. GEMS intends to resume coal mining operations in the TKS concession area if it becomes economically feasible to recommence operations in this area.

Energy Coal Reserves and Resources

The following table summarizes certain information relating to GEMS' five mining concession areas in Indonesia as of December 31, 2020. Coal reserves and coal resources levels are as of December 31, 2020 and derived from the Salva JORC Reports.

Concession	Concession Holder(s)	Concession Expiry	Area	Block	Coal Reserves		Coal Resources ⁽¹⁾			
					Proved	Probable	Measured	Indicated	Inferred ⁽²⁾	Total
			(hectares)		(million tonnes, unless otherwise indicated)					
BIB ⁽³⁾	BIB	February 2036	24,100	Kusan Girimulya	555.9	90.4	875.0	298.0	312.0	1,485.0
				Batulaki South	12.8	6.6	20.0	27.0	155.0	202.0
				Sebamban South	11.4	4.5	18.0	10.0	15.0	43.0
				Sebamban North	5.6	2.4	12.0	10.0	48.0	70.0
				Pasopati	3.0	1.2	10.0	10.0	10.0	30.0
				Total	588.7	105.2	935.0	355.0	540.0	1,830.0
KIM.....	KIM	Permits expire	2,610	East KIM and	44.4	13.0	110.0	56.0	92.0	258.0
	PT Bara Harmonis Batang	between		West KIM						
	Asam	December 2024								
	PT Berkat Nusantara Permai	and December								
	PT Bungo Bara Utama	2029 ⁽⁴⁾								
	PT Karya Cemerlang Persada									
	PT Tanjung Belit Bara Utama									
	PT Bungo Bara Makmur									
	PT Kuansing Inti Makmur									
BSL.....	BSL	March 2041	23,300	BSL	140.3	49.6	221.0	125.0	80.0	427.0
WRL.....	WRL	March 2026	4,739	WRL	33.8	53.4	55.0	100.0	161.0	316.0
TKS.....	TKS	August 2026	1,748	TKS Ampah	0.2	0.4	1.9	3.4	2.3	7.6
		April 2026 and	9,707	TKS	0.0	0.0	24.7	26.0	24.0	74.7
		April 2028								
Total.....			66,204	—	807.4	221.6	1,347.6	665.4	899.3	2,912.3

Notes:

- (1) Coal resources are inclusive of coal reserves.
- (2) Rounded to nearest the five million tonnes.
- (3) Information on BIB excludes the Batulaki North block, which has not been well explored as of December 31, 2020.
- (4) KIM holds one Mining Permits expiring in October 2027. In addition, the following of KIM's subsidiaries hold Mining Permits: PT Kuansing Inti Sejahtera holds one Mining Permit expiring in October 2027, PT Bara Harmonis Batang Asam holds one Mining Permit expiring in December 2024; PT Berkat Nusantara Permai holds one Mining Permit expiring in December 2029; PT Bungo Bara Utama holds one Mining Permit expiring in July 2029; PT Bungo Bara Makmur holds one Mining Permit expiring in October 2027; PT Karya Cemerlang Persada holds one Mining Permit expiring in October 2028 and PT Tanjung Belit Bara Utama holds one Mining Permit expiring in October 2027.

Energy Coal Products and Quality

Our mining concession areas in Indonesia held through GEMS generally produce sub-bituminous and bituminous energy coal with calorific value ranging from 2,835 kcal/kg to 6,528 kcal/kg, according to the Salva JORC Reports. A small percentage of the coal produced by the Stanmore Group is also energy coal.

Sub-bituminous coal deposits typically feature lower energy levels on combustion and higher levels of moisture as compared to bituminous coal. Gaseous emissions and particulate airborne emissions from the combustion of sub-bituminous coal are lower than those of most other solid fuels. Sub-bituminous coal is suitable for electricity generation and for use in industrial applications such as the cement and pulp and paper industries. The coal reserves in the GEMS concession areas are classified as sub-bituminous coal, except for BIB's Pasopati block where the coal reserves are bituminous by nature.

BIB coal is a low-pollutant coal contains ultra-low ash, nitrogen oxide, and sulphur, and has a low-to-moderate heat value of 4,100 kcal/kg GAR which is well suited as a blending coal source for over 70% of power plants in India, Korea, and Southeast Asia, according to Salva. KIM coal is a moderate ash and sulphur coal with calorific value of 4,900 kcal/kg (GAR) while BSL coal is a low ash and Sulphur coal with calorific value of 4,100 Kcal/kg (GAR). Due to the location in the center of Sumatra Island, KIM coal is more suited to usage in Indonesia rather than exports due to export logistics constraints, according to Salva. Our coal does not need to be ground as finely as other types of coal to achieve maximum combustion. Its high surface area and volatility facilitates ignition and stable combustion.

The following table sets forth the standard marketing coal specifications of the coal reserves in the BIB, KIM and BSL concession areas, and the average quality of the coal reserves in the TKS and WRL concession areas as of December 31, 2020, according to the Salva JORC Reports.

Concession	Area	Coal Specification					
		Relative density (t/m ³)	Total Moisture (arb%)	Inherent Moisture (adb%)	Ash Content (adb%)	Total Sulfur (adb%)	Calorific Value (arb kcal/kg)
BIB	Kusan Girimulya Block	1.39	35.2	15.7	6.1	0.22	4,041
	Batulaki South Block	1.37	33.5	13.2	6.3	0.17	4,207
	Sebamban South Block	1.47	38.6	12.5	5.8	0.21	3,866
	Sebamban North Block	1.38	38.4	16.7	5.4	0.14	3,923
	Pasopati Block	1.33	8.7	6.1	12.5	1.39	6,528
KIM	East KIM	1.38	24.4	11.8	16.8	1.19	4,717
	West KIM	1.40	22.6	11.9	16.6	1.14	4,980
BSL.....	BSL	1.39	33.7	18.9	6.4	0.33	4,159
TKS.....	TKS	1.39	21.4	13.5	11.5	2.0	5,726

Concession	Area	Coal Specification					
		Relative density (t/m3)	Total Moisture (arb%)	Inherent Moisture (adb%)	Ash Content (adb%)	Total Sulfur (adb%)	Calorific Value (arb kcal/kg)
BIB	Kusan Girimulya Block	1.39	35.2	15.7	6.1	0.22	4,041
	TKS Ampah	1.34	8.8	3.9	6.9	1.31	6,829
WRL	WRL	1.19	6.5	16.0	52.7	0.21	2,897

We believe that our energy coal produced by GEMS offers our end-customers a lower-cost fuel alternative compared to other solid fuels and other types of energy coal. Many coal users in Indonesia have been required by local regulations to install flue gas desulfurization equipment, use selective catalytic reduction systems designed to remove emissions of nitrous oxides from or reduce the sulfur content in the coal used in their coal-burning facilities. As our energy coal has low sulfur and nitrogen content, our end-customers are better positioned to comply with regulatory standards by burning our coal directly or blending it with other coal, thereby avoiding capital expenditures that would otherwise be required to upgrade their facilities. In addition, by blending our energy coal with higher ash-producing coals, coal users can reduce their ash disposal costs. The low ash level of energy our coal reduces ash build-up in coal-burning boilers, thereby improving energy efficiency and reducing maintenance costs.

Coal production volume in Indonesia is regulated by the Indonesian Government, and we are required to obtain governmental approval of all increases in production output at our mines. In 2019, we obtained approval for the increase in production output at our BIB coal mine to 28.0 million tonnes for 2019, and in 2020, we obtained several approvals for the increase in BIB's production output to 32.0 million tonnes for 2020. In 2020, our production output in aggregate reached 33.5 million tonnes.

The table below summarizes GEMS' coal production volume, sales volume, revenue from coal sales, average selling price, average cash cost and average strip ratio for the concession areas in production for the periods indicated.

	Year Ended December 31,		
	2018	2019	2020
	(million tonnes)		
Coal production volume⁽¹⁾			
BIB.....	20.3	28.7	30.5
KIM.....	2.2	1.2	2.1
TKS.....	*	0.1	0.0
BSL.....	0.1	0.8	0.9
Total	22.6	30.8	33.5
	(million tonnes)		
Sales volume			
Coal mining⁽²⁾			
BIB.....	20.4	28.0	30.5
KIM.....	2.4	1.3	1.9
TKS.....	0.0	0.1	*
BSL.....	0.2	0.6	0.9
Total	22.8	30.0	33.3
Coal trading ⁽³⁾	1.6	1.0	0.6
Total.....	24.4	31.0	33.9

	Year Ended December 31,		
	2018	2019	2020
	(\$ in millions)		
Revenue from coal sales			
Coal mining			
BIB.....	810.5	946.8	891.9
KIM.....	123.4	66.2	105.3
TKS.....	0.0	5.2	1.8
BSL.....	9.3	32.8	35.5
Total.....	943.2	1,051.0	1,034.5
Coal trading ⁽⁴⁾	101.9	56.5	26.9
Total.....	1,045.1	1,107.5	1,061.4
	(\$ per tonne)		
Average selling price per tonne⁽⁵⁾			
Coal mining			
GEMS Group.....	41.4	35.0	31.0
BIB.....	40.1	33.8	29.2
KIM.....	51.4	50.9	55.4
TKS.....	0.0	52.0	59.2
BSL.....	46.5	54.7	39.4
Coal trading.....	63.7	56.5	44.8
	(\$ per tonne)		
Average cash cost per tonne⁽⁶⁾			
GEMS Group.....	27.4	24.1	21.0
BIB.....	25.9	23.0	19.3
KIM.....	40.3	36.2	42.5
TKS.....	0.0	57.8	66.1
BSL.....	32.5	43.0	31.5
	(Bank cubic meters per tonne)		
Average strip ratio⁽⁷⁾			
GEMS Group.....	5.3	4.5	4.0
BIB.....	4.9	4.3	3.5
KIM.....	8.7	10.4	10.5
TKS.....	8.6	11.8	0.0
BSL.....	5.8	4.7	3.6

* Less than 0.1

Notes:

- (1) Coal production volume reflects the volume of coal mined during the relevant period.
- (2) Comprises sales of coal produced during the year and stockpiled coal.
- (3) Comprises sales of coal purchased from other coal producers during the year.
- (4) Revenue from the sale of the coal sourced from other Indonesian coal producers under sales orders that we procure.
- (5) Average selling price per tonne is calculated by dividing coal sales revenues for the year by our sales volumes in the same year.
- (6) Average cash cost per tonne is a measure of our costs in our coal mining segment and is calculated as total production costs for a period, including mining, freight and coal processing (but excluding depreciation, amortization and royalties), divided by sales volume for such period.
- (7) Average strip ratio is calculated by dividing the number of bank cubic meters of overburden (rock and soil) removed during the period by the number of tonnes of coal produced during such period.

Energy Coal Mining Operations

Mining operations at GEMS' concession areas are conducted using the truck-and-excavator open pit mining method. GEMS' mining operations and logistics consist of seven major steps: (i) exploration, (ii) mine planning and land compensation, (iii) land clearing, stripping and topsoil removal, (iv) excavation, crushing and stockpiling, (v) hauling, barging and transshipment, (vi) reclamation, and (vii) quality control.

Exploration

GEMS begins preparing its mines by collecting information through exploration activities, which include topographic mapping, geological modelling, mine planning studies and feasibility studies. Through topographic mapping, GEMS identifies the location, layout and quality of a coal deposit. This process is based on field mapping, which is a survey of surface features, and borehole drilling, the depth of which varies between deposits depending on the depth and configuration of the coal seams. GEMS typically supplements field mapping and borehole drilling with a geophysical survey. Geological modelling, which involves transferring the data from each observation point into a three-dimensional representation of the coal seam, helps GEMS assess the quality and potential of the coal seam. To determine whether mining is economically viable in a particular area, GEMS conducts detailed mine planning and feasibility studies.

Mine Planning and Land Compensation

GEMS typically begins preparing the mine plans with a conceptual life of mine plan to determine the potential production profiles for a particular mine throughout its life. GEMS then holds discussions with its third-party mining services providers to agree on optimal fleet sizes and annual production levels necessary to reach a certain production profile. GEMS also accounts for surface features such as topography, position of rivers and creeks, local villages and associated infrastructure, which allows GEMS to plan for the rehabilitation of disturbed areas. As more exploration data is collected, the geological model and, as necessary, the mine plans may be revised to optimize coal production. GEMS' coal production operation works closely with the mining services providers to keep to the life of mine plan.

Land Clearing, Stripping and Topsoil Removal

Prior to the commencement of the extraction of coal at the mining area, bushes and shrubs that cover the mining area have to be cleared to the edge of the mining areas. Fallen trees and vegetation are first cleared, followed by the removal of the topsoil, which is transported to reclamation areas or stockpiled until required for use when we carry out reclamation work. Overburden (materials that lie above an area of economic or scientific interest) and interburden (materials that lie between two areas of economic interest) are then excavated and removed. If the overburden contains hard materials that require blasting with explosives, GEMS will appoint mining services providers to carry out the necessary drilling and blasting in accordance with the relevant regulations.

Excavation, Crushing and Stockpiling

Prior to being excavated, the coal is cleaned to avoid any contamination with the overlying waste material. This is normally done through a process commonly referred to as "stripping." GEMS' coal is mined using surface open-cut mining methods, which lead to a lower stripping ratio as compared to other Indonesian mines. See "Industry Overview." This means that GEMS' mining services providers generally have less overburden to remove in order to extract the same quantity of coal, which results in lower extraction costs. Following stripping, the coal is then excavated by excavators. Once excavated, soft and moderate coal is directly excavated and loaded into dump trucks, and hard coal must be fractured by using machinery before being dug and loaded for transportation to the ROM stockpile.

The open-cut mining method is generally regarded as a safer method compared to underground mining, which is exposed to risks of coal mine collapse or coal mine fires resulting from flammable methane gas that may be trapped in the coal bed.

See also “Risk Factors — Risks Relating to Our Business — We are subject to operational risks which may disrupt our operations.”

Hauling, Barging and Transshipment

Transportation and infrastructure at each concession area may differ according to the varying geography of each concession area. GEMS provides several delivery alternatives for its coal, including direct transport by road to customers and delivery through transshipment points at select ports where barge unloading and vessel loading services are also carried out. GEMS’ operations are supported by dedicated transport infrastructure that helps it to achieve savings in terms of costs and time in the coal transshipment process.

Energy coal is transported from each of GEMS’ mine pits by front-end loaders and trucks, which are owned and operated by GEMS’ mining services providers, from the relevant mine directly to the port or to the ROM stockpile, where it is held until it is required. Coal is received into a hopper/feeder and conveyed to a stockpile via an overhead skyline conveyor tripper system for placement on discrete stockpiles. GEMS owns the machinery and equipment used at each of the ports we use and ROM stockpiles. The coal is then reclaimed from the stockpiles via underground feeders, conveyed overland and transferred to the barge loader. Each port has a processing facility, where GEMS crushes and screens the coal before it is stockpiled then transported by truck directly to the relevant port and loaded onto barges.

Reclamation

Under Indonesian laws and regulations, coal concession holders are legally responsible for mine closure and rehabilitation of all mined concession areas. Rehabilitation activities are undertaken on a continuous basis, as and when certain parts of our concession areas reach the end of their useful life.

In accordance with the requirements of our Mining Permits and BIB’s CCoW, GEMS prepares a reclamation and rehabilitation plan and a mine closure plan for each of its mines, which are submitted to the Directorate General of Mineral and Coal. Some of such plans commenced in 2019 and 2020, and the remaining plans are expected to commence between 2021 and 2037. Concession holders may enter into agreements with mining services providers to be responsible for rehabilitation of the mined areas under the relevant contract mining operating agreements. Mine closure-related activities, such as redevelopment of mined out areas and re-vegetation, are regularly conducted as part of the mine planning process. Although we engage contractors to carry out reclamation activities, we are ultimately responsible to the Indonesian Government for the reclamation and rehabilitation of all areas being mined within our concession areas.

Typically, topsoil removed during the mining process is stored for future reclamation of mined areas. Overburden is typically placed in the mined out areas of the pit as mining progresses. As reclaimed areas reach their design profile, they are graded and contoured to reflect the original landscape. Topsoil is spread on the area to be rehabilitated, mulched, seeded, fertilized, and re-vegetated with various local trees.

Following successful reclamation, the reclaimed mining area is handed back to the MEMR in Indonesia. Reclaimed land that is not included in the forest area’s temporary utilization permit is expected to be planted with commercial crops, converted into fish farms or developed as recreational areas.

Quality Control

The quality control process occurs during all stages of our mining and logistics operations, including exploration, production, stockpiling and barge loading, to ensure that the product delivered to our customers satisfies the minimum quality requirements specified in our sales contracts. Coal products are analyzed and confirmed for quality and consistency throughout the process, as well as to ensure that coal from different blocks or seams and separate pits meet our marketing requirements.

Energy Coal Sales and Marketing

The GEMS Group's Indonesian customers include end users such as power plant operators, pulp and paper factory operators and cement industry companies, some of whom are our affiliates, as well as coal trading companies that purchase coal for resale purposes. Its international customers, who are primarily based in China and India, typically consist of traders and end users. In 2019 and 2020, it also had export sales to Vietnam, the Philippines and Cambodia.

The GEMS Group's coal sales agreements with export customers have terms of one year or less, while most of the GEMS Group's agreements with Indonesian customers have terms ranging from six months to one year. In relation to the coal sales and marketing activities of GEMS' subsidiaries, BIB markets its own coal production to Indonesian and international customers under its own branding, rather than using marketing entities. The GEMS Group currently sells substantially all of the coal mined at the KIM concession area to Indonesian customers, in particular Lontar Papyrus and Indah Kiat, which are related parties of GEAR. In the longer term, GEMS may sell a portion of the coal produced at the KIM concession area to power plants which are under construction in Jambi and Teluk Sirih, and are located within close proximity to the KIM concession.

The GEMS Group has also entered into long-term coal sales agreements with certain of its Indonesian customers. GEMS entered into a principal coal sale and purchase agreement, as amended, for the sale of KIM coal product to GEAR's affiliate Purinusa through December 31, 2022. In addition, GEMS entered into the GMR Coal Sales Agreement with GMR on August 11, 2011, which was amended by an amendment agreement dated September 14, 2017. GMR owns 30.0% of GEMS. Pursuant to the GMR Coal Sales Agreement, GEMS has agreed to supply GMR with two types of coal (one with lower calorific value and the other with higher calorific value) over a period of 25 years based on an agreed offtake tonnage and an agreed pricing formula. The GMR Coal Sales Agreement is supported by the GMR Coal Sales Support Agreement, which relates to, among other things, the guarantee by certain members of the GEMS Group to supply coal to GEMS to enable GEMS to meet its obligations under the GMR Coal Sales Agreement. See "Description of Material Agreements — GMR Coal Sales Agreement."

Energy Coal Trading

Our energy coal trading business commenced in April 2010 and entails procurement of sales orders from customers and sourcing of coal from other Indonesian coal producers. Our energy coal trading business allows us to access different varieties of coal and creates potential blending opportunities with our own mined coal. The ability to blend coal allows us to cater to a wider market segment. Our energy coal trading segment sold a total volume of 1.6 million tonnes, 1.1 million tonnes and 0.7 million tonnes in 2018, 2019 and 2020, respectively.

Coal Sales to Related Parties

We derive a significant portion of our revenue from energy coal sales to members of the Sinar Mas Group. In 2018, 2019 and 2020, our energy coal sales to related parties were \$225.7 million, \$141.4 million and \$169.4 million, or 21.5%, 12.7% and 14.6% of our revenue for such years, respectively, and primarily comprised energy coal sales.

One of our largest related party customers in 2018, 2019 and 2020 was Indah Kiat, an Indonesian pulp and paper producer that is 52.7% owned by Purinusa, a member of the Sinar Mas Group, as of December 31, 2020, according to the Indah Kiat's 2020 annual report. Coal sales to Indah Kiat in 2018, 2019 and 2020 accounted for 9.0%, 5.9% and 7.9% of our revenue in each respective period.

For more information see “— Major Customers and Suppliers — Major Customers,” “Related Party Transactions — Transactions with Related Parties — Coal Sales and Purchases,” and “Risk Factors — Risks Relating to Our Business — We have in the past engaged, and expect to continue engaging, in various transactions with related parties.”

Stanmore Metallurgical Coal Mining

Metallurgical Coal Concession Areas

The Stanmore Group operates the Isaac Plains Complex, its flagship asset located in Queensland, Australia's Bowen Basin, a prime metallurgical coal region. Isaac Plains Complex covers an aggregate area of approximately 13,575 hectares in Queensland, Australia. In aggregate, the Isaac Plains Complex has an estimated 49.2 million tonnes of proved and probable coal reserves and 154.0 million tonnes of estimated coal resources, including coal reserves, according to the Stanmore JORC Reports. In the financial year ended June 30, 2020, less than 1.0% of the coal produced by the Stanmore Group was energy coal.

The following map illustrates the Isaac Plains Complex and the Stanmore Group's portfolio of other tenements as of December 31, 2020.



All of the Stanmore Group's current mining operations are located at the Isaac Plains East mine in the Isaac Plains Complex. For Stanmore's FY2019, Stanmore's FY2020, and the six months ended December 31, 2020, the Stanmore Group produced 2.4 million tonnes, 2.4 million tonnes and 1.1 million tonnes of saleable coal, respectively. Each of the Stanmore Group's projects is described below.

Isaac Plains Complex

The Isaac Plains Complex comprises the following:

- the adjoining Isaac Plains East metallurgical coal mine (comprising Isaac Plains Open Cut and Isaac Plains East Open cut) — all of the Stanmore Group's mining operations are currently located at the Isaac Plains East mine. Isaac Plains East is a shallow coking coal deposit that formed an extension to the original Isaac Plains. Isaac Plains East became fully operational in July 2018, with the dragline relocating across from the original Isaac Plains mine in December 2018;
- the Isaac Plains Underground project — a bankable feasibility study completed in the financial year ended June 30, 2019 confirmed the financial viability of the Isaac Plains Underground project with potential production of on average 1.2 million tonnes saleable per annum from year 2 of the production plan. The Stanmore Group currently intends to defer development of the Isaac Plains Underground project until mining at Isaac Downs has phased down;
- the Isaac Downs project — the Stanmore Group acquired Isaac Downs in June 2018 and plans to operate it as a satellite development within the overall complex to provide a mid-volatility pulverized coal injection product and a range of semi-hard or semi-soft coking coals. Isaac Downs will provide the Stanmore Group with the right to develop a new open cut mining operation, which would extend the life of the Isaac Plains Complex. Subject to relevant approvals, Isaac Downs is anticipated to commence exploration operations in the fourth quarter of 2021. We plan to operate Isaac Downs as a satellite open-cut mine operation to provide ROM coal to our existing coal processing plant and train loading facilities in the Isaac Downs Complex;
- the Isaac South project — Isaac South was acquired in November 2015 at the same time as Isaac Plains. It lies approximately 12 km directly south of Isaac Plains. It contains approximately 11.9 million tonnes and 14.5 million tonnes of measured and indicated coal resource, according to a report by JB Mining dated June 2018, and is anticipated to provide the Stanmore Group with longer-term ROM feed. The Stanmore Group plans to undertake further deposit studies that will ultimately lead to an updated feasibility study and economic viability assessment for future mining operations at Isaac South; and
- the original Isaac Plains metallurgical coal mine, which was acquired in November 2015 and ceased mining operations in 2018. The CHPP continues to operate at this site.

The Stanmore Group also has an interest in six additional exploration projects in the Bowen Basin and Surat Basin regions ("Stanmore Exploration Projects"): Clifford, The Range, Mackenzie, Belview, Tennyson and Lilyvale. Beyond these additional exploration projects, the Stanmore Group will continue to monitor and assess opportunities to develop or monetize its existing portfolio and explore acquisition opportunities where it makes financial and commercial sense to do so.

Clifford

The Clifford project is a joint venture with exploration funding provided by Japan Oil Gas and Metals National Corp. The project is 60% beneficially owned by the Stanmore Group and 40% beneficially owned Japan Oil Gas and Metals National Corp. The Clifford project is targeting energy coal deposits at depths amenable to open cut mining.

The Range

A definitive feasibility study completed in February 2013 covering geology, mining and infrastructure confirmed The Range as an export grade energy coal project expected to be capable of producing 94 million tonnes of product over a 22 year life. The Range is located near the Clifford project. Stanmore's focus continues to be on the investigation of possible rail infrastructure to link the project with the nearest coal terminal in the port of Gladstone. Until there is certainty as to timing of the rail solution, the Stanmore Group will continue with environmental monitoring and other minor on-site activities to maintain compliance with approvals.

Mackenzie

Mackenzie is a joint venture arrangement between Mackenzie Coal Pty Ltd, a wholly-owned subsidiary of Stanmore, and Bowen Coking Coal Limited. The Stanmore Group beneficially owns 95% of the joint venture, and the remainder is held by Bowen Coking Coal Limited. Bowen Coking Coal Limited has the potential to earn an up to 9% interest in the project through the provision of technical and study management services. The Mackenzie project is a potential open-cut project with high ash low yielding coking coal potential.

Belview

The Belview project is a potential large scale, underground metallurgical coal project located in the heart of Queensland's Bowen Basin. Belview is near the Curragh, Jellinbah and Yarrabee coal mines located to the north and to the east of the Minyango underground project, Leichhardt underground mine (which has been abandoned) and Cook underground mine. The Stanmore Group intends to undertake additional work and studies to explore the full potential of this project.

Tennyson

The Tennyson project is a potential underground project within the Rangal Coal Measures with the potential to produce a low ash mid-energy energy coal. It is currently in the early stages of exploration.

Lilyvale

The Stanmore Group has a 85% beneficial interest in the Lilyvale project, with the remaining 15% beneficially held by Bowen Coking Coal Limited. The Lilyvale project is located 25 kilometers north-east of Emerald and adjacent to the operating Kestrel South coking coal mine and the Gregory-Crinum coking coal mine, and is also adjacent to an MDL held by Idemitsu as part of the Ensham mine tenements. Its operations at the Lilyvale project are in the early exploration phase.

Coal Reserves, Resources and Quality of Stanmore

The following table summarizes certain information relating to Isaac Plains Complex and the Stanmore Exploration Projects as of the dates indicated, according to the Stanmore JORC Report.

Project Name	Concession Holder	Concession Expiry	Ownership percentage	Coal type	Coal Reserves		Coal Resources ⁽¹⁾			
					Proved	Probable	Measured	Indicated	Inferred ⁽²⁾	Total
(million tonnes)										
Isaac Plains Open Cut ⁽³⁾	Stanmore IP Coal Pty Ltd	100%	Dec 31, 2025	Metallurgical and energy	0.1	0	25.1	16.0	5	46
Isaac Plains East Open Cut ⁽³⁾	Stanmore IP Coal Pty Ltd	100%	Mar 31, 2030	Metallurgical	3.0	0.7	8.4	8.0	4	20
Isaac Plains Underground ⁽³⁾	Stanmore IP Coal Pty Ltd	100%	Mar 31, 2030	Metallurgical and energy	11.8	7.7	—	—	—	—
Isaac Downs ⁽⁴⁾	Stanmore IP Coal Pty Ltd	100%	Apr 9, 2023	Metallurgical and Pulverized coal injection	22.3	3.6	24.7	11.5	0	36.2
	Stanmore IP South Pty Ltd		Apr 16, 2023							
			Jun 30, 2023							
Isaac South ⁽⁵⁾	Stanmore IP Coal Pty Ltd	100%	Apr 9, 2023	Metallurgical and energy	—	—	11.9	14.5	25	52
Isaac Plains Complex.....		100%			37.2	12.0	70.1	50.0	34	154
Clifford ⁽⁶⁾	Stanmore Surat Coal Pty Ltd	60%	Sep 9, 2023	Energy	—	—	—	200.0	430	630
The Range ⁽⁷⁾	Comet Coal & Coke Pty Ltd	100%	Mar 22, 2022 Oct 11, 2025	Energy	—	116.6	18.1	187.0	81	286
Mackenzie ⁽⁸⁾	Mackenzie Coal Pty Limited	95%	Oct 14, 2025	Energy and Metallurgical	—	—	—	25.7	117	143
Belview ⁽⁹⁾	Belview Coal Pty Ltd	100%	Feb 18, 2023	Metallurgical and Pulverized coal injection	—	—	—	50.0	280	330
	Belview Expansion Pty Ltd		Feb 27, 2023 Mar 11, 2023							
Tennyson ⁽¹⁰⁾	Emerald Coal Pty Ltd	100%	Oct 23, 2025 Jul 2, 2024	Energy	—	—	—	—	140	140
Lilyvale ⁽¹¹⁾	Stanmore Coal Limited	85%	Jul 27, 2021 May 20, 2023	Metallurgical	—	—	—	—	33	33
Total.....					37.2	128.6	88.2	512.7	1,115	1,716

Notes:

- (1) Reported on 100% basis, regardless of Stanmore's economic interest.
- (2) Coal resources are inclusive of coal reserves. Figures in this column have been rounded the nearest significant figure. This is deemed conservative and reflective of the confidence level of the inferred resource category and accounts for the minor differences in the overall total reported resources.
- (3) According to a report by Optimal Mining dated February 2021, Xenith Consulting dated January 2021 and Dr Bronwyn Leonard dated January 2021.
- (4) According to a report by the Measured Group dated June 2020 and Palaris Australia dated July 2020.
- (5) According to a report by JB Mining dated June 2018.
- (6) According to a report by Xenith Consulting dated August 2016.
- (7) According to a report by Xenith Consulting dated October 2012 and Minserv dated July 2011.
- (8) According to a report by Xenith Consulting dated November 2011.
- (9) According to a report by Xenith Consulting dated March 2015.
- (10) According to a report by Xenith Consulting dated December 2012.
- (11) According to a report by Xenith Consulting dated February 2014.

Metallurgical Coal Products and Quality

Our mining concession areas in Australia held through the Stanmore Group produce metallurgical coal. Metallurgical coal is a key input for blast furnace steelmaking, with furnace productivity, stability and economics closely linked to the quality of coke, and consequently the metallurgical coal inputs. Stanmore Group's products are recognized by steelmakers for their consistency of quality and favorable coking attributes, allowing them to be utilized in customers' core business plans over an extended period of time. We believe that Stanmore Group's coals provide a high value-in-use offering to coke blends in its core markets as it has low sulphur, favorable volatile content and ash chemistry, which allow the coal to operate as a critical partner coal to meet target coke qualities of strength, ash and sulphur.

In the financial year ended June 30, 2020, less than 1.0% of the coal produced by the Stanmore Group was energy coal. The Stanmore Group's energy coal is a byproduct of its metallurgical coal production, and used in steel production. The Stanmore Group's energy coal is low in nitrogen content and has a high calorific value (~104 % of NEWC6000 NAR index CV), according to a report by Optimal Mining dated February 2021.

The following table sets forth the coal specifications of the coal reserves in the Isaac Plains East and Isaac Downs, according to the Stanmore JORC Reports. Stanmore primarily produces semi-soft coking coal.

Concession	Coal Specification		
	Ash (adb %)	Volatile Matter (adb %)	Total Sulfur (adb%)
Semi Soft (Isaac Plains East)	8.5—9.5	24.9	0.52
Semi Soft (Isaac Downs).....	9.5	25.3	0.34

The Stanmore Group's metallurgical coal product has a diverse customer base of leading steel producers predominantly located in Asia. The Stanmore Group's key customers are key players in the steel manufacturing industry in Asia and Europe. Moreover, of the coal sales of 2.3 million tonnes made during the year ended June 30, 2020, 1.8 million tonnes were sold to existing customers, with the balance sold to new customers or to well established coal traders. According to Salva, most of the growth in steelmaking capacity is expected to occur in Asia, supported by many integrated steelmaking projects that are based on the blast furnace technology. Accordingly, we expect demand for metallurgical coal to remain buoyant and continue to support the economics of the Stanmore Group's operations. The Stanmore Group is also continuing to work on selling to new customers and markets where it makes financial sense to do so.

The table below summarizes the Stanmore Group's coal production volume, sales volume, revenue from coal sales, average selling price, average cash cost and average strip ratio for our tenements in production for the periods indicated.

	Year Ended June 30,		Six Months Ended December 31,
	2019	2020	2020
	(million tonnes)		
Saleable Coal production volume⁽¹⁾			
Metallurgical	2.1	2.4	1.0
Energy	0.3	*	0.1
Total.....	2.4	2.4	1.1

	Year Ended June 30,		Six Months Ended December 31,
	2019	2020	2020
	(million tonnes)		
Sales volume			
Coal mining ⁽²⁾			
Metallurgical	2.0	2.3	1.1
Energy	0.3	*	0.1
Total	2.3	2.3	1.2
	(A\$ in millions)		
Revenue from coal sales			
Metallurgical	363.8	362.7	132.6
Energy	39.2	1.8	3.7
Total	403.0	364.5	136.3
	(A\$ per tonne)		
Average selling price per tonne⁽³⁾			
Stanmore Group	173.8	159.5	115.1
	(A\$ per tonne)		
Average cash cost per tonne⁽⁴⁾			
Stanmore Group	88.8	105.9	115.0
	(Bank cubic meters per tonne)		
Average strip ratio⁽⁵⁾			
Stanmore Group	8.8	13.7	11.6

* Less than 0.1

Notes:

- (1) Coal production volume reflects the volume of coal mined during the relevant period.
- (2) Comprises sales of coal produced during the year/period and stockpiled coal.
- (3) Average selling price per tonne is calculated by dividing coal sales revenues for the year/period by our sales volumes in the same year/period.
- (4) Average cash cost per tonne is a measure of our costs in our coal mining segment and is calculated as total production costs for a period, including mining, freight and coal processing (but excluding depreciation, amortization and royalties), divided by sales volume for such period.
- (5) Average strip ratio is calculated by dividing the number of bank cubic meters of overburden (rock and soil) removed during the period by the number of tonnes of coal produced during such period.

Metallurgical Coal Mining Operations and Logistics

Mining operations at Isaac Plains East are conducted using the open cut mining methods comprising a BE1370 dragline supported by hydraulic excavators and rear dump trucks. Overburden above the coal is stripped by hydraulic excavators, such as our CAT 6060, and trucks, and also the dragline, in order to avoid any contamination with the overlying waste material prior to coal being excavated. The coal is then excavated by the hydraulic excavators. Dump trucks haul the ROM coal to the CHPP via internal haul road for processing.

Excavation, Crushing, Processing and Stockpiling

ROM coal from Isaac Plains East is processed through Stanmore's CHPP facility. The CHPP facility was commissioned in 2006 and has a nameplate throughput capacity of 500 tph (3.5Mtpa ROM). The process flowsheet is a conventional and well understood design which has a proven history of successful operation on similar coal types. The design includes a dual-product dense-medium cyclone circuit, a teetered bed separator and a fine-coal flotation circuit. The plant can produce both a primary coking product and a secondary energy coal product. The plant operates on a seven-day roster with a monthly 24-hour scheduled maintenance shutdown.

Rail and Shipment

Coal from the CHPP is loaded by train load-out bins into rail cars, which deliver export metallurgical and energy coal to Dalrymple Bay Coal Terminal ("DBCT"), approximately 172 kilometers away. Isaac Plains Complex has access to a rail loop situated on the Goonyella rail system, which links to the DBCT. Stanmore's access to rail and port infrastructure is supported by long-term contracts, providing security of access to the rail network and relevant ports, with capacities sufficient to support Isaac Plains Complex's future production profile.

Stanmore has long term rail agreements for up to 2.4Mtpa. Stanmore also has long term port agreements in place with DBCT with a total capacity of 2.4Mtpa.

Reclamation

In accordance with the mineral development licenses and exploration permits for coal issued under the Mineral Resources Act 1989 (Qld) held by Stanmore, the Stanmore Group is required to supply the administering authority a financial assurance to cover the potential costs of rehabilitation after the completion of exploration activities, and undertake rehabilitation activities during the course of mining and at closure pursuant to the Financial Provisioning Act. Stanmore's requirements in relation to mining rehabilitation are detailed in the "Regulation — Australian Regulations" section of the Offering Memorandum.

Quality Control

Stanmore maintains a comprehensive sampling and testing regime during all stages of our mining and logistics operations, from the pit and throughout the logistics chain, with the aim of achieving consistency of product quality and optimization of resource yield. Opportunities exist for improved realization through washing to lower ash, and higher value coals, and these opportunities are continually being developed in the market.

Metallurgical Coal Sales and Marketing

End users of the Stanmore Group's metallurgical coal are mainly large steel producers located in Japan, South Korea, India and Europe. Stanmore Group's energy coal is produced as a by-product of our metallurgical coal operations and sold on spot basis to end users primarily located in Asia. Stanmore's coal sales agreements with customers generally have terms of one year or less. A majority of the Stanmore Group's coal sales are sold on a fixed-term basis with repeat customers, using prices negotiated against benchmark grade export prices, including bilaterally negotiated term prices and spot indices. For sales and marketing, the Stanmore Group engages a Brisbane-based marketing services and trading company supported by an experienced team with a long track record in market development, technical marketing, sales, processing, and logistics management in both metallurgical and energy coal global markets. See also "Related Party Transactions — GEMS Transactions with Related Parties — Marketing Services Agreement."

Ravenswood Gold Mine

We are engaged in the gold mining business through our joint venture investment in Ravenswood. On March 31, 2020, we completed the acquisition of a 50.0% interest in Ravenswood through a joint venture with EMR, which is a specialist mining private equity fund that invests in global resource projects and companies, primarily focusing on copper, gold, hard coking coal and potash. In addition to the Ravenswood Gold Mine, as of December 31, 2020, EMR owned or was an investor in eight mines and projects globally, including the producing Capricorn Copper and Kestrel Coal Resources mines in Queensland, the Golden Grove zinc, copper and other precious metals mine in Western Australia and the Lubambe copper mine in Zambia. The Ravenswood Gold Mine is located in Queensland, Australia, approximately 130 kilometers south of Townsville. The three principal areas of Ravenswood Gold Mine that have been mined in the past are the Mt Wright underground, the Buck Reef West pit and the Sarsfield-Nolans pit.

The Ravenswood Gold Mine has an estimated 2.60 million oz of proved and probable ore reserves as of September 11, 2020 according to the AMDAD Report, and 3.74 million oz of estimated ore resources, according to the SD2 Reports. Since becoming part of our Group on March 31, 2020 to December 31, 2020, the Ravenswood Gold Mine has produced 47.6 kozo of gold.

The current processing facilities at Ravenswood Gold Mine can handle approximately 5.0Mtpa of gold ore to produce around 125,000 oz of gold per year. Ravenswood Gold Mine returned to open-pit mining at Buck Reef West in December 2020. The Ravenswood Gold Mine is currently treating accumulated low grade stockpiles and mining ore at the Buck Reef West pit. The Ravenswood Gold Mine comprises developed infrastructure which includes triple stage crushing, ball mill grinding, and CIL processing of 5.0Mtpa. We expect that the mine's production will continue to be supplemented as required by the processing of low-grade of existing stockpiles of gold ore, which will be screened and beneficiated

EMR, through Raven Gold, is the operating partner of Ravenswood, and has primary responsibility for operation and management matters, subject to the terms of a shareholders' deed dated January 14, 2020, entered into between GEAR, Ravenswood, Raven Gold and GEAR SPV ("Ravenswood Shareholders' Deed"). In connection with Raven Gold being the operating partner of Ravenswood, GEAR has agreed to pay EMR certain management fees on a semi-annual basis, and to pay certain carried interest (which is subject to certain thresholds) if GEAR and/or EMR sells their interests in the Ravenswood Group. For more information on the Ravenswood Shareholders' Deed, see "Description of Material Agreements — Ravenswood Shareholders' Deed."

Development Plan for Ravenswood Gold Mine

We believe that the Ravenswood Gold Mine has significant expansion potential to become a large-scale, low-cost and long-life producer.

The current processing facilities can handle approximately 5.0Mtpa of gold ore to produce around 125,000 oz of gold per year. Ravenswood Gold Mine returned to open-pit mining at Buck Reef West in December 2020.

Ravenswood Gold Mine returned to open-pit mining at the Buck Reef West pit in December 2020. Ravenswood has plans to expand the mining operation of Ravenswood Gold Mine by purchasing a new mining fleet, expanding the ore processing facilities and commissioning new primary and secondary crushers, ball mill and leach tanks, building a new tailings storage facility and associated service infrastructure such as expanded camp and mine service area. Ravenswood is currently undertaking a strip-back and expansion of its existing open pit, Buck Reef West, together with an expansion of the existing processing facilities and construction of a new tailings storage facility. The under-construction expansion project is planned to provide access to mineral resource of 177 million tonnes at 0.7 grams per tonne gold ("g/t Au") (including mineralized waste) containing approximately 4.0 million ounces ("Moz") of gold and an open-pit reserve of 115 million tonnes at 0.7 g/t Au containing 2.60 Moz of gold. Planned open pit mining production capacity is 7.2Mtpa in the medium term, with potential to increase to 12Mtpa in the long-term and further supplement as required by reclamation from low-grade stockpiles. The planned expansion to 7.2Mtpa is expected to be completed in 2022.

Ravenswood Reserves and Resources

The following table summarizes the estimated amount measured, indicated and inferred mineral resources within the Buck Reef West pit and the Sarsfield-Nolans pit as of September 30, 2020, according to the SD2 Reports.

	Kilotonnes	Grade (Au g/t) ⁽¹⁾	Ounces (koz)
Buck Reef West pit			
Open Pit Above 0.3 g/t			
Measured	—	—	—
Indicated.....	25,050.0	1.03	833.0
Inferred	1,170.0	1.11	42.0
Total Open Pit Resources	26,220.0	1.04	875.0
Underground Above 3.5 g/t			
Measured	—	—	—
Indicated.....	91.0	4.97	14.6
Inferred	65.0	4.71	9.8
Total Underground Resources	156.0	4.86	24.4
Total Buck Reef West pit Resources	26,376.0	—	899.4
Sarsfield-Nolans pit			
Open Pit Above 0.3 g/t			
Measured	32,213.0	0.71	739.9
Indicated.....	71,354.2	0.65	1,498.2
Inferred	29,394.2	0.63	597.8
Total Sarsfield-Nolans pit Resources	132,961.4	—	2,835.9

Note:

(1) Measures the average proportion of gold contained in the ore at the site.

Based on the SD2 Reports, as of September 30, 2020 the estimated ore resources for the Buck Reef West Pit is 0.90 million ounces and 2.84 million ounces for the Sarsfield-Nolans Pit, representing an aggregate of 3.74 million ounces of estimated ore resources for Ravenswood Gold Mine.

The following table summarizes the estimated amount of proved and probable ore reserves within the Buck Reef West pit and the Sarsfield-Nolans pit as of September 11, 2020, according to the AMDAD Report.

	<u>Million Tonnes</u>	<u>Grade (Au g/t)⁽¹⁾</u>	<u>Au koz⁽²⁾</u>
Buck Reef West pit			
Proved.....	—	—	—
Probable.....	25.0	0.9	700
Sarsfield-Nolans pit			
Proved.....	34.0	0.7	700
Probable.....	56.0	0.6	1,100

Notes:

The tonnes and grades shown are stated to a number of significant figures reflecting the confidence of the estimate. The table may nevertheless show apparent inconsistencies between the sum of the components and the total ore reserves mentioned in elsewhere in this Offering Memorandum.

- (1) The ore reserves do not include substantial low-grade stockpiles left from the previous open cut mine which are currently being reclaimed and processed.
- (2) Au koz refers to contained gold in the mined ore before process recoveries are applied.

Ravenswood Key Operating Information

	<u>Nine months ended December 31, 2020</u>
Gold production volume	(thousand ounces)
Ravenswood Group	47.6
Sales volume	(thousand ounces)
Ravenswood Group	44.6
Revenue from gold sales	(A\$ in millions)
Ravenswood Group	116.9
Average selling price per ounce⁽¹⁾	(A\$ per ounce)
Ravenswood Group	2,622.5
All-in sustaining cost⁽²⁾	(A\$ per ounce)
Ravenswood Group	2,222.2

Notes:

- (1) Average selling price per ounce is calculated by dividing revenue from gold sales for the period by our sales volumes in the same period.
- (2) All-in sustaining cost per ounce is calculated as a total of on-site mining costs (which includes mining cost, processing cost and maintenance and administration cost), royalties and sustaining capex, dividend by the number of ounces of gold produced during such period.

Forestry Business

Our forestry business is engaged in forestry operations and the planting and replanting of our forestry plantations and harvesting of these plantations within our subsidiary HRB's forestry concession area covering approximately 265,095 hectares across four regions in South Kalimantan. HRB's forestry concession license is valid until 2041, with an option to extend to 2061. Almost half of BIB mine's coal concession area overlaps with the forest concession area held by our subsidiary, HRB.

Approximately 10,183 hectares of HRB's forestry concession area has been planted with sustainable acacia mangium, jabon, sengon, and rubber trees and approximately 2,138 hectares comprise natural forest plantation. Acacia mangium trees are fast growing legumes in the pea family that can be processed into market pulp for the production of tissue, printing and writing grade paper. Jabon and sengon tree products have multiple uses, including as the raw material for plywood and furniture. The remainder of HRB's forestry concession area has not been planted or developed.

GEAR Renewables

We incorporated GEAR Renewables in May 2019. GEAR Renewables' principal activity is exploring and making investments in renewable energy projects, which we believe will help to further diversify our energy portfolio.

In November 2019, GEAR Renewables invested \$4.0 million in a renewable energy fund dedicated to making investments in solar PV systems in target geographies of Taiwan, Japan and Australia. The fund made its first investment in November 2019 through the installation of PV solar systems on the rooftops of government schools in Kaohsiung, Taiwan.

Major Customers and Suppliers

Major Customers

Our customers consist of coal traders and end users, primarily located in China, Indonesia and India. We have established relationships with our end-customers and maintain regular dialogue with them to understand their coal requirements.

Our 10 largest customers in each of 2018, 2019 and 2020 accounted for 61.3%, 63.0% and 57.1% of our total revenue in such years. Sales in Indonesia accounted for 32.4%, 31.7% and 36.9% of our total revenue in 2018, 2019 and 2020, respectively. Export sales to our customers in China accounted for 40.0%, 39.1% and 29.9% of our total export sales in 2018, 2019 and 2020, respectively, and export sales to our customers in India accounted for 18.7%, 22.5% and 20.3% of our total sales in 2018, 2019 and 2020, respectively.

The following table summarizes our revenue attributable to our 10 largest customers in 2018, 2019 and 2020.

		Year Ended December 31,					
		2018		2019		2020	
Customer	Relationship commenced	Revenue	Percentage of Revenue	Revenue	Percentage of Revenue	Revenue	Percentage of Revenue
(\$ in millions, except percentages)							
Customer 1.....	2014	42.9	4.1%	193.7	17.4%	180.6	15.5%
Customer 2.....	2010	94.5	9.0%	65.6	5.9%	92.4	7.9%
Customer 3.....	2017	64.5	6.2%	116.1	10.4%	80.6	6.9%
Customer 4.....	2017	147.6	14.1%	76.5	6.8%	67.2	5.8%
Customer 5.....	2015	48.5	4.6%	61.1	5.5%	61.6	5.3%
Customer 6.....	2018	*	*	55.8	5.0%	40.4	3.5%
Customer 7.....	2019	—	—	*	*	38.1	3.3%
Customer 8.....	2018	*	*	35.1	3.1%	34.8	3.0%
Customer 9.....	2015	47.1	4.5%	41.4	3.7%	34.4	3.0%
Customer 10.....	2017	*	*	29.4	2.6%	33.6	2.9%
Customer 11.....	2016	57.5	5.5%	28.8	2.6%	*	*
Customer 12.....	2018	45.5	4.3%	*	*	*	*
Customer 13.....	2015	57.0	5.4%	*	*	—	—
Customer 14.....	2017	38.1	3.6%	—	—	—	—
Total		643.2	61.3%	703.5	63.0%	663.7	57.1%

* Indicates that we had sales to the customer in the year, but such customer was not among our top ten customers for such year.

Customers 2 and 13 are members of the Sinar Mas Group. For more information, see “Related Party Transactions.”

Third-Party Mining Services Providers

GEMS Group

Currently, substantially all of the mining activities in our concession areas in Indonesia are conducted by mining services providers under medium-term to long-term contract mining operation agreements. Under these agreements, the mining services provider is responsible for providing substantially all plant, equipment, facilities, materials, services, supplies, labor and management required for the operation and maintenance of the designated mining pits. Each mining services provider is responsible for adhering to our mine plans. We also engage port operators to undertake substantially all of our logistics management activities under the supervision of our management. Engaging third-party mining services providers allows us to minimize capital expenditures and working capital requirements and focus on exploration, mine planning, supervision and sales marketing. Outsourcing coal mining operations and logistics also reduces the risk of fluctuations in coal production costs as the mining services providers bear the costs associated with providing mining equipment, materials, supplies and labor.

Pursuant to Indonesian mining regulations, coal concession holders are required to conduct certain activities in the coal production process, including coal mining, processing and refining activities, and mining services companies are only allowed to perform overburden removal, drilling and blasting operations and to transport coal. See “Regulation — Indonesian Regulations — Mining Regulations and Licensing Requirements.”

BIB and KIM have entered into contract mining operating agreements with SIS, PPA and CK. At our BIB concession area, SIS and PPA perform the majority of overburden removal, and PPA also provides coal getting services. At our KIM concession area, CK currently performs overburden removal and coal getting. Such services were provided by ATP in 2018 and 2019. We have long-standing relationships with most of our mining services providers, such as SIS and PPA, who we have been in partnership with since GEMS was listed on the IDX in 2011. We also engage mining services providers for coal hauling operations and to manage operations at each of the ports from which we ship our coal to our customers, including at the Bunati port, which is owned by BIB.

The contract mining operating agreements with our mining services providers are typically for five year terms and include rates based on cubic meters of overburden removed, tonnes of coal excavated and kilometers of coal hauled. These contracts also contain adjustment provisions for fuel prices, which is consistent with industry practice. We aim to match the technical and financial requirements of each of our mining project to each mining services provider while balancing overall costs.

Stanmore

The mining activities at Isaac Plains Complex are undertaken by Stanmore's mining services providers, such as Golding, a subsidiary of the ASX listed NRW Holdings Limited. We work with mining services providers who provide, maintain and operate excavators and other ancillary equipment used in our mining operations, water trucks, graders and dozers. We also sub-contract drilling and blast operations to third party mining services providers, and hire third party mining services providers to maintain CHPP and our BE1370 dragline. See also "Description of Material Agreements — Stanmore material agreements — Goldings Mining Services Agreement."

Major Suppliers

We believe that securing reliable suppliers for our various business segments improves our cost efficiency and the competitiveness of our pricing. For our coal mining business, BIB and KIM engage third party coal mining services providers SIS, PPA and CK to conduct certain mining services, including overburden removal, coal hauling and, excluding SIS, coal getting and maintenance of coal haul roads. Meanwhile, Stanmore engages Golding to conduct certain mining services, including managing and maintaining the operations of CHPP and our dragline, overburden removal and coal hauling. We also engage various other third parties to carry out coal hauling, and transport of our coal to port. At Stanmore, we engage Pacific National for above rail operations, Aurizon Network for below rail operations and DBCT for port operations. For our coal trading business, the GEMS Group principally purchases coal from other Indonesian coal suppliers. See "— Mine Operations and Logistics — Third-Party Mining Services Providers."

The following table summarizes our cost of sales attributable to our 10 largest suppliers in 2018, 2019 and 2020.

			Year Ended December 31,					
			2018		2019		2020	
	Relationship commenced	Nature/type of service		Percentage of Cost of Sales		Percentage of Cost of Sales		Percentage of Cost of Sales
Supplier			Costs		Costs		Costs	
(\$ in millions, except percentages)								
Supplier 1	2014	Mining contractor	145.8	21.2%	191.9	25.5%	171.7	17.4%
Supplier 2	2005	Tax authority	107.1	15.6%	145.9	19.4%	131.1	13.3%
Supplier 3	2006	Mining contractor	112.5	16.4%	142.5	19.0%	92.6	9.3%
Supplier 4	2019	Mining contractor	*	*	*	*	55.6	5.6%
Supplier 5	2018	Road maintenance contractor	*	*	15.5	2.1%	19.6	2.0%
Supplier 6	2014	Mining contractor	*	*	15.6	2.1%	16.4	1.7%
Supplier 7	2014	Hauling contractor	8.4	1.2%	11.5	1.5%	13.4	1.3%
Supplier 8	2012	Mining contractor	*	*	13.4	1.8%	11.6	1.2%
Supplier 9	2014	Coal supplier	*	*	*	*	11.6	1.2%
Supplier 10	2015	Hauling contractor	7.9	1.2%	*	*	10.0	1.0%
Supplier 11.....	2012	Mining contractor	51.9	7.6%	21.6	2.9%	*	*
Supplier 12	2012	Hauling contractor	13.6	2.0%	19.8	2.6%	*	*
Supplier 13	2011	Coal supplier	*	*	17.7	2.3%	—	—
Supplier 14	2013	Coal supplier	47.6	6.9%	—	—	—	—
Supplier 15	2013	Coal supplier	9.1	1.3%	—	—	*	*
Supplier 16	2013	Hauling contractor	7.1	1.0%	*	*	*	*
Total			511.0	74.4%	595.4	79.2%	533.6	54.0%

* Indicates that we had purchases from the supplier in the year, but such supplier was not among our top ten suppliers for such year.

Competition

We compete in the domestic and international coal and fossil fuel markets with other coal producers and suppliers of alternative energy resources. Competition in these markets is primarily based on coal quality, selling price, reliability of delivery and the ability to supply coal as and when required by customers.

In relation to energy coal, in the Indonesian coal market, we compete with a number of large Indonesian coal producers, including Adaro, PT Bayan Resources Tbk., Berau Coal, PT Bumi Resources Tbk., PT Indo Tambangraya Megah Tbk., PT Harum Energy Tbk., Bukit Asam, Indika and Geo Energy. Adaro, Bukit Assam and Geo Energy are our main competitors as they produce thermal coal of similar quality to the thermal coal we produce.

Our main competitors in the international export markets are other large coal producers from Australia, South Africa, Canada, China and India, including Rio Tinto Ltd, Glencore Plc, Peabody Energy, BHP Billiton Limited, Anglo American PLC, Xstrata PLC, Shenhua Coal Trading Co. and China National Coal Industry Import and Export (Group) Corporation. In relation to metallurgical coal, our main competitors include BHP Mitsubishi Alliance, BHP Mitsui Coal, Glencore, Peabody, Coronado Coal and New Hope.

The regulation of coal production in these other coal producing countries may change from time to time, including in response to fluctuations in global coal supply and demand, the viability and attractiveness of alternative fuel sources and in response to public sentiment, which may create a more or less favorable competitive landscape for us and other Indonesian and Australian coal companies. For example, we believe that our export coal sales have recently benefited from domestic limits on mining output in China. For more information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations.”

We believe that we have strong competitive advantages over other domestic and international coal producers due to our consistent product quality, reliable coal transportation and delivery, strong relationships with our mining services providers and proven track record of supplying quality coal to our customers. We also believe that we are able to compete effectively in terms of coal pricing by maintaining low operating costs, which are the result of, among other things, lower stripping costs due to the use of open cut mining methods and lower transport costs due to the close proximity of our mines to transportation and port facilities. We believe that we also have a competitive advantage over most Australian, Canadian and South African competitors when selling coal to large coal importers in Asia and India given our closer geographic proximity to such customers, which typically results in lower transportation costs and allows us to export coal at more competitive prices.

See also “Risk Factors — Risks Relating to Our Business — Coal markets are highly competitive and are affected by factors beyond our control” and “Risk Factors — Risks Relating to Our Business — Fluctuations in transportation costs and disruptions in transportation generally could adversely affect demand for our coal and increase competition from coal partners in other parts of Asia and elsewhere in the world.”

Environmental, Social and Corporate Governance

Mining is a resource intensive process. Due to the nature of operation, the sector has high impact on the environment from air pollution, waste generation, land use and greenhouse gas emissions. We take a strong stand in preserving the environment that we operate in and are committed to carrying out our operations in a responsible and sustainable manner.

Sustainable development is an integral part of our CSR program. We are committed to managing any environmental impact resulting from our mining operations by preventing pollution, implementing reclamation programs in all of our mining areas and preserving protected animals pursuant to applicable government regulations. Stanmore has established an Environmental Management System (“EMS”), which is compliant with legislative requirements and covers various aspects of environmental management including water, biodiversity, rehabilitation, cultural heritage, greenhouse gas, energy and waste management. The EMS documents detail the environmental controls employed at the site, assist with communication and implementation, and facilitate auditing and review of environmental performance.

We have implemented a comprehensive environment management system in each of our sites. In particular, BIB’s environment management system attained its ISO 14001:2015 certification in December 2018. ISO 14001:2015 specifies the requirements for an environmental management system that an organization can use to enhance its environmental performance. Such certification is valid till December 2021. Periodic audits are conducted to ensure robustness of the systems implemented.

We analyse our environmental impact primarily based on five factors:

- (i) air quality management;
- (ii) energy consumption and greenhouse gas emissions;
- (iii) land management;
- (iv) solid waste management; and
- (v) water resource management.

Air quality management: To ensure that emissions released from our operations remain at an acceptable level, GEMS has set targets for air quality maintenance which are within the limits set by the Indonesian government. We have also engaged an accredited external laboratory to monitor the quality of ambient air at the concession area and reports are submitted to the Environment Department of Tanah Bumbu on a quarterly basis.

Energy consumption and greenhouse gas emissions: The Indonesian government has mandated the use of B20-graded biodiesel in mining operations since January 2006. In line with such regulation, GEMS has engaged suppliers to supply higher graded biodiesel to our contractors, which will help to increase GEMS' biodiesel consumption, and started using B30-graded biodiesel in our mining operations in FY2020.

We have also implemented environmentally-friendly technologies in our business operations. For example, we have increased the utilization of solar panels for mining support services and infrastructure at mine sites. In addition, in 2019, GEAR Renewables invested \$4.0 million in a renewable energy fund dedicated to making investments in solar PV systems in target geographies of Taiwan, Japan and Australia, which has in turn acquired PV solar systems in Taiwan in November 2019.

We intend for our efforts in relation to air quality management and energy consumption and greenhouse gas emissions management help to combat climate change.

Land management: GEMS has in place a land reclamation policy that provides guidelines for the land reclamation process. Some of the guidelines are that erosion should be minimized during and after the reclamation process, and that the size of the reclaimed area shall be equal to the size of the mined area. We are committed to ensuring the effectiveness of our land management approach. Prior commencing mining activities at our concession areas, we develop a mine closure and reclamation plan which is submitted to the ESDM for review and approval. The approved plan subsequently serves as a guide for our rehabilitation efforts. We also conduct internal and external audits, benchmark our practices to other similar mining companies and obtain feedback on our land management practices from the ESDM.

Solid waste management: We have in place a comprehensive waste management policy which outlines the tools and safeguards in place to securely collect, transport and treat solid waste generated from our operations, and seeks to ensure that best practices are in place to restore the land affected by mining operations and mitigate any adverse effects on human safety and the environment from our operations.

We have a comprehensive Hazardous Solid Waste Disposal Policy at BIB, which has higher requirements than stipulated under the national standard regulated by the ESDM for hazardous waste disposal. At BIB, our vendor collects hazardous waste every month to prevent overload in the storage building, compared to a 90-day requirement. BIB also recycles and reuses non-B3 solid waste such as tyres, drums, metal into items serving various purposes such as retaining sea-water abrasion, restricting the parking of heavy vehicles, and signage for directions.

Ravenswood has in place a tailings management system to ensure that the tailings storage facility is in compliance with local laws, regulations and permits. Internal and external inspections are undertaken to ensure such systems remain compliant. We have also previously commissioned a study to review the site's tailings storage facility management against the Australian National Committee on Large Dams guidelines and new Global Industry Standard on Tailings Management to ensure management practices meet the relevant standards and guidelines.

Water resource management: We have in place effluent treatment and monitoring processes. As part of this process, we treat and measure the quality of our effluents before they are released into the surrounding water bodies. We have also engaged an external laboratory to conduct testing on our treated effluents on a monthly basis. In addition, we proactively monitor the impact of our effluents on the local community, and formed BIB's external relations department to provide a channel for local communities to provide feedback on our operations. Our external relations and CSR departments work together to address and resolve any negative feedback received. Ravenswood also has in place a water reuse program to minimize raw water input and water quality monitoring mechanisms, and ensure that Ravenswood's operations comply the Australian government's environmental authority and the site's environmental management plan.

In addition to the five factors identified above, our environment management policies also include measures that seek to mitigate the impact of our operations on surrounding wildlife and vegetation. In Australia, Stanmore has committed funding to Fauna Rescue Whitsundays as part of a 3-year partnership to protect native wildlife and has established/contracted biodiversity offset areas to balance the effect of mine development activities.

We are also intentional in cultivating environmental value and awareness via promoting green activities such as plastic waste reuse and recycling programs in the communities in which we operate.

Some of our environmental performance highlights in GEMS for 2018, 2019 and 2020 include:

- 100% compliance with local effluent discharge limits in 2018, 2019 and 2020;
- increase in biodiesel usage for mining operations from 272.2TJ in 2018 to 1,374TJ in 2020;
- decrease in fuel energy intensity from 0.23 GJ/tonne in 2018 to 0.20 GJ/tonne in 2020;
- reclaimed and rehabilitated 269 hectares of land between 2018 to 2020, exceeding our target of 246 hectares of land;
- increase in electricity usage intensity from 0.025kWh/tonne in 2018 to 0.576kWh/tonne in 2020; and
- recycled more than 400,000 kg of tyres and 200,000 kg of scrap metal through our contractors in 2019.

We have also received awards from the Indonesian Government under their environmental evaluation program which was introduced in 2002. The program companies on criteria such as the application of sustainable development principles in mining production processes, the implementation of environmental management systems, energy efficiency, resource conservation, ethical business conduct and social responsibility through community development programs. We received Blue awards under such program in 2017 and 2018, and the Green PROPER award in 2019 and 2020, which indicate the Indonesian Government's recognition in our efforts towards environmental management. In addition, we received the ADITAMA and UTAMA award from the Ministry of Energy and Mineral Resources in 2020, which serves as a form of recognition of our efforts in ensuring the environmental and safety management of our mineral and coal mining operations.

Environmental licenses and assessments are regulated under the Environmental Law No. 32/2009. For more information, see “Regulation — Indonesian Regulations — Environmental Regulations.” For information regarding Australian Environmental Regulations relating to Stanmore, see “Regulation — Australian Regulations — Australian Environmental Regulations.”

Corporate Social Responsibility

Our corporate social responsibility (“CSR”) programs are an integral part of our sustainability policy and assist in the development of the communities surrounding our mining concession areas. Through our various initiatives and CSR management frameworks, we have long-term plans with targets that support local communities from a grassroots level. We prioritize our relationship with local communities and believe that strong relationships with these communities are integral to the stability and development of our business. Our CSR activities in local communities can be categorized under four pillars:

- (i) education;
- (ii) health and safety;
- (iii) economy and infrastructure; and
- (iv) socio-cultural.

We are committed to continuously improving our relations with the local community by expanding our diverse CSR initiatives.

Education

We recognize the importance of education and aim to enhance education in local communities by sponsoring scholarships, hosting tutoring programs and organizing computer courses. We make donations to learning institutions, improve the infrastructure of local libraries and conduct competency improvement for teachers in local communities.

In 2019, GEMS constructed classrooms in 10 local schools, which benefitted approximately 500 students in the community. GEMS also provided scholarships and trainings to local students across various education levels, and a free school bus to support the needs of underprivileged children in Mekarjaya Village.

Stanmore has established the Isaac Plains Community Grant Program which has supported 17 local initiatives since 2018. Under the program, grants are awarded for initiatives that support the development of young talents in the region, highlight community health and wellbeing, and provide opportunities for Indigenous engagement and support the environment. In 2020, Stanmore also made contributions to Central Queensland schools, local community groups and various non-profit organisations.

Ravenswood contributed to the reconstruction and relocation of the Ravenswood State School and a reinterpretation of the heritage-listed swimming pool and has committed to making an annual donation to support Ravenswood State School’s operations.

Health and Safety

We view the health and safety of our stakeholders as a crucial priority due to the inherent risk of our coal mining operations. We have in place various systems, measures and practices, such as emergency preparedness and safety management systems, to ensure our employees and workers are well protected from danger and unhealthy circumstances. We regularly carry out emergency simulations as part of our ongoing education program to ensure that our employees are prepared in the event of an emergency.

We have in place policies and procedures which serve to prevent these risks from developing into actual hazards and are reviewed periodically to ensure they are in line with our operations and compliant with the latest regulations. BIB has in place a robust Occupational Health and Safety Management system which is ISO 45001:2018 certified. We comply with the operational safety regulations and standards of the Ministry of Energy and Mineral Resources of the Republic of Indonesia (“ESDM”) and have established protocols (under the GEMS’ General Mining Safety and Environmental Protection Policy) for daily operations and COVID-19.

BIB maintained its Lost Time Injury Frequency Rate (which is a measure of the amount of time lost due to the occurrence of injuries per million man-hours worked) at 0.07 in FY2019 and FY2020. BIB’s Lost Time Injury Severity Rate (“LTISR”, which is a measure of the amount of time lost due to the occurrence of severe injuries per million man-hours worked) increased from 6.65 in FY2019 to 8.63 in FY2020. The increase in LTISR in FY2020 was due to the occurrence of two high-consequence injuries. We take the occurrence of any work injuries seriously, and have implemented efforts to prevent the reoccurrence of high-consequence injuries, which include:

- improving our hazard identification, risk assessment and determining control system to ensure hazards are properly identified and risk controls are properly established and implemented on field operations;
- improving the safety competency of field supervisors by identifying gaps in their current competency and providing training programs to close or narrow the competency gaps;
- conducting safety behaviour observations to identify deviations in actual day-to-day implementations of the safety procedures, gathering supervisors’ knowledge and their understanding of safety procedures and provide corrections or feedback for improvement, if any;
- encouraging a culture shift through our safety culture change management, from viewing safety as an obligation to a necessity;
- continuously reviewing our safety procedures to find deficiencies and providing corrections and revisions based on field observations or recommendations for improvement from incident investigations; and
- conducting purpose specific safety improvement projects in pits, hauling roads and port operations.

We hold regular meetings with employees regarding our occupational health and safety (“OHS”) activities and provide regular training to enable employees to understand and adhere to our OHS standards and identify risks in our mining operations, and we have standard operating procedures to ensure that our operational workforce wear personal protective equipment all times in our mining areas. We have established health clinics and an emergency response team and we work with local doctors to cover emergencies in our mining operational areas.

As part of our contribution to the community healthcare, BIB provided free health examinations and services to the community in collaboration with the local health offices and Public Health Centre constructed by BIB. Additionally, we initiated healthcare education for the community targeted at housewives, which included basic first aid for accidents at home. We also constructed a two story inpatient public health center by BIB, which is aimed at offering accessible and affordable healthcare services to the surrounding community.

In support of the fight against COVID-19 in Singapore, in February 2020, we pledged cash donations to the TTSH Community Fund, NUHS Fund Limited and Singapore Red Cross.

Economy and Infrastructure

We seek to support economic development growth by providing the local communities with employment opportunities through exploring ways of maximising the use of local materials and human resources, and helping to build a sustainable and self-reliant local economy. Our continued efforts in this area include providing local residents capital, training, technical expertise and marketing support in order for local residents to set up small business or seek employment in local industries.

GEMS provided capital and training to the fishing community of Bunati village on Kelulut honey cultivation and marketing strategy aimed at supplementing the fishermen's incomes. GEMS also initiated an organic planting program with the goal of increasing the income of farmers from three villages by growing healthier rice grains at lower planting cost. Some of our other major CSR activities include our chicken farming program, which is currently being implemented in three villages by our BIB CSR team, and our cattle farming program, which has been implemented through KIM.

Ravenswood endeavours to empower the community through job creation in the North Queensland Region. Currently, 90% of Ravenswood's workforce is living in the region. Ravenswood aims to create more job opportunities in the region and increase current workforce as the business expands.

Socio-cultural

We are also committed to contributing to the social and cultural welfare of local communities. We meet with representatives from communities surrounding our mining operations on a regular basis to receive feedback on how we can improve the lives of those communities.

We carry out public works development and maintenance, collect donations to organize religious celebrations and benefit orphans and underprivileged families, and sponsor and participate in traditional events and social functions. GEMS has participated in various relief efforts of natural disasters and also constructed water towers and infrastructure to supply clean water to more than 10,000 villagers. We also engage in social welfare activities via providing furniture to local schools, and donating religious books, cash and groceries during the festive season.

As part of its efforts to preserve the local heritage and culture, Ravenswood has undertaken initiatives such as the restoration and management of significant historical artefacts in the local community. Ravenswood has also entered into native title agreements with the Birriah People to acknowledge them as the traditional owners of the land. Similarly, Stanmore has developed a native title consent agreement and reviewed a cultural heritage management plan with the Barada Barna people. Stanmore aims to facilitate and implement a plan to develop long term strategies which will enable greater involvement of the Barada Barna people in Stanmore's operations and encourage a strong working relationship between both parties, including increasing indigenous employment and business opportunities in the local community.

Governance

Good governance is key to ensuring that a business runs responsibly and sustainably. We are committed to high standards of corporate governance, which in turn sets the tone for management and operational protocols at GEAR.

Members of our Group are listed on major international stock exchanges in Singapore, Indonesia and Australia, and we comply with the rules and regulations related to corporate governance in the various jurisdictions we operate, including those established by the SGX-ST, IDX and ASX.

The composition our boards of directors at GEAR and Stanmore help to ensure a high level of corporate governance in both entities. Both board of directors at GEAR and Stanmore comprise of 50% independent directors.

We have established practices and policies in order to comply with the listing and disclosure criteria of the SGX-ST, ASX and IDX. We review the composition and dynamics of our boards of directors periodically to ensure that the boards of directors continue to be effective and high performing. The board of directors of GEMS has been recognized as “One of the Best 50 Companies with the Best Good Corporate Governance” by the Indonesian Institute for Corporate Directorship for seven consecutive years.

We have put in place robust checks and balance mechanisms across our business operations to enhance oversight and prevent, detect and correct practices that are not in line with our core values. We are committed to a high standard of ethical conduct and adopt a zero tolerance approach towards corruption and fraud. We have in place a Code of Conduct and Whistle Blowing Policy which all of our employees who are directors are required to adhere to. We have also implemented a whistleblowing platform, providing a secure communication channel that allows the anonymous reporting of any frauds, corruption, bribery and unlawful acts.

We carry out periodic internal and external audits to ensure the application of good corporate governance policies. At GEMS, we carry out a quarterly limited review on GEMS’ financials by independent auditors to ensure integrity and accuracy of financial information reported. To ensure transparency and accountability, in addition to regularly dissemination of financial results, GEAR also publishes a detailed sustainability report annually, which is prepared in accordance with the Global Reporting Initiative standards.

In 2020, there were no reports of strikes, lockouts, corruption, fraud or non-compliance with any applicable law or regulation across our operations.

Awards

The following table sets out information with regards to awards that we have received.

Year	Description of Award	Awarding Body
2018	<i>Award for Quality Assessment of 2018 Annual Report with B+ Rating</i>	National Committee of Governance Policy (KNKG) and Committee of ARA 2018
2019	<i>Ranked 12th in 100 Excellent Growth Company Ranks</i>	Indonesia Business Magazine
2019	<i>One of the 50 Largest Companies by Market Capitalisation with the Best Good Corporate Governance</i>	Indonesian Institute for Corporate Directorship
2019	<i>Award from Participation in ESDM Disaster Alert on Flood and Landslide of Bengkulu Province</i>	The Ministry of Energy and Mineral Resources
2018 — 2019 ...	<i>Proper Award “GREEN” Rating in Environmental Performance Assessment for BIB</i>	The Ministry of Environment and Forestry
2018 — 2019 ...	<i>Proper Award “BLUE” Rating in Environmental Performance Assessment for KIM</i>	The Ministry of Environment and Forestry
2019	<i>Certificate of Merit for Implementation of CSR Programme in KIM</i>	The District Government of Bungo, Indonesia
2019	<i>Certificate of Merit for Implementation of CSR Programme in BSL</i>	The Northern Regent of Musi Rawas, Indonesia
2019	<i>Certificate Of Merit in Supporting the CSR Programme in the Health Sector in BSL</i>	The Northern Regent of Musi Rawas, Indonesia

Year	Description of Award	Awarding Body
2020	<i>TOP CSR Awards 2020 — Top Leader on CSR Commitment 2020</i>	Top Business and KNKG
2020	<i>TOP CSR Awards 2020 — Top CSR Awards 2020 Star 5</i>	Top Business and KNKG
2020	<i>Proper Award “Green” Rating in Environmental Performance</i>	Ministry of Environmental and Forestry
2020	<i>Indonesian CSR Awards 2020 (Platinum) — 3 various categories</i>	Corporate Forum for Community Development
2020	<i>Indonesian CSR Awards 2020 — Grand Appreciation</i>	Corporate Forum for Community Development
2020	<i>Indonesian CSR Awards 2020 (GOLD) — 5 various categories</i>	Corporate Forum for Community Development
2020	<i>ADITMA Award — Environmental Management of Mineral and Coal Mining</i>	Ministry of Energy and Mineral Resources
2020	<i>UTAMA Award — Safety Management of Mineral and Coal Mining for the Group’s PKP2B license holders</i>	Ministry of Energy and Mineral Resources
2020	<i>Proper Award “Blue” Rating in Environmental Performance</i>	Ministry of Energy and Mineral Resources

Insurance

We maintain insurance coverage for our employees, directors, vehicles, machinery and equipment, office premises, mine sites, marine cargo, coal stock and our sales and operational activities related to our business. We also maintain insurance coverage against business interruption, including loss of profit as a result of loss, destruction or damage to, among other things, a depletion of coal stock and natural disasters (including earthquakes, volcanic eruptions, fire and tsunamis).

Under our operating agreements with our third-party mining services providers, the mining services providers are responsible for their own employees and their employees must be covered by appropriate insurance, including insurance for property and vehicles, loss and damage and third party claims.

Labor Relations

We believe that the general well-being of our employees is essential in creating a strong foundation for good working values and ethics.

We had 674 employees as of December 31, 2020, all of whom were located in Indonesia, Australia and Singapore. Substantially all of the mining activities in our concession areas in GEMS and Stanmore are conducted through mining services providers and port operators, under our management’s supervision. To our knowledge, none of our direct employees are union members, and we have not experienced any labour strikes or work stoppages.

The following table sets forth the breakdown of our full-time employees by function as of the dates indicated.

	As of December 31,		
	2018	2019	2020
By Function:			
President Office/Management	6	6	10
Administration and Human Resources	29	32	32
Finance and Accounting.....	54	57	62
Legal and Corporate Secretarial.....	13	18	21
Investments	4	4	5
Marketing and Trading.....	1	6	4
CSR & Security	79	115	112
Operations.....	346	424	424
Other.....	5	3	4
Total.....	537	665	674
By Geography:			
Singapore	24	29	28
Indonesia	513	636	626
Australia	—	—	20
Total.....	537	665	674

We believe that we have good relationships with our employees. We encourage our workers and supervisors to build good rapport for open communication and dialogue and to work closely to promptly resolve any problems they face.

We value and actively support the growth and development of our employees. In FY2019, our employees attended various certification courses and workshops that we organized and co-conducted with reputable leading institutions. Such workshops covered various aspects of BIB business operations and the development of skills across a wide range of topics, ranging from effective leadership tools to technical topics aimed at reinforcing our employees' understanding of key mining concepts and global trends.

According to annual audits conducted by the Ministry of Labor and Transmigration, GEMS is in full compliance with Indonesian labor laws. We believe that the Stanmore Group is similarly in full compliance with Australian labor laws.

Governmental Regulations and Licenses

Our operations are subject to a variety of laws and regulations promulgated by the national and local governments of each jurisdiction in which we operate. See "Regulation." We believe we are in compliance in all material respects with the applicable governmental regulations in each jurisdiction in which we operate. We are not aware of any governmental proceedings or investigations to which we might become a party and which may have a material adverse effect on our properties and operations.

Various governmental, quasi-governmental, and regulatory agencies require the holding of certain licenses, concessions, and permits with respect to operations in the coal mining industry, including mine operation licenses, forestry permits and environmental permits. Our operations are conducted under valid licenses, concessions, permits, or certificates granted by the applicable regulatory body in that jurisdiction, save for the Groundwater Extraction Permit of BSL and B3 Waste Temporary Storage Permit of HRB that are still in the process of being renewed.

We maintain regular dialogue with local governments and regulatory authorities through their management teams or representatives in each jurisdiction. Ensuring compliance with the requirements and conditions for obtaining and maintaining the aforementioned licenses, concessions, permits, or certificates.

Legal Proceedings

We are and, from time to time, may be a party to various legal proceedings arising in the ordinary course of our business.

In October 2020, CLSA Australia Pty Limited (“CLSA Australia”), an affiliate of CLSA Singapore Pte Ltd, commenced a proceeding against GEAR in the Supreme Court of New South Wales asserting a claim for compensation in connection with GEAR’s acquisition of issued share capital in Stanmore. The alleged value of CLSA Australia’s claim is A\$3.0 million. The parties are scheduled to participate in a mediation by May 28, 2021. If not resolved in mediation, the claim will be determined by final hearing before the Supreme Court of New South Wales expected in the second half of 2021.

Stanmore is currently a party, along with 12 other coal mining or coal project development companies, seeking authorization to the Australian Competition and Consumer Commission to collectively bargain with the Dalrymple Bay Coal Terminal Management Pty Ltd (7058/20 DBCT Management Pty Ltd v Treasurer and Minister for Infrastructure and Planning (Queensland) & others). Stanmore is not an active participant in this action and does not consider that it may have a material adverse effect on Stanmore’s financial position, profitability or business.

As of the date of this Offering Memorandum, there are no governmental, legal or arbitration proceedings pending that may have a material adverse effect on our financial position or profitability.

DESCRIPTION OF MATERIAL INDEBTEDNESS

We have entered into certain loans to finance our operations. The following summary of the principal terms of our material indebtedness may not contain all of the information that may be important to you. You should read the notes to our financial statements for additional information about our indebtedness.

As of December 31, 2020, we had consolidated indebtedness with a principal amount outstanding totaling \$382.0 million.

2023 Notes

On February 14, 2018, the Company, issued the 2023 Notes. Interest on the Existing USD Notes is payable at 9.0% per annum on a semi-annual basis. The 2023 Notes will mature on February 14, 2023. The Existing USD Notes are guaranteed by certain of the Company's subsidiaries.

The 2023 Notes contain, among others, covenants relating to asset sales, restricted payments, restrictions on incurrence of indebtedness and issuance of preferred stock, limitations on liens, limitations on sale and leaseback transactions, dividend and payment restrictions affecting certain restricted subsidiaries of the Company, effecting a merger or consolidation and limitations on issuance of guarantees of indebtedness.

As of December 31, 2020, an aggregate principal amount of \$150.0 million of the 2023 Notes was outstanding. We intend to redeem the 2023 Notes as well as the CS/Mandiri Facility using a portion of the net proceeds of this offering. See "Use of Proceeds."

CS/Mandiri Facility

On December 24, 2018, GEAR, as borrower, entered into a secured term loan facility agreement with Credit Suisse as mandated lead arranger, original lender, agent, security agent and account bank, which was amended on March 27, 2020 by way of an amendment agreement entered into between the original parties thereto and Bank Mandiri as original lender (the "CS/Mandiri Facility"). Under the CS/Mandiri Facility, GEAR has been granted a A\$50 million term loan facility from Credit Suisse ("Facility A"), a A\$20 million term loan facility from Credit Suisse ("Facility B1") and a A\$44 million term loan facility from Bank Mandiri ("Facility B2" and together with Facility B1, "Facility B"), which may be used to, among other things, finance the acquisition of the shares of Stanmore Coal Ltd and any other purpose agreed with all of the lenders that are party to that agreement from time to time. As of December 31, 2020, we had A\$99.0 million outstanding under the CS/Mandiri Facility.

The CS/Mandiri Facility requires GEAR to repay loans drawn under Facility A in instalments by repaying an amount which reduces the amount outstanding under Facility A by a stipulated percentage on the dates falling 12, 18, 24 and 30 months after first utilization and all remaining outstanding amounts on the date falling 36 months after first utilization. Facility A carries an interest rate of BBSW plus 7.0 per cent per annum.

The CS/Mandiri Facility requires GEAR to repay loans drawn under Facility B in instalments by repaying an amount which reduces the amount outstanding under Facility B by a stipulated percentage on the dates falling (i) the earlier of (a) the date falling 12 months after first utilization and (b) May 31, 2021 (or if such date is not a business day, the immediately preceding business day); (ii) the earlier of (a) the date falling 18 months after first utilization and (b) November 30, 2021 (or if such date is not a business day, the immediately preceding business day); (iii) the earlier of (a) the date falling 24 months after first utilization and (b) May 31, 2021 (or if such date is not a business day, the immediately preceding business day); and all remaining outstanding amounts on the date falling the earlier of (i) 30 months after first utilization and (ii) November 30, 2022 (or if such date is not a business day, the immediately preceding business day). Facility B carries an interest rate of BBSW plus 7.0 per cent per annum.

The CS/Mandiri Facility is secured by an account charge granted by GEAR in favor of Credit Suisse in respect of an interest rate account opened and maintained with Credit Suisse by GEAR, a share pledge in respect of the shares of GEMS dated February 14, 2018 and granted in favour of the Trustee (the “CS/Mandiri Pari Passu Collateral”), a share charge granted by GEAR in favor of PT Bank CIMB Niaga Tbk in respect of the shares of GIAPL and an assignment of intercompany loan agreements by GEAR to PT Bank CIMB Niaga Tbk in respect of certain shareholder loans provided by GEAR to GIAPL. The CS/Mandiri Facility includes a number of covenants, including the requirement that we maintain a fixed charge cover ratio of not less than 3.5:1 and a consolidated debt to EBITDA ratio of less than 3.25:1, as well as covenants that restrict GEAR’s ability, subject to certain exceptions, to:

- create liens on, sell, transfer or otherwise dispose of its assets;
- dispose of any of its interests in GEMS’ coal mining operations in relation to the PT Borneo Indobaera concession and PT Kuansing Inti Makmur concessions;
- enter into in mergers, amalgamations, demergers or corporate restructurings;
- change the general nature of our business;
- make loans, grant credit or give guarantees or indemnities;
- pay, make or declare dividends or other distributions;
- incur additional indebtedness;
- take any action that would be reasonably likely to result in a diminution in the value of the loan security or the value of shares in Stanmore Coal Ltd;
- modify the rights and obligations attaching to the shares of GEMS, Stanmore Coal Ltd, GIAPL or GEAR SPV as provided in the respective entities’ articles of associations, and in the case of GEMS, the GEMS Shareholders’ Agreement; and
- vote in favor of certain corporate governance matters of GEMS without the prior written consent of the majority of lenders under the CS/Mandiri Facility.

The CS/Mandiri Facility also provides that if certain events occur, all commitments under the CS/Mandiri Facility will be immediately cancelled, all outstanding loans, together with accrued interest, and all other amounts accrued or outstanding under the finance documents will become immediately due and payable, all or part of the loans will be payable on demand and/or any or all of the rights, remedies, powers and discretions under any of the finance documents held by the security agent will be exercised. Such events include if (i) there is any cross default in relation to financial indebtedness, (ii) any insolvency event occurs, (iii) there is an event or circumstance which the majority of lenders under the CS/Mandiri Facility believes might reasonably be expected to have a material adverse effect on the business, operations, property, condition or prospects of GEAR or GEAR and its subsidiaries, taken as a whole, or the ability of any of GEAR or the guarantors to perform its obligations under the CS/Mandiri Facility or the validity or enforceability of any security granted in relation to the CS/Mandiri Facility, (iv) the shares of GEAR are de-listed from the SGX, and (v) if GEAR fails to comply with its obligations under the GEMS Shareholders’ Agreement, where such non-compliance would be reasonably likely to adversely affect the value of the shares of GEMS or the ability to enforce any security over the CS/Mandiri Pari Passu Collateral, dispose of the GEMS Secured Shares or apply the proceeds of such disposal toward payment of amounts outstanding under the CS/Mandiri Facility.

We intend to repay the CS/Mandiri Facility as well as the 2023 Notes using a portion of the net proceeds of this offering, following which the CS/Mandiri Facility will be terminated. See “Use of Proceeds.”

Mandiri Facility

On March 23, 2021, GEAR, as borrower, entered into a secured term facility agreement with Bank Mandiri as mandated arranger, agent, security agent and account bank (the “Mandiri Facility”). Under the Mandiri Facility, GEAR has been granted a secured term loan facility of \$15.0 million, which may be used, among other things, to reimburse GEAR for any loan it has made to Stanmore IP and making a loan to Stanmore IP under the loan facility made available by GEAR to Stanmore IP pursuant to a facility agreement dated November 2, 2020 and any other purpose agreed with all of the lenders that are party to that agreement from time to time. As of 26 March 2021, the Company had fully drawn this facility.

The Mandiri Facility requires GEAR to repay loans drawn under the facility repaying an amount which reduces the amount outstanding under the facility by a stipulated percentage on December 31, 2021, June 30, 2020 and all remaining outstanding amounts on the earlier of (a) the date falling 24 months after March 23, 2021 and (b) December 31, 2022. The Mandiri Facility carries an interest rate of LIBOR plus 7.0 per cent per annum.

The Mandiri Facility is secured by a share pledge in respect of the shares of GEMS (the “Mandiri Pari Passu Collateral Documents”), a bank account charge granted by GEAR in favor of Bank Mandiri in respect of an interest reserve account opened and maintained with Bank Mandiri. The Mandiri Facility includes a number of covenants that, among other things, restrict GEAR’s ability, subject to certain exceptions, to:

- create liens on, sell, transfer or otherwise dispose of its assets;
- dispose of any of its interests in GEMS’ coal mining operations in relation to the PT Borneo Indobaera concession and PT Kuansing Inti Makmur concessions;
- enter into in mergers, amalgamations, demergers or corporate restructurings;
- change the general nature of our business;
- make loans, grant credit or give guarantees or indemnities;
- pay, make or declare dividends or other distributions;
- incur additional indebtedness;
- take any action that would be reasonably likely to result in a diminution in the value of the loan security or the value of shares in Stanmore Coal Ltd;
- modify the rights and obligations attaching to the shares of GEMS, Stanmore Coal Ltd, GIAPL or GEAR SPV as provided in the respective entities’ articles of associations, and in the case of GEMS, the GEMS Shareholders’ Agreement; and
- vote in favor of certain corporate governance matters of GEMS without the prior written consent of the majority of lenders under the Mandiri Facility.

The Mandiri Facility also provides that if certain events occur, all commitments under the Mandiri Facility will be immediately cancelled, all outstanding loans, together with accrued interest, and all other amounts accrued or outstanding under the finance documents will become immediately due and payable, all or part of the loans will be payable on demand and/or any or all of the rights, remedies, powers and discretions under any of the finance documents held by the security agent will be exercised. Such events include if (i) there is any cross default in relation to financial indebtedness, (ii) any insolvency event occurs, (iii) there is an event or circumstance which the majority of lenders under the Mandiri Facility believes might reasonably be expected to have a material adverse effect on the business, operations, property, condition or prospects of GEAR or GEAR and its subsidiaries, taken as a whole, or the ability of any of GEAR or the guarantors to perform its obligations under the Mandiri Facility or the validity or

enforceability of any security granted in relation to the Mandiri Facility, (iv) the shares of GEAR are de-listed from the SGX, and (v) if GEAR fails to comply with its obligations under the GEMS Shareholders' Agreement, where such non-compliance would be reasonably likely to adversely affect the value of the shares of GEMS or the ability to enforce any security over the Mandiri Pari Passu Collateral, dispose of the GEMS Secured Shares or apply the proceeds of such disposal toward payment of amounts outstanding under the Mandiri Facility.

Material Indebtedness of Stanmore

The material financing arrangements of the Stanmore Group comprise: a \$40.0 million secured loan facility provided by GEAR (the "Stanmore GEAR Facility"); and an equipment finance facility provided by Caterpillar Financial Australia Limited (the "Caterpillar Facility"), each of which are described in more detail below.

The Stanmore GEAR Facility is secured by security over: the shares Stanmore holds in Stanmore Bowen Coal Pty Ltd ("Stanmore Bowen"); and all of the assets of Stanmore Bowen and its subsidiaries (including Stanmore IP Coal Pty Ltd ("Stanmore IP Coal")). The Stanmore Group has granted a similar set of securities over the same assets in favor of Golding Contractors Pty Ltd in connection with the Mining Services Agreement described in "Description of Material Agreements — Stanmore material agreements — Goldings Mining Services Agreement."

Stanmore GEAR Facility

On November 2, 2020, Stanmore IP Coal, as borrower, entered into a secured term loan facility agreement with GEAR as the original lender and Stanmore and certain of its subsidiaries as guarantors (the "Stanmore GEAR Facility Guarantors"). Under the Stanmore GEAR Facility, Stanmore IP Coal has been granted a term loan facility of \$40.0 million, which may be used, among other things, to refinance existing indebtedness, for general corporate purposes and capital expenditure requirements of Stanmore IP Coal, Stanmore and their subsidiaries.

The Stanmore GEAR Facility requires Stanmore IP Coal to repay the total of the outstanding loans in full on the termination date, being June 30, 2022. The Stanmore GEAR Facility carries an interest rate of 8.0 per cent per annum on drawn funds, calculated daily, and with payment due: on each quarter end; at any other time when Stanmore IP Coal repays or prepays a loan; and on the termination date. Stanmore IP Coal must also pay a commitment fee of 2.0 per cent per annum on undrawn funds. As of December 31, 2020, the principal amount of loans outstanding under the Stanmore GEAR Facility is \$10.0 million.

Caterpillar Facility

On July 2, 2019, Stanmore IP Coal as the customer and Stanmore as guarantor entered into a master loan agreement with Caterpillar Financial Australia Limited (ABN 70 006 714 585) ("CFAL") (the "CFAL MLA"). The CFAL MLA sets out the terms and conditions on which Stanmore IP Coal has obtained, and can continue to obtain, equipment financing from CFAL. As of December 31, 2020, the principal amount outstanding under the CFAL MLA is A\$11.4 million.

Insurance Premium Funding

In July 2020, Stanmore entered into a short-term agreement to access financing for its annual insurance premiums for the period ended December 31, 2020, which is due to be repaid within the next reporting period. As of December 31, 2020, the outstanding amount under the insurance premium funding is A\$1.5 million.

Security under the Taurus Royalty Agreement

On July 31, 2018 Stanmore IP Coal and Stanmore IP South Pty Ltd as grantors, Taurus Mining Finance Fund AIV L.P., acting through its general partner Taurus Mining Finance Fund GP Ltd as grantee, among others, entered into a royalty deed (the "Taurus Royalty Deed"), pursuant to which certain mortgages were granted over certain of our tenements in the Isaac Plains complex. See "Regulation — Australian Regulations — Mining Regulations — Tenements."

DESCRIPTION OF MATERIAL AGREEMENTS

GMR Coal Sales Agreement

On August 11, 2011, GEMS entered into the following agreements with GMR (formerly GMR Infrastructure Investments (Singapore) Pte. Ltd.), which owns 30.0% of GEMS, in connection with GMR's investment in GEMS:

- the GMR Coal Sales Agreement between GEMS and GMR (as amended by an amendment agreement dated September 14, 2017), which relates to the sale of coal from GEMS to GMR for a duration of 25 years; and
- a coal sales support agreement between GEMS, GMR and certain of GEMS' subsidiaries, BIB, KIM, PT Karya Cemerlang Persada, PT Bungo Bara Utama, PT Tanjung Belit Bara Utama, PT Bara Harmonis Batang Asam, PT Berkas Nusantara Permai and/or TKS (collectively, the "Primary Suppliers"), which relates to, among other things, the guarantee by Primary Suppliers to supply coal to GMR to enable GEMS to meet its obligations under the GMR Coal Sales Agreement (the "GMR Coal Sales Support Agreement").

together with a management and technical support agreement, which GEMS and GMR agreed to terminate on November 30, 2016.

Under the GMR Coal Sales Agreement, GEMS has agreed to supply GMR with two types of coal (one with lower calorific value ("Coal Product One"), and the other with higher calorific value ("Coal Product Two")) over a period of 25 years based on an agreed offtake tonnage and an agreed pricing formula. Delivery of Coal Product One to GMR commenced in November 2017 and delivery of Coal Product Two has not commenced.

Price. The purchase price for each coal shipment delivered under the GMR Coal Sales Agreement is determined by an agreed pricing formula, which is based on (i) the Indonesian Coal Index for the second or first month preceding such shipment and (ii) the average selling price of a minimum number of qualifying shipments to third parties during the half calendar year preceding such shipment (the "Base Price"), with (a) a further 7% discount applied to the Base Price for the first three delivery years, until November 2020 with respect to Coal Product One (delivery of Coal Product Two has not commenced), and (b) a further 6% discount applied to the Base Price for the remainder of the term of the GMR Coal Sales Agreement. A single qualifying shipment is defined as at least 35,000 million tonnes of coal, and shipments of an amount exceeding such minimum amount may be counted as multiple qualifying shipments accordingly. The minimum number of qualifying shipments in a particular period required to determine the Base Price for Coal Product One and Coal Product Two is 18 and 12, respectively. Notwithstanding the pricing formula above, the GMR Coal Sales Agreement provides that the price paid for any particular shipment must not be less than an amount equal to the reasonable costs of the Primary Supplier(s) and GEMS plus a \$2.00 per tonne margin.

Quantity. Under the GMR Coal Sales Agreement, GEMS is to deliver, and GMR is to take delivery of, the following quantities of coal (the "Annual Tonnage," in each of the following delivery years (each a "Delivery Year"), subject to a variation of up to plus or minus 10%:

	Annual Tonnage Breakdown (metric ton)	
	Coal Product One Annual Tonnage	Coal Product Two Annual Tonnage
1st Delivery Year	500,000	500,000
2nd Delivery Year	750,000	750,000
3rd Delivery Year	1,500,000	1,500,000
4th Delivery Year	3,000,000	3,000,000
5th Delivery Year	4,000,000	4,000,000
6th Delivery Year	4,000,000	4,000,000
7th Delivery Year onwards	5,000,000	5,000,000

The Delivery Year for each of Coal Product One and Coal Product Two commences on the initial delivery date in respect of Coal Product One and Coal Product Two and on each anniversary of the respective initial delivery date for each coal product during the term of the GMR Coal Sales Agreement. Delivery of Coal Product One to GMR commenced in November 2017 and delivery of Coal Product Two has not commenced.

GMR may, through the fifth delivery year under the GMR Coal Sales Agreement, elect to reduce the Annual Tonnage it is obligated to purchase by up to 50.0% for any delivery year by giving three months' notice prior to such delivery year. GMR is required to purchase five million metric tonnes of each of Coal Product One and Coal Product Two from the seventh delivery year through the remaining term of the GMR Coal Sales Agreement, subject to (i) the right of GEMS to reduce the ratio to be delivered in respect of Coal Product Two (but not the overall Annual Tonnage) by up to 20% and (ii) the right of GEMS to determine the ratio of Coal Product One and Coal Product Two from the delivery year following GEMS having delivered a total quantity of 34.0 million tonnes of Coal Product Two less the Reduced Tonnage (described below). GEMS and GMR may also at any time agree in writing to adjust the Annual Tonnage for a delivery year.

The aggregate tonnage for Coal Product Two will be reduced ("Reduced Tonnage") if the first delivery year for Coal Product Two has not commenced before September 14, 2018. The Reduced Tonnage for Coal Product Two will be determined by reference to the tonnage that would otherwise have to be delivered had the first delivery year for Coal Product Two commenced on September 14, 2017 (being the date of the amendment agreement relating to the GMR Coal Sales Agreement).

The Reduced Tonnage will be applied to reduce the quantity of Coal Product Two which is required to be delivered in the 25th delivery year and, if the Reduced Tonnage exceeds the delivery tonnage for that year, such excess tonnage amount will be applied to each immediately preceding delivery year until such excess tonnage is fully off-set against the required delivery tonnage.

Coal products. GEMS is obliged to ensure that GEMS and/or the Primary Suppliers, through the acquisition of new mines or concessions or procurement or contractual entitlement to coal on a long-term basis, will at all times have access to mineable reserves of at least 120% of the undelivered quantities of the relevant coal product to be delivered under the GMR Coal Sales Agreement.

Shortfall Tonnage. In the event that GMR fails to take at least 90% of the Annual Tonnage (as may be reduced or adjusted in accordance with the terms under the GMR Coal Sales Agreement) for a delivery year (the "Shortfall Tonnage"), GMR will have three months to take delivery of the Shortfall Tonnage at the agreed specification (or substantially similar to the agreed specification) at GEMS' sole cost and expense, failing which GEMS may sell the Shortfall Tonnage, not taken on an arm's length basis, to any third party buyer who is not an affiliate of GEMS. In such an event, GMR shall pay GEMS compensation based on the difference in average sale price to the third party buyer(s), and the (i) average Base Price in a delivery year and (ii) average of the production costs of a coal product in the relevant quarter of GEMS' financial year in a delivery year, whichever is the higher, that would otherwise have been payable by GMR for the Shortfall Tonnage not taken.

Delivery Shortfall. In the event that GEMS fails to deliver at least 90% of the Annual Tonnage (as may be reduced or adjusted in accordance with the terms of the GMR Coal Sales Agreement) for a delivery year (the "Delivery Shortfall"), GEMS shall have a period of three months to supply the required coal products at the agreed specification (or substantially similar to the agreed specification) to GMR at GEMS' sole cost and expense. If GEMS fails to supply the entire Delivery Shortfall within this period, GMR shall be entitled to source for an alternative supply of the required coal products equivalent to the quantity of the Delivery Shortfall, and GEMS shall reimburse GMR all reasonable costs incurred in obtaining the relevant coal products from the alternative supply and compensation equivalent to the difference between the price paid by GMR for such alternative supply and the selling price that would otherwise have been payable by GMR for the Delivery Shortfall. In the event that GEMS is unable to supply the entire Delivery Shortfall and GMR is unable to source an alternate supply within 60 days from the failure of GEMS to deliver the Delivery Shortfall, GMR may require GEMS to pay GMR an aggregate

amount that would have applied had the relevant Delivery Shortfall quantity been delivered, calculated in accordance with the relevant formula in the GMR Coal Sales Agreement. In addition, GEMS must also pay GMR any liquidated damages that are customary based on market practices that GMR directly incurs or had incurred under any contract for the sale of coal that GMR has entered into on an arm's length basis to satisfy such Delivery Shortfall.

Delivery failure. If a shipment is undelivered by GEMS for any reason, GEMS will be liable for dead freight (if any) and GEMS must procure a replacement shipment of coal conforming to the agreed specifications to GMR, if GMR so requires. If GEMS is unable to procure a replacement shipment, GMR may source for an alternative supply of coal equivalent to the quantity of the requested replacement shipment in a reasonable manner and GEMS shall pay to GMR the excess of the actual costs reasonably incurred in obtaining such alternative supply of coal, over the selling price that would have been paid by GMR for the shipment that was undelivered by GEMS.

Buyer's priority right to coal. Where GEMS is unable to procure a sufficient amount of coal to meet all of its delivery obligations to GMR and all other buyers of the relevant coal product for whatever reason, GEMS will give GMR a priority right to the sale and delivery of such coal product as it has available for delivery over all other such buyers, subject always to applicable laws.

Supply Security Event. In the event of an insolvency event, exhaustion of reserves or early closure of coal mines by the Primary Suppliers (a "Supply Security Event," as defined in the GMR Coal Sales Agreement) that materially and adversely affects the ability of GEMS to obtain coal from the Primary Suppliers to fulfill GEMS' obligations under the GMR Coal Sales Agreement, GEMS must, within 30 days after receipt of written notice from GMR, submit a supply security remedial plan to GMR for approval ("Supply Security Remedial Plan"). In the event that GEMS fails to provide or implement the Supply Security Remedial Plan, or an expert determines that the Supply Security Remedial Plan cannot address the Supply Security Event, GMR may require GEMS to pay to GMR the applicable amount that would apply to all remaining quantities of coal to be delivered over the remainder of the term of the GMR Coal Sales Agreement as determined by an expert appointed under the GMR Coal Sales Agreement. Upon payment of such amount, GMR may require the Primary Suppliers to step in and perform GEMS' obligations under the GMR Coal Sales Agreement or may terminate the GMR Coal Sales Agreement.

Termination. Certain events, including insolvency events, mine closure and events of default, may give rise to termination rights under the GMR Coal Sales Agreement.

Seller Event of Default. In the event that a specified event of default with respect to GEMS occurs, GMR may issue a notice to GEMS requiring GEMS to submit a program within 30 days of such notice to remedy such default within 60 days of the notice. If GEMS fails to submit or implement the program or remedy the default, or if GEMS is the subject of an insolvency event, provided that an event of default with respect to GMR has not occurred, GMR may terminate the GMR Coal Sales Agreement or require GEMS to pay the applicable amount relating to all the remaining quantities of coal to be delivered over the remainder of the term of the GMR Coal Sales Agreement as determined by an expert appointed under the GMR Coal Sales Agreement. Upon payment of such amount, GMR may require the Primary Suppliers to step in and perform all of GEMS' obligations under the GMR Coal Sales Agreement or terminate the GMR Coal Sales Agreement. Upon such termination, GEMS shall compensate and indemnify GMR for all losses, costs and expenses incurred by GMR in, and as a result of, termination of the GMR Coal Sales Agreement.

Buyer Event of Default. In the event that a specified event of default with respect to GMR occurs, GEMS may immediately deliver a notice requiring GMR to remedy such default within 30 days of such notice. During the 30-day period, GEMS may suspend deliveries of coal. If GMR fails to remedy such default within the 30 day period, and provided that an event of default with respect to GEMS has not occurred and has not been remedied at that time, GEMS may terminate the GMR Coal Sales Agreement. Upon such termination, GMR shall compensate and indemnify GEMS for all losses, costs and expenses incurred by GEMS in, and as a result of, termination of the GMR Coal Sales Agreement.

GMR Coal Sales Support Agreement

Under the GMR Coal Sales Support Agreement, the Primary Suppliers agreed to, among other things, guarantee to supply coal to GEMS and to guarantee that their respective coal productions shall be supplied to GEMS in priority to all other buyers or users except where otherwise required by law, in each case in order to enable GEMS to satisfy its coal supply obligations under the GMR Coal Sales Agreement. Further, if GEMS fails to honor its commitments under the GMR Coal Sales Agreement, GMR is entitled under the GMR Coal Sales Support Agreement to enter into a new coal sales agreement (on substantially the same terms as the GMR Coal Sales Agreement) with the Primary Suppliers to supply coal directly to GMR or its nominees.

In the event that there is no new coal sales agreement entered into by the Primary Suppliers and GEMS is still unable to sell coal to GMR at the price agreed under the GMR Coal Sales Agreement, GEMS and the Primary Suppliers will be jointly and severally liable to pay to GMR the amount equal to the difference between the price that GMR pays for any shipments delivered and the price that GMR would otherwise have paid for such shipment under the GMR Coal Sales Agreement.

GEMS Shareholders' Agreement

GEAR is party to a shareholders' agreement originally entered into on August 11, 2011 between DSS and GMR, pursuant to a deed of adherence entered into by GEAR on April 20, 2015 (collectively, the "GEMS Shareholders' Agreement"). The GEMS Shareholders' Agreement governs the relationship of GEAR and GMR as shareholders of GEMS, with respect to their respective shareholding in GEMS and the management of the GEMS Group, including the following:

Composition of the board of directors of GEMS. The board of directors of GEMS must consist of six directors. GEAR is entitled to nominate the president director (so long as GEAR holds more than 50.0% of the shares of GEMS), two additional directors and one non-affiliated director. GMR is entitled to nominate the vice president director (so long as GMR holds more than 10.0% of the shares of GEMS) and one additional director.

Composition of the board of commissioners of GEMS. The board of commissioners of GEMS must consist of six commissioners. GEAR is entitled to nominate the president commissioner (so long as GEAR hold more than 50.0% of the shares of GEMS), two additional commissioners and one independent commissioner. GMR is entitled to nominate the vice president commissioner (so long as GMR holds more than 10.0% of the shares of GEMS) and one independent commissioner.

Reserved matters. For so long as GMR holds at least 10.0% of the shares of GEMS, certain agreed matters set forth in the GEMS Shareholders' Agreement may only be passed by a simple majority of the board of directors of GEMS (and, where applicable, each of its relevant subsidiaries) that must include the affirmative vote of both the president director and the vice president director of GEMS. In addition, certain agreed matters set forth in the GEMS Shareholders' Agreement may only be implemented upon approval from shareholders holding at least 80.0% of the shares of GEMS. The GEMS Shareholders' Agreement contains customary procedures to resolve any deadlock between GEAR and GMR involving these reserved matters, failing which GEAR and GMR are entitled to offer to sell to the other party all GEMS shares then held or to purchase all GEMS shares held by the other party.

GEMS key management positions. For so long as GMR holds at least 10.0% of the shares of GEMS, GMR has the right to nominate, for appointment by the Board of Directors, (i) personnel to fill the position of chief project officer and (ii) the chief financial officer, each of whom reports to the president director of each subsidiary of GEMS (each such president director being a nominee of GEAR).

Transfers of GEMS Shares. If either GEAR or GMR propose to transfer their shares of GEMS to any third party, the non-transferring party has the right to purchase the transferring party's GEMS shares at the same price and on the same terms of the proposed sale by the transferring party to the third party. If GEAR or its affiliates intend to sell its shares of GEMS to a third party which results in its holding of shares of GEMS, together with that of its affiliates, falling below 51.0%, GMR will have a "tag-along" right to sell all or an equal proportion of its shares of GEMS at the same price and on the same terms to the third party. If as a result of any transaction with a third party purchaser (a) GEAR and its affiliates that hold GEMS shares cease to be ultimately controlled by PT Sinar Mas Tunggal or (b) the ultimate economic interest of PT Sinar Mas Tunggal in GEMS held, directly or indirectly, by PT Sinar Mas Tunggal and its affiliates falls below 22.0%, GMR will have a "tag-along" right to sell all or a proportion of its GEMS shares to the third party purchaser equal to the proportion of the total GEMS shares that GEAR and its affiliates hold, at a price equal to the fair market value of such shares as determined by international independent accountants. In the event that GMR is proposing to exercise its "tag-along" rights, GEAR will have a pre-emptive right to acquire such GEMS shares at the same price and on the same terms as those offered to GMR under the "tag-along" right. If (a) GMR or its affiliates that hold GEMS shares cease to be ultimately controlled by GMR Infrastructure (Overseas) Limited, or (b) the ultimate economic interest in GMR or its affiliates holding GEMS shares, held directly or indirectly by GMR Infrastructure (Overseas) Limited and its affiliates falls below 36.0%, GEAR will have the right to purchase all of GMR's GEMS shares at a price equal to the fair market value as determined by international independent accountants.

Future investments. Under the GEMS Shareholders' Agreement, GEAR undertakes to procure that all future proposed investments by PT Sinar Mas Tunggal and its affiliates involving the coal mining business and associated businesses in Indonesia are, if agreed by GMR, undertaken through GEMS, and that GEMS is offered an opportunity to invest in and conduct these businesses on GEAR and GMR's behalf. In addition, in the event that GMR or its affiliate identifies a new acquisition opportunity involving the coal mining business and associated businesses in Indonesia, GMR will offer us the opportunity to participate in the potential acquisition on terms and participation structure to be agreed.

Dividends. GEMS shall apply any dividends received by GEMS from its subsidiaries, firstly, towards the reasonable corporate expenses of GEMS, secondly, towards taxes payable by GEMS, thirdly, towards working capital and capital expenditure requirements set out in an approved financial plan, and fourthly, towards declaration and payment of dividends, subject always to the retention of a minimum cash balance of \$10.0 million by GEMS. Subject to certain exceptions set out in the GEMS Shareholders' Agreement, the shareholders agree to vote in favor of a distribution policy that provides for the annual distribution of cash dividends of not less than 80% of the cash surplus of GEMS and each of its subsidiaries.

Coal Sales Agreement. If GMR ceases to own any GEMS shares, GEAR and GMR agree to negotiate in good faith the buyout by GEMS of the value of future discount on coal sales for the unexpired period of the GMR Coal Sales Agreement at a fair market value determined by a firm of international independent accountants agreed by the parties. The GMR Coal Sales Agreement will continue in full force and effect other than the provisions relating to the discount.

The GEMS Shareholders' Agreement will terminate, among other things, if GEAR or GMR cease to hold at least 5.0% of the issued and outstanding shares of GEMS.

Goldings Mining Services Agreement

Stanmore IP Coal entered into a mining services agreement with Golding Contractors Pty Ltd ("Golding") in 2015 (as amended from time to time) for the operation of Isaac Plains and Isaac Plains East ("Golding Mining Services Agreement"). Golding is a key services provider to Stanmore and its services include operating the CHPP, ongoing rehabilitation and statutory coal mine operator responsibilities. Golding also provides equipment (such as excavators and trucks), plant, facilities, services, materials, supplies, resources and labor required to carry out these services.

In 2019, the term of the Golding Mining Services Agreement was extended for an additional five year period to June 30, 2024 (with early termination available after three years). The Golding Mining Services Agreement provides Stanmore with the flexibility to scale up and down production and ability to manage the transition to Isaac Downs once environmental approvals are achieved.

Ravenswood Shareholders' Deed

The Issuer and GEAR SPV are parties to a shareholders' deed originally entered into on January 14, 2020 between Ravenswood, EMR through Raven Gold, GEAR SPV and the Issuer, which was subsequently amended by amending deed dated March 26, 2020 (collectively, the "Ravenswood Shareholders' Deed"). The Ravenswood Shareholders' Deed governs the relationship of Raven Gold and GEAR SPV as shareholders of Ravenswood, with respect to their respective shareholding in Ravenswood and the management of the Ravenswood Group, including the following:

Directors of Ravenswood. The maximum number of directors on the board of directors of Ravenswood will be eight directors (or such greater number as the shareholders may decide), with each 20% shareholder being entitled to appoint at least one director (and up to four directors if it holds at least 50% shareholding).

Chairperson. Raven Gold will be entitled to nominate the chairperson of the Ravenswood board of directors (who will not have a casting vote).

Raven Gold as operator of Ravenswood. Raven Gold is the operating partner of Ravenswood and has primary responsibility for operation and management matters, subject to the terms of the Ravenswood Shareholders' Deed. Raven Gold will be entitled to appoint and replace the Chief Executive Officer, the General Manager (Mine Operations) and the General Manager (Expansion Project) of Ravenswood while GEAR SPV will be entitled to appoint and replace the Chief Financial Officer of Ravenswood. In connection with Raven Gold being the operating partner of Ravenswood, the Issuer has agreed to pay Raven Gold certain management fees on a semi-annual basis, and to pay certain carried interest (which is subject to certain thresholds) if the Issuer and/or EMR sell their interests in the Ravenswood Group.

Reserved matters. Certain customary reserved matters relating to Ravenswood and its subsidiaries (such as winding up, mergers, incurrence of debt, capital expenditure or other commitments above specified thresholds) will require either unanimous shareholder approval (for certain unanimous reserved matters) or the approval of each shareholder holding at least 30% shareholding (for certain special majority reserved matters), and would therefore require the approval of GEAR SPV or its nominated director so long as GEAR SPV (a) retains its shareholding in Ravenswood (in the case of the former) or (b) maintains at least 30% shareholding in Ravenswood (in the case of the latter).

Pre-emptive rights. Each shareholder has pre-emption rights for transfers or issuances of securities as well as a drag-along right (which is described below) and tag-along right for proposed transfers of securities following the expiration of the specified standstill period and subject to certain conditions being satisfied, as detailed in the Ravenswood Shareholders' Deed.

Drag-along rights. Subject to the terms of the Ravenswood Shareholders' Deed, after the expiry of the date falling 24 months after the date of the Ravenswood Shareholders' Deed (i.e., 14 January 2022) (or the date falling three months after the successful commissioning and ramp-up of the proposed expansion of the Ravenswood gold mine operations, whichever is later), if a shareholder, ("Drag Seller") together with its respective affiliates, has a shareholding percentage of 50% or more of the Ravenswood securities and wishes to transfer more than 50% of the Ravenswood securities held by it and its affiliates to a third party that is not an affiliate of the Drag Seller ("Drag Event"), then the Drag Seller may give written notice ("Drag Notice") to the other shareholders ("Dragged Shareholders") with a copy to Ravenswood. If a Drag Notice is given, each Dragged Shareholder must transfer the relevant number of Dragged Securities to the third party on the terms stated in the Drag Notice or provide written notice that

the drag sale does not achieve the required minimum return, as set out under the Ravenswood Shareholders' Deed. A shareholder may only give a Drag Notice if it has first offered to transfer the relevant securities to the other Shareholder in compliance with the right of first offer provisions under the Ravenswood Shareholders' Deed.

Disposal of GEAR SPV shares. Notwithstanding the above, if GEAR SPV is required to dispose of its securities in Ravenswood as a result of being a defaulting party or being subject to drag-along rights, but requires the approvals of any government agency or as required under the rules of the SGX-ST in order to dispose of its shares in Ravenswood, such disposal will only take effect after the Issuer and GEAR SPV (as applicable) have obtained all required approvals in respect of the disposal (including any requisite shareholder approval in accordance with the rules of the Listing Manual of the SGX-ST ("SGX Listing Manual")). GEAR SPV has agreed to use all reasonable endeavors to obtain any such required approvals.

RELATED PARTY TRANSACTIONS

Certain terms such as “controlling shareholder,” “entity at risk” and “interested person” used in this section have the meanings ascribed to them in the SGX Listing Manual.

Overview

We have a comprehensive interested persons transactions policy for related party transactions. This section includes a summary of our transactions in 2018, 2019, and 2020 with related parties, including transactions with our affiliates and interested person transactions under the Listing Manual. As used in this section, (i) an “affiliate” of, or an entity “affiliated” with, our Company means an entity that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, GEAR, and (ii) “control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an entity, whether through the ownership of voting securities, by contract, or otherwise.

Sinar Mas Interested Person Transaction Mandate

Under the Listing Manual, when a company listed on the SGX, its subsidiaries and associated companies enter into transactions with such company’s interested persons where such transactions are considered to be a risk to the company and which exceed certain materiality thresholds in terms of the value of the transaction (individually and when aggregated with other transactions conducted with the same interested person during the financial year), the listed company is required to make an immediate announcement of, and seek its shareholders’ approval for, that transaction. However, a listed company is permitted to seek a general mandate from its shareholders to enter into recurrent transactions with interested persons that are of a certain value or trading nature or that are necessary for day-to-day operations, provided that such transactions are carried out at arms’ length and on normal commercial terms and are not prejudicial to the company or its minority shareholders.

For the purposes of Chapter 9 of the Listing Manual, we have obtained a shareholders’ mandate (which is renewable annually) for us and our subsidiaries that are “entities at risk,” as defined under Chapter 9, to enter into any transactions with any interested person provided that such transactions are made on normal commercial terms and are not prejudicial to the interests of our Company and our minority shareholders in accordance with certain review procedures for interested person transactions (the “Sinar Mas IPT Mandate”). The Sinar Mas IPT Mandate covers interested person transactions between GEAR and its subsidiaries, on the one hand, and any of our controlling shareholder, DSS, the beneficial owners of DSS, Mr. Franky Oesman Widjaja, Mr. Indra Widjaja and Mr. Muktar Widjaja (collectively, the “Ultimate Controlling Shareholders”) and their respective associates, on the other hand. DSS has its core businesses in power generation, coal mining and trading, wholesale trading, multimedia and infrastructure in Indonesia. The Ultimate Controlling Shareholders hold, directly or indirectly, investments in a variety of industries, including financial services, insurance and real estate. The types of mandated transactions with DSS and our Ultimate Controlling Shareholders under the Sinar Mas IPT Mandate include (a) the sale and purchase of coal, the entry into marketing agent arrangements in respect of the sale and purchase of coal, and the entry into road access and maintenance arrangements, (b) the procurement of our coal and wood (including procurement of logs and the provision of transportation services in Indonesia), (c) obtaining financial and insurance services, (d) leasing, rental or renewal of lease of properties, and (e) any other transaction relating to the provision, or obtaining from or through our mandated interested persons, or the joint transacting with mandated interested persons, for our coal, wood and products related to our principal and ancillary activities in the normal course of our businesses and on normal commercial terms.

All our interested person transactions are subject to review by our Audit Committee. All new related party transactions and certain transactions that constitute interested person transactions (as defined in the Listing Manual) under the Sinar Mas IPT Mandate require approval by an executive Director and/or majority of our Board of Directors. In addition, more significant interested party transactions must be separately approved by a majority of our Audit Committee and our Board of Directors and transactions outside the scope of the Sinar Mas IPT Mandate require shareholders’ approval. Certain related party transactions of the GEMS Group also require GEMS’ shareholders’ approval.

GEMS Transactions with Related Parties

We have entered into the following transactions with related parties, including members of the Sinar Mas Group. The “Sinar Mas Group” refers to the group of companies controlled, directly or indirectly, by the Ultimate Controlling Shareholders and includes DSS and its subsidiaries and affiliates. For additional information, see note 28 to our Consolidated Financial Statements included elsewhere in this Offering Memorandum.

We expect to continue engaging in various transactions with related parties in the ordinary course of operating our coal mining, coal trading and forestry businesses. Certain of the related party transactions that we have entered, or may enter, may include more favorable commercial terms than those extended to unrelated third parties. See also “Risk Factors — Risks Relating to Our Business — We have in the past engaged, and expect to continue engaging, in various transactions with related parties.”

Coal Sales and Purchases

We derive a significant portion of our revenue from coal sales to members of the Sinar Mas Group. In 2018, 2019 and 2020, our sales to related parties were \$225.7 million, \$141.4 million and \$169.4 million, or 21.5%, 12.7% and 14.6% of our revenue for such years or period, respectively, and primarily comprised coal sales in our coal mining business. Our coal sales to members of the Sinar Mas Group include the following:

- *Major customers.* Our major customers include the following affiliates: Indah Kiat, Lontar Papyrus and Hainan Jinhai. Indah Kiat and Lontar Papyrus are majority owned by Purinusa, while Hainan Jinhai is a trading company controlled by APP China Holdings Ltd. (“APP China”). Purinusa and APP China are holding companies for pulp and paper companies in the Sinar Mas Group. See also “Business — Major Customers and Suppliers — Major Customers;”
- *Sales of coal produced by KIM.* In 2018, 2019 and 2020, all coal produced from our KIM concession area was sold to our affiliates within the Sinar Mas Group; and
- *Others.* Other members of the Sinar Mas Group to whom we have sold our products in 2018, 2019 and 2020 include PT Sinar Mas Agro Resources and Technology Tbk and its subsidiaries, PT Energi Sejahtera Mas, PT Ivo Mas Tunggal, PT Pabrik Kertas Tjiwi Kimia Tbk (which is majority owned by Purinusa), PT Soci Mas, PT DSSP Power Kendari, PT Simarmas Bio Energy and PT Pindo Deli Pulp and Paper Mills.

Concession Area Repairs and Maintenance

PT Wirakarya Sakti (“WKS”) is a member of the Sinar Mas Group and under common control with GEAR. In August 2011, KIM (and certain of its subsidiaries) entered into a use and maintenance of access road for coal hauling agreement with WKS, as amended and supplemented, pursuant to which KIM is permitted to use a 126.6 kilometer access road extending across WKS’ forest concession area to our KIM concession area for so long as WKS holds its forest concession rights and KIM is engaged in coal mining. WKS is responsible for performing repairs and maintenance of the access road. KIM pays a maintenance fee of \$1.30 per ton of coal transported on the access road. In addition, GEMS and WKS have entered into an addendum to permit GEMS’ use of a second access road on the same terms.

We had recorded \$1.0 million, \$1.0 million and \$1.0 million in 2018, 2019 and 2020, respectively, in selling expenses for road repair and maintenance from WKS.

Sinar Mas Banking Facilities

PT Bank Sinarmas Tbk (“Bank Sinarmas”) is indirectly controlled by PT Sinar Mas Multiartha Tbk (“SMM”), which operates the financial services division of the Sinar Mas Group. We had \$2.1 million, \$1.8 million and \$2.9 million in cash and cash equivalents deposited with Bank Sinarmas as of December 31, 2018, 2019 and 2020, respectively.

Insurance

As of December 31, 2020, certain of our property and equipment insurance policies were placed with PT Asuransi Sinarmas (“Asuransi Sinarmas”) and through PT Kalibesar Raya Utama (“Kalibesar”), which are subsidiaries of SMM. See “Business — Insurance.”

We had aggregate selling expenses and general and administrative expenses of \$5.1 million, \$6.0 million and \$6.1 million in 2018, 2019 and 2020, respectively, to Asuransi Sinarmas through Kalibesar.

Properties

PT Royal Oriental (“Royal Oriental”) is an indirect subsidiary of and is controlled by Sinar Mas Land Limited, which operates the property development and real estate business of the Sinar Mas Group.

BIB leases office and basement space from Royal Oriental. On August 25, 2015, BIB entered into a rental agreement for office and basement space for a period of 3 years. The lease is renewable at BIB’s option no less than 180 days before the expiry of the lease. This agreement is an extension of a similar rental agreement entered into between the parties on August 27, 2012. On October 27, 2014, KIM entered into a basement space rental agreement with Royal Oriental for basement space for a period of 3 years. The lease is in the process of being renewed. GEMS leases office space from Royal Oriental. On August 25, 2015, GEMS entered into a rental agreement for office space for a period of 3 years. The lease is renewable at GEMS’ option no less than 180 days before the expiry of the lease.

We paid rental expenses of \$0.8 million, \$0.6 million and \$0.4 million in 2018, 2019 and 2020, respectively, to Royal Oriental for these properties.

Stanmore Transactions with Related Parties

Overview

This section includes a summary of Stanmore’s transactions in 2018, 2019, and 2020 with related parties, including transactions with its affiliates and interested person transactions under the Listing Manual. As used in this section, (i) an “affiliate” of, or an entity “affiliated” with, Stanmore means an entity that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, Stanmore, and (ii) “control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an entity, whether through the ownership of voting securities, by contract, or otherwise. The Stanmore Group have entered into the following transactions with related parties, including the GEAR Group.

Stanmore GEAR Facility Agreement

On November 2, 2020, Stanmore IP Coal, as borrower, entered into a \$40.0 million secured term loan facility agreement with GEAR as the original lender and Stanmore and certain of its subsidiaries as guarantors (the “Stanmore GEAR Facility Agreement”). See “Description of Material Indebtedness — Stanmore Gear Facility.”

Marketing Services Agreement

M Resources Trading Pty Ltd, and its owner, Matt Latimore, are substantial shareholder of Stanmore.

In July 2020, Stanmore entered into a marketing services agreement with M Resources Trading Pty Ltd (“M Resources”), a Brisbane-based marketing services and trading company, which will exclusively manage Stanmore’s existing global sales contracts and global customer relationships as well as securing new sales of coal to global customers (“Marketing Services Agreement”).

Term. The Marketing Services Agreement is for an initial term of 3 years, with a rolling option to extend the term for a further 12-month period at the end of the initial term, or at the end of any subsequent 12-month term.

Relationship. In consideration for the marketing services role, Stanmore will pay a fixed base fee and an additional performance based variable fee linked to agreed performance targets. Both targets are linked to net revenue and therefore, prevailing coal prices. M Resources may also directly purchase coal from Stanmore up to a defined aggregate amount on arm’s length terms.

MANAGEMENT

Directors and Key Management

Our management and day-to-day operations are carried out by our executive officers under the supervision of our Board of Directors, the members of whom are appointed through a general meeting of shareholders. The rights and obligations of each member of our Board of Directors are regulated in GEAR's constitution ("Constitution") and by the decisions of our shareholders in a general meeting. Under the Constitution, our Board of Directors must consist of at least two members and not more than thirteen members, and one or more of such persons can be appointed as a Managing Director.

Our Board of Directors is composed of eight members. The Constitution provides that at least one-third of the Board of Directors, or the number nearest to one-third, shall retire from office at the annual general meeting of GEAR in every year, provided that all Directors shall retire from office at least once every three years. The Directors to retire in every year shall be those who have been longest in office since his last election or re-election, as the case may be, but as between persons who were elected or re-elected as Directors on the same day, those to retire shall be determined by lot, unless the Directors agree among themselves. The Constitution also provides that a retiring Director shall be eligible for re-election at the general meeting at which he retires.

GEAR's Board of Directors comprises four Non-Executive Directors, four of whom are independent. The Singapore Code of Corporate Governance 2012 (the "Code") recommends that there should be a strong and independent element on the board of directors which is able to exercise objective judgment on corporate affairs independently, in particular, from the management of the listed company and any person who has an interest in not less than 10.0% of the voting shares in the listed company. The independent directors should make up at least half of the Board where:

- the Chairman of the Board (the "Chairman") and the chief executive officer (or equivalent) is the same person;
- the Chairman and the chief executive officer are immediate family members;
- the Chairman is part of the management team; or
- the Chairman is not an independent director.

None of our Directors or key management personnel have been convicted of fraudulent offenses, been associated with any bankruptcies, receiverships or liquidations while acting in their respective capacities, had been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or been disqualified by a court from acting as a member of our Board of Directors or in the management or conduct of our affairs.

Board of Directors

Name	Position	Age
Fuganto Widjaja.....	Executive Chairman	39
Dwi Prasetyo Suseno	Executive Director and Group Chief Executive Officer	46
Mochtar Suhadi.....	Executive Director	39
Mark Zhou You Chuan	Executive Director and Chief Investment Officer	37
Lim Yu Neng Paul	Lead Independent Director	58
Lew Syn Pau	Independent Non-Executive Director	67
Irwandy Arif	Independent Non-Executive Director	69
Djuangga Mangasi Mangunsong	Independent Non-Executive Director	57

The business address of each of our directors is the address of GEAR's principal executive offices.

Fuganto Widjaja was appointed as an Executive Director and the Group Chief Executive Officer of GEAR on April 20, 2015 following completion of the acquisition of 66.9998% equity interest in the share capital of PT Golden Energy Mines Tbk ("GEMS") from PT Dian Swastatika Sentosa Tbk ("DSS") ("DSS Completion") and was re-designated as an Executive Chairman on February 8, 2021. Mr. Widjaja is responsible for the overall management and operations of GEAR. Mr. Widjaja is a member of both the Remuneration Committee and the Nominating Committee. Mr. Widjaja is the son of Mr. Indra Widjaja and nephew of Mr. Franky Oesman Widjaja and Mr. Muktar Widjaja. Mr. Indra Widjaja, Mr. Franky Oesman Widjaja and Mr. Muktar Widjaja are the ultimate controlling shareholders of the Company. Except as provided above, Mr. Widjaja does not have any relationships including immediate family relationship with the Directors or the Company as defined in the Code. Mr. Widjaja was re-elected to the Board on June 25, 2020. Mr. Widjaja has more than 15 years of experience in general management and supervisory responsibilities in the coal industry. Mr. Widjaja is a Commissioner of GEMS and PT Sinar Mas Multiartha Tbk. Mr. Widjaja graduated with a Bachelor of Arts (Computer Science and Economics) from Cornell University in 2003 and obtained a Master's Degree in Philosophy (Finance) from the University of Cambridge in 2004.

Dwi Prasetyo Suseno was appointed as an Executive Director and the Deputy Group Chief Executive Officer of GEAR on October 26, 2015 and was promoted to Group Chief Executive Officer on February 8, 2021. Mr. Suseno is primarily responsible for assisting Mr. Widjaja in overseeing the overall management and operations of GEAR. Mr. Suseno was re-elected to the Board on April 30, 2018. Mr. Suseno has over 26 years of experience in mining, resources and oil & gas related industries with exposures in operations, general management, trading, finance, business development, merger and acquisitions, corporate legal and international taxation. He is a Non-Executive Director and Chairman of Stanmore Coal Limited (listed on the ASX) and an Independent Director of Malacca Straits Acquisition Company Ltd (listed on the NASDAQ). He has previously worked with PT Indo Straits Tbk (listed on the IDX), Straits Asia Resources Limited (previously listed on the SGX mainboard), Baker Hughes Inc. (a Fortune 500 company and listed on the NYSE), Arthur Andersen Australia and Ernst & Young LLP Australia. Mr. Suseno obtained his Bachelor of Commerce degree from the University of Western Australia, Postgraduate Diploma in Business degree from Curtin University, Western Australia and Executive MBA degree from Kellogg School of Management & HKUST. He holds a Graduate Diploma degree in Taxation Law Masters from the University of Melbourne, Australia. Mr. Suseno is a Fellow Certified Public Accountant of CPA Australia. He is also a Chartered Accountant and member of Institute of Singapore Chartered Accountants.

Mochtar Suhadi was appointed as an Executive Director on April 20, 2015 following the DSS Completion. Mr. Suhadi was re-elected to the Board on April 29, 2019. Mr. Suhadi has many years of experience in general management of operations, merger and acquisitions, exploration, joint ventures and joint operations of coal mines in Indonesia. Mr. Suhadi was previously a non-executive director of the Company from January 2011 to August 2011. Mr. Suhadi graduated with a Bachelor of Science from University of Michigan in 2004.

Mark Zhou You Chuan was appointed as an Executive Director on February 8, 2021, and is also the Chief Investment Officer of the Company. He is responsible for strategic planning, corporate management, mergers and acquisitions, capital raising activities, corporate finance and treasury as well as investor relations of the Company. Mr. Zhou has more than 12 years of senior management and investment banking experience. He was previously Chief Executive Officer of PSL Holdings Limited and Chief Investment Officer of Geo Energy Resources Limited, both of which are listed on the main board of the Singapore Exchange. Mr. Zhou's investment banking career was with Canaccord Genuity and Collins Stewart where he led various capital markets activities such as initial public offerings, reverse takeovers, rights issues, placements and financial advisory transactions on the Singapore Exchange. Mr. Zhou graduated from Nanyang Technological University with a Bachelor of Business degree with a double major in Banking and Finance as well as Business Law.

Lim Yu Neng Paul is the Lead Independent Director of the Company. Mr. Lim was appointed as a Non-Executive Director on August 3, 2007 and was re-designated as an Independent Director on February 26, 2009. He is presently the Chairman of the Audit Committee and member of both the Nominating Committee and the Remuneration Committee of the Company. Mr. Lim was re-elected to the Board on April 29, 2019. Mr. Lim has over 26 years of banking experience with international investment banks including Morgan Stanley, Deutsche Bank, Solomon Smith Barney and Bankers Trust. He is currently the Managing Director and Head of Private Equity at SBI Ven Capital Pte Ltd. Mr. Lim is an Independent Director of China Everbright Water Limited and Nippecraft Limited. Mr. Lim graduated with a Bachelor of Science in Computer Science in 1985 and obtained his Master of Business Administration in Finance in 1986 from the University of Wisconsin, Madison, United States of America. He is also a Chartered Financial Analyst.

Lew Syn Pau was appointed as an Independent Non-Executive Director on April 20, 2015 following the DSS Completion. He is presently the chairman of the Nominating Committee and Remuneration Committee and member of the Audit Committee of the Company. Mr. Lew was re-elected to the Board on June 25, 2020. Mr. Lew's prior work experience includes being Managing Director of NTUC Comfort (a transport enterprise), Executive Director of NTUC Fairprice (a supermarket co-operative), Assistant Secretary-General of NTUC and Country Manager of Banque Indosuez. Mr. Lew is an independent director of SUTL Enterprise Ltd, Broadway Industrial Group Limited, Golden Agri-Resources Ltd and Sinarmas Land Limited. He is also the chairman of SUTL Enterprise Ltd and Broadway Industrial Group Limited. Mr. Lew was a Singapore Government scholar, and has a Bachelor (1977) and Master (1981) of Engineering from Cambridge University, UK and a Master of Business Administration from Stanford University, USA (1984). He was a member of the Singapore Parliament from 1988 to 2001, during which he chaired the Singapore Government Parliamentary Committees for Education, Finance, Trade and Industry and National Development.

Irwandy Arif was appointed as an Independent Non-Executive Director on April 20, 2015 following the DSS Completion. Mr. Arif was re-elected to the Board on April 29, 2019. Mr. Arif has over 40 years of experience in the mining industry. He is a Commissioner of PT Bukit Asam Tbk, an Independent Commissioner of PT Indexim Coalindo and a member of the audit committee of GEMS. He was previously an Independent Commissioner of PT Vale Indonesia Tbk, GEMS and PT Aneka Tambang Tbk, a member of the audit committee on the Board of Commissioners of PT Adaro Energy Tbk and PT Tobabara Sejahtera Tbk. Mr. Arif graduated with a Bachelor of Engineering in Mining Engineering from the Bandung Institute of Technology in 1976, obtained a Master's of Science in Industrial Engineering from the Bandung Institute of Technology in 1985 and was conferred a Doctoral Degree from the Ecole des Mines de Nancy, France in 1991.

Djuangga Mangasi Mangunsong was appointed as an Independent Non-Executive Director of the Company on January 18, 2018 and was appointed as a member of the Audit Committee on February 8, 2021. Mr. Mangunsong was re-elected to the Board on June 25, 2020. He is presently a member of the Audit Committee of the Company. Mr. Mangunsong has many years of experience in the mining industry. He is the Vice Chairman of PT Indo Minerba Insani (Indonesian Mining Institute) and a non-Executive Director of PT Media Bakti Tambang (Tambang Magazine). He was previously a Director of PT Tambang Mas Sangihe and a member of the Working Group on Energy and Mineral Resources of Indonesia's National Committee for Economy and Industry. Mr. Mangunsong holds a Bachelor of Engineering degree in Mining Engineering from the Bandung Institute of Technology.

Key Management

Name	Position	Age
Fuganto Widjaja.....	Executive Chairman	39
Dwi Prasetyo Suseno	Executive Director and Group Chief Executive Officer	46
Mark Zhou You Chuan	Executive Director and Chief Investment Officer	37

The business address of each of our key management is the address of GEAR's principal executive offices.

Fuganto Widjaja. See “— Board of Directors.”

Dwi Prasetyo Suseno. See “— Board of Directors.”

Mark Zhou You Chuan. See “— Board of Directors.”

Compensation and Share Ownership

The amount of gross compensation to our Directors in 2018, 2019, and 2020 totaled \$4.1 million, \$4.0 million and \$4.1 million, respectively. The amount of gross compensation to our key management in 2018, 2019, and 2020 totaled \$2.7 million, \$2.8 million and \$2.9 million, respectively. As of December 31, 2020, our Directors and key management personnel held, directly or indirectly, less than 0.02% of GEAR's outstanding shares.

We do not provide any post-retirement benefits other than those pursuant to the plans required or permitted by local regulations. Under Singapore law, we make monthly contributions based on the statutory funding requirement into a Central Provident Fund for substantially all of our Singapore employees who are Singapore citizens or Singapore permanent residents. In Indonesia, we contribute to pension and health funds operated by the Social Security Administering Agencies (*Badan Penyelenggara Sosial Penjamin Kesenagakerjaan*).

Board Practices

We comply with corporate governance requirements applicable to listed public companies in Singapore. In addition to these requirements, we have implemented a whistle-blowing policy for stakeholders to raise concerns and to highlight any incidents of malpractice or wrongdoing within our Company. Our subsidiary, GEMS, is listed on the IDX and complies with the IDX's listing criteria and disclosure requirements. GEMS also conducts quarterly limited review of financial statements. Our subsidiary, Stanmore, is listed on the ASX and complies with ASX listing regulations and disclosure requirements.

Audit Committee

GEAR's audit committee oversees all matters relating to the integrity of financial statements. It also manages operational risks and internal and external audits, and ensures compliance with legal and regulatory requirements. GEAR's audit committee comprise three Directors, including the audit committee chairman, are independent. The audit committee is currently composed of Mr. Lim Yu Neng Paul, Mr. Djuangga Mangasi Mangunsong and Mr. Lew Syn Pau. Mr. Lim Yu Neng Paul is the Lead Independent Director of GEAR and Chairman of our Audit Committee.

Internal Audit Unit

The role of the internal auditors is to assist GEAR's and GEMS' audit committees to ensure that a sound system of internal controls is maintained. GEMS also has an in-house internal audit department. Our internal auditors review the adequacy and effectiveness of our material internal controls, including financial, operational, compliance and information technology controls system, and risk management.

Our internal audit work unit (“IAWU”) is staffed with persons with the relevant qualifications and experience and carries out its function according to the standards set by nationally or internationally recognized professional bodies, including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The IAWU has unfettered access to our group's documents, records, properties and personnel, including access to the audit committee.

Nominating Committee

GEAR's nominating committee reviews and assesses candidates for directorship before making recommendations to the Board. In recommending new Directors to the Board, the nominating committee takes into consideration the skills and experience and the current composition of the Board to ensure the Board has an appropriate balance of independent Directors as well as Directors with the right profile of expertise, skills, attributes and ability. GEAR's nominating committee comprises three Directors, two of whom, including the nominating committee chairman, are independent Directors. The nominating committee is currently composed of Mr. Lew Syn Pau, Mr. Fuganto Widjaja and Mr. Lim Yu Neng Paul. Mr. Lew Syn Pau is the chairman of our nominating committee.

GEAR's nominating committee is responsible for, among other things:

- reviewing and assessing all candidates for directorships before making recommendation to the Board;
- reviewing and recommending to the Board the re-election of Directors retiring in accordance with the Constitution at each annual general meeting;
- reviewing the composition of the Board annually to ensure that the Board has appropriate balance of independent Directors and to ensure an appropriate balance of expertise, skills, attributes and ability among the Directors;
- reviewing the independence of Directors annually;
- reviewing Board succession plans for Directors, in particular, the chairman of the Board and the Chief Executive Officer;
- evaluating the performance and effectiveness of the Board as a whole; and
- reviewing the training and professional development programs for the Board to keep the Board apprised of relevant new laws, regulations and changes in commercial risk.

In evaluating a director's contribution and performance for the purposes of re-nomination, the nominating committee takes into consideration a variety of factors such as attendance, preparedness and participation. The nominating committee makes recommendations for new Directors and for the retirement and re-election of Directors. In its deliberation on the re-election and re-appointment of retiring Directors, the nominating committee takes into consideration the Directors' contribution and performance during the past year. The nominating committee will assess each Director relative to his abilities and known commitments and responsibilities.

Remuneration Committee

GEAR's remuneration committee ensures that there is a formal and transparent procedure for developing policy on executive remuneration. It also ensures the adequacy of the remuneration packages for individual directors. The remuneration committee comprises three Directors, two of whom, including the remuneration committee chairman, are independent. GEAR's remuneration committee is currently composed of Mr. Lew Syn Pau, Mr. Fuganto Widjaja and Mr. Lim Yu Neng Paul. Mr. Lew Syn Pau is the chairman of our remuneration committee.

The remuneration committee is responsible for, among other things, reviewing and recommending to the Board:

- the general framework of remuneration for the Board and key management personnel;

- the specific remuneration package for each Executive Director and key management personnel, taking into account factors including remuneration packages of Executive Directors and/or key management personnel in comparable industries as well as our performance and that of the Executive Directors and/or key management personnel;
- the fees of independent Directors;
- our remuneration policies and framework to support our objectives and strategies; and
- our obligations arising in the event of termination of Executive Directors and key management personnel's contracts of service, to ensure such contracts of service contain fair and reasonable termination clauses.

PRINCIPAL SHAREHOLDERS

The following table sets forth certain information with respect to ownership of GEAR's shares, as of December 31, 2020. The percentages in the table below are based on 2,353,100,380 ordinary shares of GEAR outstanding as of December 31, 2020.

Name of Shareholder	Percentage of ownership
PT Dian Swastatika Sentosa Tbk ⁽¹⁾	86.9%
Public	13.1%

Note:

- (1) DSS is an Indonesian-based company engaged primarily in power generation and coal mining and trading and listed on the IDX under the symbol "DSSA." As of December 31, 2020, DSS was 59.9% owned by PT Sinar Mas Tunggal, which in turn is 90.8% owned by PT Sinar Mas, which in turn is 97.7% owned by PT Sinar Mas Cakrawala, which in turn is wholly owned by PT Sinarindo Gerbangmas, which in turn is wholly owned by the Ultimate Controlling Shareholders namely, Mr. Franky Oesman Widjaja, Mr. Indra Widjaja and Mr. Muktar Widjaja.

REGULATION

Indonesian Regulations

Mining Regulations and Licensing Requirements

The commercial use of all natural resources in Indonesia are regulated by the Indonesian Government. All mining activities in Indonesia are regulated by Mining Law 4 (as amended), which was enacted on January 12, 2009, replacing Law No. 11 of 1967 on the General Provisions of Mining (“Mining Law 11”) and declares that coal is part of the national wealth of Indonesia and should be regulated for the welfare of the Indonesian people. The Indonesian Government has issued a series of implementing regulations, including, most recently, Government Regulation No. 8 of 2018 on the Fifth Amendment to Government Regulation No. 23 of 2010 on the Implementation of Mineral and Coal Mining Activities (“Government Regulation 8/2018”).

Mining Permit Requirements for Coal Mining Companies

MEMR Regulation No. 7 of 2020 on Procedures for the Granting of Areas, Licensing, and Reporting in relation to Mineral and Coal Mining Business Activities (“MEMR Regulation 7/2020”), which revoked MEMR 34/2017, requires any party (other than an IUP-E, IUP-OP or Special IUP-OP holder) who intends to perform mining services activities within Indonesia is required to first obtain a mining services business license (*Izin Usaha Jasa Pertambangan*, “IUJP”) issued by (i) MEMR, if mining services activities are carried out across Indonesian territory or (ii) governor, if mining services activities are carried out within 1 provincial region. MEMR Regulation 7/2020 stipulates that any of the following can act as a mining services provider: (i) a state-owned enterprise, (ii) a regional-state owned enterprise, (iii) a private legal entity in the form of a limited liability company (*perseroan terbatas*), (iv) cooperative, or (v) individuals. Specifically, for mining activities which carried out across Indonesian territory, the mining services provider should be in the form of a state-owned enterprise, a regional state-owned enterprise, or a limited liability company. Further, individuals can only carry out mining services activities within consulting and/or planning activities.

Under MEMR Regulation 7/2020, mining services into the following categories:

- *Mining services*, which includes (i) consultation, planning, and implementation in the following sectors: general surveying, exploration, feasibility studies, construction, transportation, environmental, post-mining and reclamation, and/or mining safety, and (ii) consultation and planning testing in mines or processing and purification.
- *Exploration activities*, which include general surveying, exploration and feasibility studies.
- *Production and operation activities*, which include construction, mine operation, processing and/or purification and transportation and sales.

Under Mining Law 4, as further supplemented by MEMR Regulation 7/2020, an IUP holder or Special IUP holder must mine, process and refine coal themselves but may contract with IUJP holders for overburden removal and the transport of overburden, as well as the transportation of coal other than from the mining pit.

Mining Permit Requirements for Mining Services Providers

Under MEMR Regulation 34/2017, any party (other than an IUP-E, IUP-OP or Special IUP-OP holder) who intends to perform mining services activities within Indonesia is required to first obtain a mining services business license (*Izin Usaha Jasa Pertambangan*, “IUJP”) issued by the MEMR or the relevant governor, regent or mayor. MEMR Regulation 34/2017 stipulates that any of the following can act as a mining services provider: (i) a state owned enterprise, (ii) a regional-state owned enterprise, or (iii) a private legal entity in the form of a limited liability company (*perseroan terbatas*), or (iv) specifically for consultation and/or planning services, individuals.

MEMR Regulation 34/2017, as further supplemented by MEMR Regulation 48/2017 on Supervision in the Energy and Mineral Sector, mining services into the following categories:

- *Mining services*, which includes (i) consultation, planning, implementation and equipment testing in the following sectors: general surveying, exploration, feasibility studies, construction, transportation, environmental, post-mining and reclamation, and/or health and safety, and (ii) consultation, planning and equipment testing in mines and processing and purification.
- *Exploration activities*, which include general surveying, exploration and feasibility studies.
- *Production and operation activities*, which include construction, mine operation, processing and/or purification and transportation and sales.

Under MEMR Regulation 34/2017, an IUP holder or Special IUP holder must mine, process and refine coal themselves but may contract with IUP holders for overburden removal and the transport of overburden, as well as the transportation of coal other than from the mining pit. MEMR Regulation 34/2017 also prohibits mining concession holders from using their subsidiaries and/or affiliates to carry out mining operations in their mining concession areas, unless the MEMR through the Director General of Mineral and Coal (“Director General”) approves of such arrangement. MEMR Regulation 34/2017 defines a subsidiary and/or an affiliated mining service company as a mining service company in which the mining company has a direct share ownership (as defined under Regulation No. 376.K/30/DJB/2010 of 2010 on the Procedure and Requirements to Request Approval of Using Subsidiaries and/or Affiliates in the Mining Service Business).

In order to engage its subsidiary and/or affiliated company to carry out mining operations, MEMR Regulation 34/2017 also requires an IUP or Special IUP holder to first establish that there are no unaffiliated mining services companies available, interested in or capable of performing the relevant mining services. MEMR Regulation 34/2017 also requires IUP, Special IUP or Special IUP-OP holders to use local and/or domestic mining service companies in their operations.

Domestic Market Obligation

MEMR Regulation 25 of 2018 on Mineral and Coal Mining Business (“MEMR Regulation No. 25/2018”) requires producers of coal (and other minerals) in Indonesia to allocate a portion of their annual production output to the domestic Indonesian market. The industry-wide minimum amount of production output that must be sold in the domestic Indonesian market is determined by MEMR based on demand from domestic coal purchasers in the preceding year. MEMR Regulation No. 25/2018 does not provide a method for determining an individual coal producer’s Domestic Market Obligation (“DMO”). Instead, a producer’s DMO is determined by the production amount stated in the annual work and budget plan submitted by the coal producer and approved by the government of Republic of Indonesia.

Under MEMR Regulation No. 25/2018, MEMR is responsible for controlling the supply for domestic needs and setting the price of minerals and coal applicable to all sales in the domestic market. MEMR benchmarks its national coal prices to coal price indices. See “— Benchmark Pricing.” For the specific regulation about DMO, MEMR issued Decree 255.K/30/MEM/2020 on the Fulfillment of Coal Needs for 2021 (“Decree 255”), which stipulates the minimum percentage of domestic coal obligation to fulfill DMO in 2021. Pursuant to Decree 255, the minimum domestic sale percentage for 2021 is 25% of each mining company’s annual production output plan which approved by the government for 2021. Failure to comply such obligation may lead the coal’s company to pay compensation.

Benchmark Pricing

On January 12, 2017, MEMR enacted Regulation No. 7 of 2017 regarding the Procedures for Stipulating Benchmark Prices for Mineral and Coal Sales (“MEMR Regulation No. 7/2017”) as lastly amended by MEMR Regulation No. 11 of 2020 on the third amendment of MEMR Regulation No. 7/2017 (“MEMR Regulation 11/2020”), which sets benchmark prices for sales of coal to domestic and international customers based on market prices and/or in accordance with prices generally applicable in the international market.

Pursuant to MEMR Regulation No. 11/2020, if Indonesian coal producers sell their coal at a price below the benchmark price they could be imposed by administrative sanctions under this regulation. The benchmark prices are determined by the MEMR using formulas based on market prices and/or international coal price indices. Benchmark prices are set monthly.

Under MEMR Regulation 11/2020, coal benchmark prices comprise of (i) a steam (thermal) coal benchmark price and (ii) a coking (metallurgical) coal benchmark price. MEMR, determines separate benchmark prices for steam (thermal) coal and coking (metallurgical) coal each month using formulas (based on the specifications of the relevant coal) that refer to the average of certain coal price indices that are based on market prices and/or coal prices in the international market.

Coal benchmark prices for coal are determined based on the following indices: Indonesian Coal Index/Argus Coalindo, New Castle Export Index, Globalcoal New Castle Index, Platts Index, Energy Publishing Coking Coal Index and/or IHS Markit Index indices. Certain types of coal used domestically may be sold at a price below the coal benchmark price, including, among other types, fine coal, reject coal and coals with certain impurities. For certain specific uses, coal also can be sold at a price below the coal benchmark price. Moreover, Decree 255 also regulates the provision in relation to coal prices (including its pricing formula) to be sold for electricity supply for public interest purposes.

Under MEMR Regulation 7/17, IUP-OP and IUPK holders are required to (i) submit any sale and purchase contract of its metallic minerals and coals transaction, and (ii) reports on the sales of their coal every month together with supporting documentation, such as invoices or bills of lading and expert declarations and surveyor reports for exported commodities. These reports must be submitted no later than five calendar days after the end of each month to the MEMR, through the Directorate General or Governor in accordance with their authority.

MEMR Regulation 11/20 sets forth penalties and administrative sanctions for coal producers that fail to comply with its provisions, for example by failing to pay royalties based on the benchmark price. Such penalties and administrative sanctions range from written warnings and temporary suspension of sales to cancellation of a coal producer’s mining license (whether IUP-OP or IUPK-OP).

Divestment Obligation for PMA Companies

PMA Company Overview

On April 26, 2007, the President of the Republic of Indonesia signed Law No. 25 of 2007 regarding Investments (*Penanaman Modal*) (the “Investment Law”). The Investment Law revokes the Law No. 1 of 1967 as amended by Law No. 11 of 1970 regarding Foreign Investments and the Law No. 6 of 1968 as amended by Law No. 12 of 1970 concerning Domestic Investments. Foreign investment is defined by the Investment Law as an investing activity to do business in Indonesia that is carried out by a foreign investor both by use of all of foreign capital and by engaging in a joint venture with a domestic investor. Foreign investor means a foreign national, a foreign business entity and/or a foreign government that makes an investment in Indonesia.

Foreign investments must be in the form of a PMA Company.

Pursuant to BKPM Regulation No. 6 of 2018 on the Guidelines and Procedures for Licensing and Investment Facilities as amended by BKPM Regulation No. 5 of 2019 on the Amendment of Pursuant to BKPM Regulation No. 6 of 2018 on the Guidelines and Procedures for Licensing and Investment Facilities (“BKPM Regulation No. 6/2018”), stated that a PMA Company, is an investment activity conducted by foreign investors either using full foreign capital or jointly with domestic investors. To conduct its activities, a PMA Company shall first obtain NIB and Business Licensing as required under applicable law and regulations. A PMA Company shall comply with the divestment requirements as set out in MEMR Regulation No. 9 of 2017 on the Divestment Procedure and Divestment Shares Pricing Mechanism for Mineral and Coal Mining Business Activity, as amended by MEMR Regulation No. 43 of 2018 (“MEMR Regulation 9/2017”) and BKPM Regulation No. 6/2018.

Divestment Obligation

Pursuant to BKPM Regulation No. 6/2018, divestment may be conducted to Indonesian citizens or Indonesian business entities whose share capital is entirely owned by Indonesian citizens through direct ownership in accordance with the agreement of the parties and/or the domestic capital market.

Mining Law 4 sets out a divestment obligation for an IUP-OP holder that is either foreign-owned or has shares that are controlled by foreign entities. MEMR Regulation 9/2017 further regulates the divestment requirement provided under Mining Law 4. Article 97 of Government Regulation 1/2017 and MEMR Regulation 9/2017 provide that mines held by foreign owned IUP-OP and Special IUP-OP holders after a mine has been in production for five years must gradually divest its shares so that at least 51.0% of its shares are owned by Indonesian parties through certain procedures after the mine has been in production for 10 years.

The divestment must be made to the Indonesian Government, regional Indonesian Governments, state-owned entities, region-owned entities, or national private entities (collectively referred to as the “Indonesian Parties”). With respect to the divestment procedure, first, the divestment shares must be offered to the Central Government, and if the Central Government declines the offer, such offer must be made to the provincial or regent/municipal government (“Regional Government”). If both the Central Government and Regional Government decline the divestment offers, the owners of the license holder are required to tender the shares to both state- and regional-owned enterprises. If no state-related party accepts the offer to purchase the shares, they can be tendered to private local companies. If divestment cannot be achieved, a further share offer must be made according to the mechanism described in MEMR Regulation 9/2017. The price for shares to be divested in accordance with MEMR Regulation 9/2017 is based on fair market value. In conducting the divestment, the license holder is obliged to give access to Indonesian participants to conduct legal due diligence.

Based on MEMR Regulation 9/2017, the gradual divestment to the Indonesian Parties by the IUP-OP and Special IUP-OP holders shall be as follows:

- On the sixth year from its production: at least 20% of the total share capital shall be owned by the Indonesian Parties;
- On the seventh year from its production: at least 30% of the total share capital shall be owned by the Indonesian Parties;
- On the eighth year from its production: at least 37% of the total share capital shall be owned by the Indonesian Parties;
- On the ninth year from its production: at least 44% of the total share capital shall be owned by the Indonesian Parties; and
- On the tenth year from its production: at least 51% of the total share capital shall be owned by the Indonesian Parties.

Forestry Regulation

Law No. 41 of 1999 on Forestry, as amended by Law No. 19 of 2004, which ratifies the Indonesian Government regulation in lieu of Law No. 1 of 2004 (“Forestry Law 41”), which partially amended by Job Creation Law, provides that, with limited exceptions, open-pit mining operations cannot be conducted within protected forest areas. Significant areas of Indonesia have been classified as protected forests.

Under Forestry Law 41, the use of forest areas for mining purposes must be conducted under a “borrow-use” permit (*Izin Pinjam Pakai*) issued by the Minister of Forestry. “Borrow-use” permits that may have a significant environmental impact, cover an extensive area or have significant value must be approved by the Ministry of Forestry and the Indonesian Government.

According to Government Regulation No. 24 of 2010 concerning Forestry Area Utilization as lastly amended by Government Regulation No.105 of 2015, a “borrow-use” permit may be obtained by (i) providing land compensation (for commercial purpose) and by conducting planting activities for rehabilitation in the watershed area (*daerah aliran sungai*) (for non-commercial purpose), provided that the “borrow-use” land is in a province which its forest area is equal or less than 30% of its respective watershed, island, and/or province; (ii) for a province which forest area is more than 30.0% of its watershed islands or provinces, the permit may be obtained by (a) paying monetary compensation through non-tax state income for forest utilization and conducting planting activities in the framework of rehabilitation watersheds (for commercial purpose) and (b) conducting planting activities for rehabilitation in the watershed area (for non-commercial purpose) and (iii) if the area is intended for state defense activities, sea and air safety traffic facilities, meteorology, climatology, geophysics facilities, survey and exploration activities, and temporary shelter for natural disasters victims and their business area, it does not require any land or monetary compensation or planting activities.

Under Decree of the Minister of Forestry No.P.50/Menlhk/Setjen/Kum1/6/2016 on Guidelines on the Borrow and Use of Forest Areas, the validity periods of “borrow-use” permits may vary as follows:

- the validity period of a principal license for the utilization of forest areas or the “borrow-use” permit of forest areas for survey or exploration purpose is two years;
- the validity period of a “borrow-use” permit of forest areas for uses other than for survey or exploration purposes is the same as the period for operational licensing in its industry;
- the validity period of a “borrow-use” permit for an activity which has no specific license requirements is granted for a maximum period of 20 years for the use of (i) transport infrastructure which is not categorized as public transportation infrastructure for the necessity of transporting the products, (ii) temporary shelter for the natural disaster victims and their business area, (iii) business industry other than primary forest products industry, (iv) agriculture in the framework of food security (*ketahanan pangan*) and (v) agriculture in the framework of energy security (*ketahanan energi*); and
- the validity period of a “borrow-use” permit of forest areas for the purpose of state defense, air and sea transportation safety, public roads, check dams, sabo dams, small on-farm reservoirs, meteorology, climatology, and geophysics as well as religious facilities is granted for as long as the activity prescribed under the permit is continuing.

According to Government Regulation No. 26 of 2020 on Forest Rehabilitation and Reclamation, forest reclamation due to the utilization of forest area conducted through the following activities: (a) location inventory; (b) location determination; and (c) planning. Planning is conducted to produce a forest reclamation plan, and forest reclamation is executed based on the forest reclamation plan. The execution of forest reclamation is conducted by the holder of “borrow-use” permit, holder of right to manage title, and holder of forest utilization permit, where the natural disasters have taken place. The success of forest reclamation in forest utilization area, is one of the elements in assessing all obligations for the purposes of the extension or return of forest utilization area permit.

In accordance with Ministry of Forestry Regulation No. P. 4/Menhut-II/2011 dated January 14, 2011 on Guidelines of Forest Reclamation, a “borrow-use” permit holder must prepare a reclamation plan that includes (i) a five year plan (or if the production is less than five years, one that is in line with the length of planned production of a mine site) based on the result of the location inventory results (*hasil inventarisasi lokasi*) and location determination (*penetapan lokasi*) process and (ii) an annual plan providing additional details on the five year plan. The five-year plan and annual plan are evaluated by the technical minister, governor, regent or mayor, as applicable, the Minister of Forestry and, in certain cases the Minister of Environmental Affairs. The Directorate General of Watersheds and Social Forestry (*Direktur Jenderal Bina Pengelolaan Daerah Aliran Sungai dan Perhutanan Sosial*) on behalf of the Minister of Forestry evaluates and determines whether to approve the “borrow-use” permit holder’s reclamation plan. After the review is done and the recommendations are issued, the reclamation plan is legalized by the technical minister, governor mayor or regent, according to their respective authorities.

The forest reclamation must be completed within a period of one year prior to the expiration of the relevant “borrow-use” permit. In the event that the “borrow-use” permit holder wishes to return the forest area covered by its “borrow-use” permit before it expires, forest reclamation must be completed by no longer than one year prior to returning the forest area covered by the “borrow-use” permit.

The “borrow-use” permit holder must submit a quarterly and annual report on its implementation of forestry reclamation to the Director General of Watersheds and Social Forestry with a copy to: (i) the Director General of Forest Planology, (ii) the Directorate General of Minerals and Coal, (iii) the provincial-level technical office which handles forestry matters and (iv) the municipal-level/city-level technical office which handles forestry matters.

If the “borrow-use” permit holder does not comply with the prevailing forestry laws and regulations in performing its forest reclamation activities, it is subject to sanctions which include (i) administrative sanctions, preceded by three warning letters sent at three month intervals or (ii) the revocation of the “borrow-use” permit after a forest reclamation evaluation.

On May 26, 2010, Indonesia and Norway signed a letter of intent containing Indonesia’s commitment to implement a two-year moratorium on granting forest and peat land concessions intended to combat deforestation and forest degradation. In return, Norway pledged \$1.0 billion to support Indonesian environmental conservator efforts. As a follow-up to the Letter of Intent, on May 20, 2011, the President of Indonesia issued Presidential Instruction No. 10 of 2011 on the Moratorium for Granting New Permits and Perfection of the Management of Primary Natural Forest and Peat Lands (“Presidential Instruction 10”), instructing all governmental authorities, both central and regional, to take all the necessary steps to support the moratorium policy against the granting of permits for the use of “primary natural forests” and peat lands that are located within conservation, protected, and production forests. Presidential Instruction 10 instructs governmental authorities not to issue new permits, recommendations, and/or location permits to applicants who wish to engage in business activities in a “primary natural forest” and peat lands located in conservation, protected, or production forests (limited production forest, ordinary/fixed production forest and convertible production forest) and other utilization areas (*area penggunaan lainnya*) as determined by Presidential Instruction 10. This moratorium does not apply to, (i) applicants who have obtained a principle license from the Minister of Forestry, (ii) applicants conducting activities regarded as vital to national development, such as those operating in the geothermal, oil and gas, electricity, and rice or sugarcane plantations, (iii) forest use license extensions and/or existing forest use for currently operating businesses, and (iv) ecosystem restoration. However, on 7 August 2019, the President of Indonesia issued Presidential Instruction No. 5 of 2019 on the Termination for Granting New Permits and Perfection of the Management of Primary Natural Forest and Peat Lands, pursuant to this instruction, the President of the Indonesia instructed (i) Minister of Environment and Forestry, (ii) Minister of Home Affairs, (iii) Minister of Agrarian Affairs and Spatial Planning/Head of the National Land Agency, (iv) Minister of Agriculture, (v) The Minister of Public Works and Public Housing, (vi) Secretary of the Cabinet, (vii) Head of the Geospatial Information Agency, (viii) the governors; and (ix) regents/mayors to stop granting of permits for the use of “primary natural forests” and peat lands that are located within conservation, protected, and production forests. This termination does not apply to (i) applicants who have

obtained a principle license from the Minister of Forestry prior to the issuance of Presidential Instruction 10, (ii) applicants conducting activities regarded as vital to national development, such as those operating in the geothermal, oil and gas, electricity, land for national food sovereignty programs, including rice, sugar cane, corn, sago, soybeans, and cassava, (iii) extension of existing forest utilization and/or forest area utilization permit as long as the permit in the business sector are still valid and meet the sustainability requirements, (iv) ecosystem restoration, (v) implementation of activities related to state defense and security, (vi) evacuation routes for victims of natural disasters and temporary shelter for victims of natural disasters, (vii) preparation of government centers/government capitals/national, provincial, and regency/municipal government head offices, (viii) infrastructure which is a national strategic project determined by a Presidential Regulation and improvement of existing infrastructure; and (ix) infrastructure to support public safety.

Environmental Regulations

Environmental protection in Indonesia is governed by various laws, regulations, and decrees, including Law No. 32 of 2009 on Environmental Protection and Management (“Law No. 32/2009”) and Government Regulation No. 27 of 2012 on Environmental Licenses and its respective amendments set out under the Job Creation Law (“Environmental Law”). Environmental Law stipulates that all business sectors which have a significant impact on the environment are required to obtain Environmental Feasibility Decree issued by the central or regional Government based on the AMDAL. Meanwhile, for the businesses with not significant effect to the environment, they should provide a Capability Statement regarding their commitments to conduct environmental management and compliance with the standards of the Environment Management Effort and Environment Monitoring Effort (*Upaya Pengelolaan Lingkungan Hidup dan Upaya Pemantauan Lingkungan Hidup* or “UKL & UPL”).

Environmental Feasibility Decree and Capability Statement is a pre-requisite for the issuance of business license (*perizinan berusaha*) or the central or regional government’s approval. The business license may be annulled in case of these following conditions: (i) the requirements filed in the business licensing application contain legal flaws, errors, misuse as well as untruth and/or falsification of document, data and/or information; (ii) the issuance of the license doesn’t comply with the requirements set out under the Environmental Feasibility Decree or Capability Statement; or (iii) the obligations set out under are AMDAL or UKL-UPL are not complied with by the relevant parties.

Environmental Law further stipulates that within two years after its enactment date, all businesses that have obtained business licenses but do not yet have an AMDAL document or UKL/UPL, are obligated to either complete an environmental audit, if they require an AMDAL, or to have an environment management document, if they require a UKL and UPL. Furthermore, Environmental Law requires businesses to integrate their current environmental permits (AMDAL or UKL/UPL documents) issued by the minister, governor or mayor, into an Environmental License by the first anniversary of the enactment date of Law No. 32/2009 on October 3, 2009.

Environmental Law also requires licensing of all waste disposals, storage and handling activities. Waste disposal may only be conducted in specified locations determined by the State Minister of Environment. Wastewater disposal is further regulated by Government Regulation No. 82 of 2001 on Water Quality Management and Water Pollution Control. This regulation requires responsible parties to submit reports regarding their disposal of wastewater detailing their compliance with the relevant regulations. Such reports are to be submitted to the relevant mayor or regent, with a copy provided to the State Minister of Environment, on a quarterly basis.

On October 17, 2014, the Indonesian government issued Government Regulation No.101 of 2014 on Management of Toxic and Hazardous Waste Substances (“GR 101/2014”). In general, GR 101/2014 regulates the management and disposal procedures for toxic and hazardous waste substances (“hazardous waste”), covering:

- (a) the method of identifying, reducing, storing, collecting, transporting, utilizing, processing, and hoarding hazardous wastes;
- (b) the procedures for dumping hazardous wastes into the open sea or land;
- (c) risk mitigation and emergency responses to address environmental pollution caused by hazardous waste; and
- (d) sanctions for non-compliance.

To store hazardous waste, businesses must hold an Environmental License and secure a permit from the regent/mayor where the storage facility is located. A permit to store hazardous waste may be canceled for any of the following reasons:

- (a) permit expiry;
- (b) revocation by issuer (regent/mayor);
- (c) the holder (company) of the permit is dissolved; or
- (d) the Environment License of the permit holder is revoked.

Mining companies must process their waste either by themselves or assign a third party to do so. Three types of processing methods are provided for under GR 101/2014, namely: 1) thermal; 2) stabilization and solidification; and/or 3) other methods in accordance with technological developments. Businesses or appointed third parties must secure a waste processing license from the Minister of Environmental Affairs. Applications for this license may only be submitted if the business or appointed third party has obtained the following documents:

- (a) Environmental license; and
- (b) Approval to perform hazardous waste processing test (for thermal processing or other methods).

Government Regulation No. 18 of 1999, as amended by Government Regulation No. 85 of 1999 which was revoked by GR 101/2014, on the Management of Hazardous and Toxic Waste Materials and Government Regulation No. 74 of 2001 on the Management of Hazardous or Toxic Materials relating to the management of certain materials and waste must also be observed.

Flammable, poisonous or infectious waste is subject to these regulations unless the company can scientifically prove that it falls outside the categories set forth in such regulation. These regulations require a company that uses such materials or produces waste to obtain a license from the State Minister of Environment or other environmental governmental institutions in order to store, collect, utilize process and/or stockpile such waste. If a company violates the regulations relating to such waste, this license may be revoked and the company may be required to cease operations.

Other Regulations Related to Mining Operations

Other relevant regulations applicable to our mining operations include regulations regarding the use of groundwater and technical guidelines to control air pollution from immovable sources. Companies that propose to explore, drill and acquire groundwater for their operations are required to comply with the provisions of Decree of MEMR Number 1451K/10/MEM/2000, including obtaining licenses to explore, drill and acquire groundwater and submitting periodic reports with regard to such activities. Failure to comply with the abovementioned provisions can lead to the suspension or revocation of the relevant licenses or permits.

GEAR's operations are also subject to Indonesian Government regulations concerning the following:

- *Foreign exchange export proceeds.*

On May 14, 2014, Bank Indonesia issued Regulation No. 16/10/PBI/2014 Tahun 2014 ("PBI No. 16/2014") on the Receipt of Foreign Exchange Export Proceeds (*Devisa Hasil Ekspor*) and Offshore Debt Foreign Exchange (*Devisa Utang Luar Negeri*).

PBI No. 16/2014 provides that all foreign exchange export proceeds must be received by an exporter through a foreign exchange bank in Indonesia (a "Domestic Forex Bank") no later than 90 days from the date (*tanggal pendaftaran Pemberitahuan Ekspor Barang* or "PEB Date") that a Goods Export Declaration (*Pemberitahuan Ekspor Barang* or "PEB") with respect to goods exported by such exporter is made to the authorities. The receipt of such foreign exchange export proceeds, whether by way of letter of credit payment, goods in transit, deferred payment or collection must be conducted through a Domestic Forex Bank and if this occurs 90 days or more after the PEB Date, the exporter must, no later than 14 days after the expiry of this 90-day period, submit a written explanation with supporting documents to the relevant Domestic Forex Bank to be further delivered to Bank Indonesia. Failure to make such a submission will result in the exporter being deemed as not having properly received the foreign exchange export proceeds.

Furthermore, foreign exchange export proceeds received by an exporter through a Domestic Forex Bank must conform to the FOB amount stated in the PEB (the "PEB Amount"). If an exporter does not receive foreign exchange export proceeds or receives less foreign exchange export proceeds than the PEB Amount through the relevant Domestic Forex Bank for any other reason other than due to administrative costs that are less than 10.0% of the PEB (up to a maximum amount of Rp.10 million), the exporter must submit a written explanation with supporting documents to the relevant Domestic Forex Bank to be further delivered to the Bank Indonesia. Failure to provide such explanation and documents will result in the exporter being deemed not to have properly received the foreign exchange export proceeds through a Domestic Forex Bank.

An exporter that breaches its obligations to receive foreign exchange export proceeds through a Domestic Forex Bank within the prescribed period is subject to administrative sanctions in the form of fines amounting to 0.5% of the foreign exchange export proceeds amounts which were not properly received through a Domestic Forex Bank, with a minimum fine of Rp.10 million and maximum fine of Rp.100 million. The imposition of sanctions will not discharge an exporter's obligation to properly receive foreign exchange export proceeds through a Domestic Forex Bank and if an exporter fails to pay the fine and/or continues breaching its obligations to receive foreign exchange export proceeds through a Domestic Forex Bank within the prescribed period, the exporter's PEBs will, in accordance with the prevailing laws and regulations, not be processed by the relevant Indonesian Government authorities and it will not be permitted to export its goods.

- *Corporate social and environmental responsibility activities*

Pursuant to Article 74 of the Indonesian company law, a company that engages in business activities related to natural resources must conduct CSR activities. In this regard, the Indonesian Government issued Government Regulation No. 47 of 2012 on Corporate Social and Environmental Responsibility (“Regulation 47/2012”) on April 4, 2012.

Pursuant to Regulation 47/2012, the following companies are required to engage in CSR activities:

- a company that engages in the natural resources business (managing and utilizing natural resources);
- a company that engages in a business related to natural resources (that may impact the functionality of natural resources, including the preservation of the environmental functions, but not relating to the management or utilization of natural resources); and
- a company that engages in a business related to natural resources based on prevailing regulations in the following fields: industry, forestry, oil and gas, state owned companies, geothermal, water resources, coal and mineral resources, electricity, environmental protection and management, anti-monopoly and unfair business competition, human rights, labor and consumer protection.

Companies that are subject to Regulation 47/2012 can carry out their mandatory CSR obligations based on their annual business plan. The annual business plan, which also contains a budget for CSR activities, must be implemented by the company’s board of directors after it is approved by the company’s board of commissioners or general meeting of the shareholders in accordance with a company’s articles of association, unless stated otherwise. The budget for CSR activities is required to be calculated as part of a company’s operational costs and must be included in its annual report that is provided to shareholders at the company’s general meeting of the shareholders.

While failure to implement the mandatory CSR activities as stated in Regulation 47/2012 will subject a company to sanctions in accordance with prevailing laws and regulations, to date, the Indonesian Government has yet to issue any such regulation.

Exchange Controls

Law No. 24 of 1999, dated May 17, 1999 on the Flow of the Foreign Exchange System and Exchange Rate System provides that a person may hold and use foreign currency freely in the Republic of Indonesia. The transfer of foreign exchange to and from abroad and the status of the offshore asset or liability of an Indonesian company that falls under certain criteria, however, are subject to disclosure and reporting obligations to Bank Indonesia. See “— Purchasing of Foreign Currencies against Rupiah through Banks.” To maintain the stability of the Rupiah, and to prevent the utilization of the Rupiah for speculative purposes by non-residents, Bank Indonesia has introduced regulations to restrict the movement of Rupiah from banks within Indonesia to offshore banks, offshore branches of Indonesian banks, or any investment denominated in Rupiah with foreign parties and/or Indonesian parties domiciled or permanently residing outside Indonesia without underlying transactions, thereby limiting offshore trading to existing sources of liquidity. In addition, Bank Indonesia has the authority to request information and data concerning the foreign exchange activities of all persons and legal entities that are domiciled, or who plan to be domiciled, in Indonesia for at least one year.

Bank Indonesia issued Bank Indonesia Regulation No. 16/22/PBI/2014 on Reporting of Foreign Exchange Activity and Reporting of Application of Prudential Principles in relation to an Offshore Loan Management for Non-Bank Corporation, dated 31 December 2014 (“PBI 16/22/2014”). PBI 16/22/2014 requires bank institutions, non-bank financial institutions, non-financial institutions, state/regional-owned companies, private companies, business entities and individuals to submit a report to Bank Indonesia on their foreign exchange activities. The report is required to include: (i) trade activities in goods, services and other transactions between residents and non-residents of Indonesia, (ii) the position and changes in the balance of foreign financial assets and/or foreign financial liabilities, and (iii) any plan to incur and/or implementation of foreign debt. Such foreign exchange traffic report should be submitted monthly to Bank Indonesia, by no later than the fifteenth day of the subsequent month. In the event there is a correction to be made, the correction must be submitted no later than twentieth day of the reporting month. Failure to submit the foreign exchange report (other than the offshore loan plan report) could result in the imposition of an administrative sanction in the maximum amount of Rp.10,000,000.00. Bank Indonesia will issue a warning letter and/or report to the authority, should the non-banking institution fail to submit a report.

However, on January 9, 2019, Bank Indonesia issued Bank Indonesia Regulation No. 21/2/PBI/2019 dated January 9, 2019 on Reporting of Foreign Exchange Activity (“PBI 21/2/2019”) which came into effect on March 1, 2019. PBI 21/2/2019 revokes all provisions on the reporting of foreign exchange activities under PBI 16/22/2014. PBI 21/2/2019 requires bank institutions, non-bank financial institutions, non-financial institutions, business entities, other entities and individuals to submit a report to Bank Indonesia on their foreign exchange activities. The report is required to include: (i) trade activities in goods, services and other transactions between residents and non-residents of Indonesia; (ii) key data about foreign debt and/or risk participation transaction; (iii) plan regarding withdrawal and/or payment of foreign debt and/or risk participation transaction; (iv) realisation of withdrawal and/or payment of foreign debt and/or risk participation transaction; (v) the position and changes in the balance of foreign financial assets, foreign financial liabilities and/or risk participation transaction; and (vi) any plan to incur foreign debt and/or any change of foreign debt. Such foreign exchange traffic report should be submitted to Bank Indonesia, by no later than the 15th day of the subsequent month. In the event that there is a correction to be made, the correction must be submitted no later than the 20th day of the reporting month. Failure to submit the foreign exchange activities report could result in the imposition of administrative sanctions in the form of warning letters in the case of (i) submission of incorrect foreign exchange activities report which is not adjusted through supplementary corrections, (ii) delay in submitting the foreign exchange activities report, and/or (iii) failure to submit the foreign exchange activities report.

Indonesian Law on Currency and the Mandatory Use of Rupiah in the Territory of Indonesia

On June 28, 2011, the Indonesian House of Representatives passed Law No. 7 of 2011 on the Currency (the “Currency Law”) on the use of Rupiah. The Currency Law requires the use of Rupiah in certain transactions occurring within the jurisdiction of Indonesia.

Article 21 of the Currency Law requires the use of Rupiah in payment transactions, monetary settlement of obligations and other financial transactions (among others, the deposit of money) within Indonesia. However, there are a number of exceptions to this rule, including certain transactions related to the state budget, income and grants from and to foreign countries, international trade transactions, foreign currency savings in a bank or international financing transactions

Article 23 of the Currency Law prohibits the rejection of Rupiah offered as a means of payment, or to settle obligations and/or in other financial transactions within Indonesia unless there is uncertainty regarding the authenticity of the Rupiah bills offered. The prohibition does not apply to transactions in which the payment or settlement of obligations in a foreign currency has been agreed in writing.

As the implementation of the Currency Law, on March 31, 2015, Bank Indonesia issued Bank Indonesia Regulation No. 17/3/PBI/2015 on Mandatory Use of Rupiah within the Territory of the Republic of Indonesia (“PBI 17/3/2015”) and further enacted Circular Letter of Bank Indonesia No. 17/11/DKSP on June 1, 2015 (“CL 17/2015”), which requires any party to use Rupiah for any transaction conducted within Indonesia.

PBI 17/3/2015 and CL 17/2015 require the use of Rupiah for cash or non-cash transactions conducted in Indonesia, including (i) each transaction which has the purpose of payment; (ii) settlement of other obligations which must be satisfied with money; and/or (iii) other financial transactions (including deposits of Rupiah in various amount and types of Rupiah denomination from customers to banks). Subject to further requirements under PBI 17/3/2015, the obligation to use Rupiah does not apply to (i) certain transactions relating to the implementation of state revenues and expenditures budget; (ii) the receipt or provision of grants either from or to an overseas source; (iii) international trade transactions, which include (a) export and/or import of goods to or from outside Indonesian territory and (b) activities relating to cross-border trade in services; (iv) bank deposits denominated in foreign currencies; (v) international financing transactions; and (vi) transactions in foreign currency which are conducted in accordance with applicable laws, including, among others (x) a bank’s business activities in foreign currency conducted based on applicable laws regarding conventional and sharia banks, (y) securities in foreign currency issued by the Indonesian Government in primary or secondary markets based on applicable laws, and (z) other transactions in foreign currency conducted based on applicable laws, including the law regarding Bank Indonesia, the law regarding investment and the law regarding Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank). According to CL 17/3/2015, businesses in Indonesia must only quote prices of goods and/or services in Rupiah and are prohibited from quoting prices of such goods and/or services if such prices are listed both in Rupiah and foreign currency elsewhere. This restriction applies to, among others, (i) price tags, (ii) service fees, such as agent fees in property sale and purchase, tourism services fees or consultancy services fees, (iii) leasing fees, (iv) tariffs, such as loading/unloading tariff for cargoes at the seaport or airplane ticket tariff, (v) price lists, such as restaurant menus, (vi) contracts, such as for the clauses on pricing or fee, (vii) documents of offer, order, invoice, such as the price clause in an invoice, purchase order or delivery order, and/or (viii) payment evidence, such as the price listed in a receipt.

PBI 17/3/2015 sets forth that a recipient is prohibited from refusing to receive Rupiah as a means of payment or for the settlement of Rupiah obligations or other financial transactions within Indonesia, unless there is doubt as to the authenticity of the Rupiah paid in a cash transaction or an obligation to settle in a foreign currency is agreed in writing by the parties. Article 10(3) of PBI 17/3/2015 further clarifies that the exemption applies only for:

- agreements relating to transactions exempted from the mandatory use of Rupiah as referred to in PBI 17/3/2015 (for example, international financing transactions); or
- agreements for “Strategic Infrastructure Projects” that have been approved by Bank Indonesia.

PBI 17/3/2015 took effect on 31 March 2015, and the requirement to use Rupiah for non-cash transactions has been effective since 1 July 2015. Written agreements which were signed prior to 1 July 2015 that contain provisions for the payment or settlement of obligations in foreign currency for non-cash transaction will remain effective until the expiry of such agreements. However, any extension and/or amendment of such agreements must comply with PBI 17/3/2015. A failure to comply with the obligation to use Rupiah in cash transactions will be subjected to criminal sanctions in the form of fines and imprisonment in accordance with Article 33 of the Currency Law. While a failure to comply with the obligation to use Rupiah in non-cash transactions will be subjected to administrative sanctions in the form of (i) written warnings, (ii) fines, and/or (iii) a prohibition from undertaking payment activities. Bank Indonesia may also recommend to the relevant authority to revoke the business license or stop the business activities of the party which fails to comply with the obligation to use Rupiah in non-cash transactions.

Any non-compliance with regards to cash transactions is punishable by up to one year of confinement or a fine of up to Rp.200 million and any non-compliance for the non-cash transactions will be subject to administrative sanctions in the form of a written warning, a fine of up to Rp.1 billion and/or restrictions on financing.

Non-compliance with the Currency Law is a violation/misdemeanor and is punishable by up to one year of confinement and a fine of up to Rp.200 million.

Purchasing of Foreign Currencies against Rupiah through Banks

Pursuant to Bank Indonesia Regulation No. 18/19/PBI/2016 on Foreign Exchange Transaction to Rupiah between Banks and Foreign Parties (“PBI 18/19/2016”), any conversion of Rupiah into foreign currency by way of call spread option involving a foreign party would require an underlying transaction. Similar to PBI 18/19/2016, and in accordance with Circular Letter of Bank Indonesia No. 18/34/DPPK dated December 13, 2016, any conversion of Rupiah into foreign currency by way of spot transaction and derivative transaction involving a foreign party, which exceeds certain thresholds, would require an underlying transaction. Such thresholds include: (i) the purchases of foreign currency against the Rupiah of more than \$25,000 or its equivalent per month per foreign party for spot transactions, (ii) the purchases of foreign currency against the Rupiah of more than \$1.0 million or its equivalent per month per foreign party or per outstanding sale or purchase per bank for derivative transactions, and (iii) the purchases of foreign currency against the Rupiah of more than \$5.0 million or its equivalent per transaction per foreign party for forward transactions.

Pursuant to PBI 18/19/2016, the underlying transactions include the following activities: (a) domestic and international trade of goods and services and/or (b) investments in the form of foreign direct investment, portfolio investments, loans, capital and other investments inside and outside Indonesia. The underlying transactions in such activities also include income and expense estimation. The underlying transactions do not include (a) the use of Bank Indonesia Certificates for foreign currency derivative transactions against the Rupiah, (b) placement of funds in banks (vostro) in the form of, among others, regular deposits, giro, term deposits and negotiable certificate of deposits, (c) undrawn credit facilities in the form of, among others, standby loans and undisbursed loans, and (d) the use of Bank Indonesia Securities in foreign currencies. Specifically for sales of foreign exchange against the Rupiah through forward transactions by a foreign party to a bank and for the transfer of Rupiah to an account owned by a foreign party, the underlying transactions also include the ownership of onshore and offshore foreign exchange funds, which could be in the form of, among others, regular deposits, giro, term deposits and negotiable certificate of deposits.

Foreign parties purchasing foreign currencies in excess of the thresholds set out under PBI 18/19/2016 will be required to submit certain supporting documents to the selling bank. Pursuant to Bank Indonesia Regulation No. 18/18/PBI/2016 on Foreign Exchange Transaction to Rupiah between Banks and Domestic Parties (“PBI 18/18/2016”), as implemented by the Members of the Board of Governor of Bank Indonesia Regulation No. 20/16/PADG/2018 dated August 15, 2018 (“PADG 20/16/18”). Pursuant to PBI 18/18/2016 and PADG 20/16/18, any conversion of Rupiah into foreign currency for spot and standard derivative (plain vanilla) transactions that exceeds a specific threshold is required to have an underlying transaction and supported by underlying transaction documents. Such underlying transaction and its supporting underlying transaction documents also required for transactions of foreign exchange structured product in the form of a Call Spread Option, in any amount. Further, the maximum amount of such foreign exchange conversion cannot exceed the value of the underlying transaction.

The thresholds include: i) the purchase of foreign currency against Rupiah of more than \$25,000 (or its equivalent amount in other currencies) per month per customer for spot transaction, (ii) the purchase of foreign currency against Rupiah of more than \$100,000 (or its equivalent amount in other currencies) per month per customer for plain vanilla derivative transaction (in the form of a forward swap, option and cross currency swap), (iii) the sales of foreign currency against Rupiah of more than \$5,000,000 (or its equivalent amount in other currencies) per transaction per customer for forward transactions, (iv) the sale

of foreign currency against Rupiah of more than \$1,000,000 (or its equivalent amount in other currencies) per transaction per customer for option transaction. The underlying transaction and supporting transaction documents are also required for transaction of foreign exchange structured products in the form of call spread option, in any amount. Further, the purchase of foreign exchange cannot exceed the value of the underlying transaction.

The following qualify as “underlying transactions” for purposes of PBI 18/18/2016: (i) domestic and international trade of goods and services; (ii) investment in the form of direct investment, portfolio investment, loans, capital and other investment inside and outside Indonesia; and/or (iii) the granting of facility or financing from a bank in foreign currencies and/or Rupiah for trade and investment activities. The underlying transaction may not include: (i) a placement of funds in banks in the form of, among others, saving account, demand deposit account, time deposit, or Negotiable Certificate Deposit (“NCD”); (ii) money transfers by a remittance company; (iii) undrawn credit facilities, including standby loans and undisbursed loans; or (iv) usage of Bank Indonesia securities in foreign currencies.

Business Identity Number (*Nomor Induk Berusaha* or “NIB”)

Pursuant to Government Regulation No. 24 of 2018 on Electronically Integrated Business Licensing Service issued on June 21, 2018 (“Government Regulation 24/2018”), in order to conduct business in Indonesia, both individual businesses and non-individual businesses must obtain an NIB issued through the Online Single Submission (“OSS”) system as operated by the Indonesian Investment Coordinating Board (*Badan Koordinasi Penanaman Modal* or *BKPM*). The NIB is a 13-digit secure number that serves as the business’ identity and can be used in order to apply for business licenses, commercial licenses and operational licenses via the OSS.

The NIB will function simultaneously as a: (i) Company Registration Certificate (*Tanda Daftar Perusahaan*); (ii) Import Identification Number (*Angka Pengenal Importir*) and customs access; and (iii) Proof of participation in the Social Security for Health (*Badan Penyelenggara Jaminan Sosial* or “*BPJS Kesehatan*”) and Manpower (*BPJS Ketenagakerjaan*) programs. The NIB will remain valid for as long as the businesses are still running their business operations in accordance with the relevant laws and regulations and can be revoked if the businesses undertake any activity which violate the terms of their NIB and/or if the NIB is declared null or void based on binding court decisions.

Following the obtainment of NIB, in order for a company to conduct business activity, such company should apply for business license and/or commercial/operational license. The type of license that should be obtained by the company (i.e., whether it is business license or business license plus commercial/operational license) depends on the field of business conducted by the company. Business license and/or commercial/operational license issued by OSS will be effective upon the fulfilment of certain commitments set out in therein by the company.

Australian Regulations

GEAR’s Australian mining interests are comprised of Stanmore and Ravenswood in Queensland. This summary of the Australian regulations in relation to GEAR’s Australian mining interests does not address, and is not intended to address, any of the regulatory provisions with respect to Ravenswood.

Stanmore’s Australian operations are regulated by the laws and regulations of the Commonwealth of Australia, or Cth, the State of Queensland, or Qld, and local jurisdictions. The material legislation with which Stanmore (and other members of the Stanmore Group) must comply includes those statutes described below.

Mining Regulations

Tenements

In Queensland, exploring or mining for coal is unlawful without a tenement granted by the Queensland Government. The grant and renewal of tenements are subject to a regulatory regime and each tenement is subject to certain conditions.

Stanmore and other members of the Stanmore Group currently hold 5 mining leases (coal), 1 mineral development license (coal) and 17 exploration permits for coal. It has also applied for a further 6 mining leases (coal) (together, the “Tenements”). Table 1 below contains key details of the Tenements based on searches as of March 19, 2021. The total area of the mining leases (excluding the 6 mining lease applications) is approximately 3,392 ha. Upgrade or renewal of certain Tenements may be required during the mine life of the Australian Operations and the Queensland Government can vary the terms and conditions on renewal. There are mortgages against ML 70342, ML 700016, ML 700017, ML 700018, ML 700019, EPC 728, EPC 755 and MDL 137, and a caveat against EPC 2157.

Table 1: Key details of the Tenements

Tenement	Registered holder(s)	Grant and expiry	Current term	Area
Isaac Plains/Isaac Plains East				
ML 70342	Stanmore IP Coal Pty Ltd	Grant date: Dec 1, 2005 Expiry date: Dec 31, 2025	20 years	Area: 2143.0000 Hectares
ML 700016	Stanmore IP Coal Pty Ltd	Grant date: Mar 1, 2018 Expiry date: Mar 31, 2030	12 years	Area: 138.5000 Hectares
ML 700017	Stanmore IP Coal Pty Ltd	Grant date: Mar 1, 2018 Expiry date: Mar 31, 2030	12 years	Area: 387.6000 Hectares
ML 700018	Stanmore IP Coal Pty Ltd	Grant date: Mar 1, 2018 Expiry date: Mar 31, 2030	12 years	Area: 369.1000 hectares
ML 700019	Stanmore IP Coal Pty Ltd	Grant date: Mar 1, 2018 Expiry date: Mar 31, 2030	12 years	Area: 353.8000 hectares
Isaac Downs				
EPC 755.....	Stanmore IP Coal Pty Ltd	Grant date: Apr 10, 2002 Expiry: Apr 9, 2023	5 years	21 Sub-blocks Exclusions: Any current Mining Claim, Mineral Development License or Mining Lease at the time of lodgement of this permit pursuant to section 132 of the Mineral Resources Act 1989.
EPC 728.....	Stanmore IP South Pty Ltd	Grant date: Apr 17, 2001 Expiry: Apr 16, 2026	5 years	7 Sub-blocks Exclusions: Any mining claim, mineral development license or mining lease current at the time of application pursuant to section 132 of the Mineral Resources Act 1989.
MDL 137	Stanmore IP South Pty Ltd	Grant date: Jun 7, 1993 Expiry date: Jun 30, 2023	5 years	Area: 652.0000 Hectares

Tenement	Registered holder(s)	Grant and expiry	Current term	Area
ML 700046 (application)....	Stanmore IP South Pty Ltd	N/A	Term sought: 25 years	Area: 1831.0000 Hectares
ML 700047 (application)....	Stanmore IP South Pty Ltd	N/A	Term sought: 25 years	Area: 485.0000 Hectares
ML 700048 (application)....	Stanmore IP South Pty Ltd	N/A	Term sought: 25 years	Area: 49.9600 Hectares
The Range EPC 1112	Comet Coal & Coke Pty Ltd	Grant date: Mar 23./2007 Expiry date: Mar 22, 2022	5 years	28 Sub-blocks Exclusions: Land or waters where native title may or continues to exist under the Native Title Act 1993 (Cth) is excluded from the permit area.
EPC 2030.....	Comet Coal & Coke Pty Limited	Grant date: Oct 12, 2010 Expiry date: Oct 11, 2025	5 years	2 Sub-blocks
ML 55001 (application)....	Comet Coal & Coke Pty Limited	N/A	Term sought: 25 years	Area: 5226.1602 Hectares
ML 55009 (application)....	Comet Coal & Coke Pty Limited	N/A	Term sought: 25 years	Area: 94.8600 Hectares
ML 55010 (application)....	Comet Coal & Coke Pty Limited	N/A	Term sought: 25 years	Area; 478.7000 Hectares
Belview EPC 1114	Belview Coal Pty Ltd	Grant date: Feb 28, 2008 Expiry date: Feb 27, 2023	5 years	17 Sub-locks Exclusions: 1. Sterile Land NP181, National Park, reference 9640/A Status: Current. 2. All current Mining Claims, Mineral Development Licenses and Mining Lease at the time of lodgement in accordance with section 132 of the Mineral Resources Act 1989.
EPC 1186.....	Belview Expansion Pty Ltd	Grant date: Mar 12, 2008 Expiry date: Mar 11, 2023	5 years	Area: 23 Sub-blocks Exclusions: any current Mining Claim, Mineral Development License or Mining Lease at the time of lodgement of this permit pursuant to section 132 of the Mineral Resources Act 1989. This Permit is exclusive of other than the following: 1. Land over which previous exclusive possession acts have been granted as defined under s.23B of the Native Title Act 1993 (Cth). (Land where previous exclusive possession acts have been granted and is now held or currently set aside for the benefit of Aboriginals or Torres Strait Islander or unallocated State land, and is occupied by Aboriginal People or Torres Strait Islanders, is not included). 2. All validly dedicated roads (including stock routes and esplanades where dedicated as roads) that are previous exclusive possession acts. 3. Railway land containing current or past constructed railways and/or associated infrastructure that are previous exclusive possession acts.

Tenement	Registered holder(s)	Grant and expiry	Current term	Area
EPC 1798.....	Belview Expansion Pty Ltd	Grant date: Feb 19, 2010 Expiry date: Feb 18, 2023	3 years	2 Sub-blocks
Lilyvale EPC 2157*.....	Stanmore Coal Ltd	Grant date: May 21, 2013 Expiry date: May 20, 2023	5 years	2 Sub-blocks Exclusions: Any current Mining Claim, Mineral Development Licence or Mining Lease at the time of lodgement of this permit pursuant to Section 132 of the Mineral Resources Act 1989.
EPC 1687*.....	Stanmore Coal Limited	Grant date: Jul 28, 2011 Expiry date: Jul 27, 2021	5 years	2 Sub-blocks
Mackenzie EPC 2081*.....	Mackenzie Coal Pty Limited	Grant date: Oct 15, 2010 Expiry date: Oct 14, 2025	5 years	112 Sub-blocks Exclusions: 1. Any mining claim, mineral development license and mining lease current at the time of lodgement of this permit pursuant to section 132 of the MRA. 2. Land and waters where native title may or continues to exist pursuant to the Native Title Act 1993 (Cth).
Clifford EPC 1274*.....	Stanmore Surat Coal Pty Ltd	Grant date: Sep 10, 2008 Expiry: Sep 9, 2023	5 years	129 Sub-blocks Exclusions: 1. Land over which previous exclusive possession acts have been granted as defined under s.23B of the Native Title Act 1993 (Cth), (Land where previous exclusive possession acts have been granted and is now held or currently set aside for the benefit of Aboriginals or Torres Strait Islanders or unallocated State Land, and is occupied by Aboriginal People or Torres Strait Islanders, is not excluded). 2 all validly dedicated roads (including stock routes and esplanades where dedicated as roads) that are previous exclusive possession acts.

Tenement	Registered holder(s)	Grant and expiry	Current term	Area
EPC 1276*	Stanmore Surat Coal Pty Ltd	Grant date: Sep 10, 2008 Expiry date: Sep 9, 2023	5 years	136 Sub-blocks Exclusions: Sterile Land EP163 — Environmental Park This Permit is exclusive of other than the following: 1. Land over which previous exclusive possession acts have been granted as defined under s.23B of the Native Title Act 1993 (Cth). (Land where previous exclusive possession acts have been granted and is now held or currently set aside for the benefit of Aboriginals or Torres Strait Islanders or unallocated State land, and is occupied by Aboriginal People or Torres Strait Islanders, is not included). 2. All validly dedicated roads (including stock routes and esplanades where dedicated as roads) that are previous exclusive possession acts.
Tennyson EPC 1168	Emerald Coal Pty Ltd	Grant date: Oct 24, 2007 Expiry date: Oct 23, 2025	5 years	28 Sub-blocks Exclusions: 1. Lot 6 on DSN808887 (Belmah Resources Reserve); and 2. Land and waters where native title may or continues to exist under the Native Title Act 1993 (Cth)
EPC 1580	Emerald Coal Pty Ltd	Grant date: Jul 3, 2009 Expiry date: Jul 2, 2024	5 years	8 Sub-blocks Exclusions: This Permit is exclusive of other than the following: 1. Land over which previous exclusive possession acts have been granted as defined under s.23B of the Native Title Act 1993 (Cth). (Land where previous exclusive possession acts have been granted and is now held or currently set aside for the benefit of Aboriginals or Torres Strait Islanders or unallocated State land, and is occupied by Aboriginal People or Torres Strait Islanders, is not included). 2. All validly dedicated roads (including stock routes and esplanades where dedicated as roads) that are previous exclusive possession acts. 3. Railway land containing current or past constructed railways and/or associated infrastructure that are previous exclusive possession acts.
New Cambria EPC 1113	New Cambria Pty Ltd	Grant date: Mar 23, 2007 Expiry date: Mar 22, 2022	5 years	22 Sub-blocks Exclusions: Taunton National Park (Scientific) Any current Mining Claims, Mineral Development Licenses or Mining Leases at the time of lodgement of this permit pursuant to section 132 of the Mineral Resources Act 1989. Land or waters where native title may or continues to exist under the Native Title Act 1993 (Cth) is excluded from the permit area.

Tenement	Registered holder(s)	Grant and expiry	Current term	Area
EPC 2039.....	New Cambria Pty Ltd	Grant date: Oct 12, 2010 Expiry date: Oct 11, 2025	5 years	2 Sub-blocks
EPC 2371.....	Stanmore Coal Ltd	Grant date: Jul 28, 2011 Expiry: Jul 27, 2021	5 years	1 sub-block Exclusions: Sterile Land 177 — Taunton National Park (Scientific) This Permit is exclusive of other than the following: 1. Land over which previous exclusive possession acts have been granted as defined under s.23B of the Native Title Act 1993 (Cth). (Land where previous exclusive possession acts have been granted and is now held or currently set aside for the benefit of Aboriginals or Torres Strait Islanders or unallocated State land, and is occupied by Aboriginal People or Torres Strait Islanders, is not included).

*See “Business — Stanmore Metallurgical Coal Mining — Metallurgical Coal Concession Areas” for information relating to beneficial interests held by strategic investors.

There are a number of existing mining and petroleum tenements which overlap with the Tenements. The priority, consent and coordination requirements under the Mineral Resources Act 1989 (Qld) (“MRA”), the Petroleum and Gas (Production and Safety) Act 2004 (Qld) (“P&G Act”) and Mineral and Energy Resources (Common Provisions) Act 2014 (Qld) (“MERCPC Act”) (as relevant) may apply with respect to those overlaps. Extensive statutory protocols govern the relationships between co-existing mining and exploration rights and these protocols are largely focused on encouraging the overlapping tenement holders to negotiate and formulate arrangements that enable the co-existence of their respective interests. Where required, Stanmore has entered into relevant co-development agreements and coordination arrangements with overlapping tenement holders.

Mineral Resources Act 1989 (Qld)

The MRA and the MERCPC Act together provide for the assessment, development and utilization of mineral resources to the maximum extent practicable, consistent with sound economic and land use management. The MRA vests ownership of minerals, with limited exceptions, in the Crown (i.e. the State Government). A royalty is payable to the Crown for the right to extract minerals. The MRA creates different tenures for different mining activities such as prospecting, exploring and mining. A mining lease is the most important tenure as it permits the extraction of minerals, in conjunction with other required authorities. Among other things, the MERCPC Act provides for land access and compensation arrangements that exploration license holders must comply with in respect of exploration activities. The MRA imposes general conditions on a mining lease and provides that, before a mining lease or access to tenure can be granted over a landholder’s land, compensation for landholders must be settled.

The MRA requires the holder of a mining lease to pay a royalty at the rate prescribed in respect of that mineral. Public Ruling MRA001.2: Determination of coal royalty (“Public Ruling”) provides that, with effect from January 1, 2021, the rate to be applied to the value of the coal sold, disposed of or used in a period is set out below:

- if the average price per tonne for a period is A\$100 or less: 7%;
- if the average price per tonne for a period is more than A\$100 but less than or equal to A\$150: 7% on the first A\$100 and 12.5% on the balance; and
- if the average price per tonne for a period is A\$150 or more: 7% on the first A\$100, 12.5% on the next A\$50 and 15% on the balance.

As outlined in the Public Ruling, the royalty payable for coal sold, disposed of or used in a return period is calculated by multiplying the royalty rate by the value of the coal. The Public Ruling contains details on the costs that can (and cannot) be deducted when calculating the applicable royalty and the method for determining the value of the coal. Where there is a change in legislation or case law that affects the content of a royalty ruling (such as the Public Ruling), the change in the law overrides the royalty ruling.

Natural Resources and Other Legislation Amendment Act 2019 (Qld)

On May 15, 2019, the Queensland Parliament passed the Natural Resources and Other Legislation Amendment Act 2019 (Qld) (“NROLA Act”), which amended numerous pieces of land, water and mining legislation, including the MRA. Some of the key objectives of the NROLA Act were to streamline the relinquishment (reduction of area) requirements for exploration authorities and allow exploration permit areas that are converted to mineral development licenses or mining leases to contribute to relinquishment requirements.

Under the NROLA Act, an area of an exploration permit must be reduced by:

- 50% of the area of the permit by the day that is 5 years after the grant of the permit; and
- 50% of the area remaining after the reduction by the day that is 10 years after the grant of the permit.

The Minister has the discretion to change the reduction requirements if it considers it necessary because of:

- an exceptional event; or
- circumstances arising from the permit forming part of an exploration project.

If the area to be reduced is covered by an application for higher tenure (i.e. a mining development license or mining lease), permit holders can defer their relinquishment until:

- if the higher tenure application is granted—the day the tenure is granted; or
- if the higher tenure application is withdrawn or refused—20 business days after the day the application is withdrawn or refused.

For existing exploration permits (those in force on the commencement), on renewal, the area of the permit is required to be reduced only by 50% of the area of the permit, as existing on the commencement, by the day that is 5 years after the permit is first renewed after the commencement. Where an exploration permit for coal (in force on the commencement) to which the MERC Act, section 232(1) (*Coal resource authority granted over existing PL*) applies, the area of any permit is not required to be reduced by any amount.

Mining Rehabilitation (Reclamation)

Mine closure and rehabilitation risks and costs are regulated by Queensland state legislation.

Among other things, an Environmental Authority (“EA”) Holder, must provide the Queensland State Government with financial assurance for the purpose of drawing upon in the event that an EA Holder defaults on its obligations to rehabilitate the mine site.

The Mineral and Energy Resources (Financial Provisioning) Act 2018 (Qld) (“Financial Provisioning Act”), which was enacted on November 14, 2018, became effective on April 1, 2019. The purpose of the Financial Provisioning Act is to amend the existing financial assurance provisions of the Environmental Protection Act 1994 (Qld) by creating a financial provisioning scheme (“Scheme”), from which the Queensland Department of Environment and Science (“DES”), will source funds to rehabilitate and remediate land subject to mining.

Under the Financial Provisioning Act, all mine operators will be required to make a submission to DES in respect of an Estimated Rehabilitation Cost (“ERC”), for the mine site. The ERC must be determined using DES-approved ERC calculator. ERCs could be about 10% higher than current financial assurances, as DES’s new calculator could incorporate a 10% project management cost. Using this information, DES will set the ERC for the mine. DES will provide the ERC to the manager of the Scheme (“Scheme Manager”). The Scheme Manager will undertake a risk assessment of the mine, which will be based upon independent advice from a scheme risk advisor. It will include detail on the mine operator’s financial soundness and credit rating, characteristics of the mining operation (e.g., life of mine, and off-take agreements), rehabilitation history, environmental compliance history and the submission made by the company. Risk categories will include high, moderate, low and very low. If the ERC and risk categories are set at moderate, low or very low for a mine, then there will be a need to pay an annual contribution based on a small percentage of the ERC to the Scheme. If the category is high, then the operation will provide a surety for the whole ERC and possibly a contribution to the Scheme. The risk assessment of the mine and, therefore, the amount of the contribution to the fund will be assessed and paid annually in perpetuity, or until a clearance certificate is obtained. The transitional arrangements provide that a mine’s existing financial assurance will be deemed to be a surety under the scheme. Within three years from the commencement of the scheme, the Scheme Manager will be required to make an initial risk category allocation decision to determine whether the mine will continue to give surety or pay a contribution to the Scheme depending on the value of the ERC, as follows:

- ERC < A\$100,000 — cash surety or bank guarantees
- ERC = A\$100,000 — A\$450 million — pay a cash contribution into the Scheme
- ERC > A\$450 million — pay a cash contribution into the Scheme and provide bank guarantees

The Financial Provisioning Act also introduces a new requirement for a Progressive Rehabilitation and Closure Plan (“PRC plan”), with respect to mined land. This requirement will be integrated into the existing environmental authority processes for new mines, minimizing the regulatory burden on government and industry. In the case of an existing environmental authority for a mining activity relating to a mining lease that authorizes one or more ineligible environmentally relevant activities, a proposed PRC plan (including a proposed PRCP schedule) must be developed and submitted to DES upon the issue of a transition notice given by DES within 3 years of November 1, 2019 (i.e. by November 1, 2022). If approved by the administering authority, a stand-alone PRC plan schedule will be given to the applicant together with the environmental authority. The PRC plan schedule will contain milestones with completion dates for achieving progressive rehabilitation of the mine site. While a proposed PRC plan (and proposed PRCP schedule) can be submitted voluntarily in advance of receiving a transition notice, DES is not required to begin assessing it, or to decide whether or not to approve the proposed PRCP schedule, until it has issued a transition notice.

The proposed financial assurance framework implements key elements of the “Mined Land Rehabilitation Policy” which was developed in response to community concerns about the quantity and quality of mine site rehabilitation undertaken to date. This policy formalizes the Queensland Government’s commitment to ensuring land disturbed by mining activities is rehabilitated to a safe and stable landform that does not cause environmental harm and is able to sustain an approved post-mining land use.

On August 31, 2020, the Queensland Treasury, as part of the Financial Provisioning scheme assessed the initial risk category of Stanmore’s ability to rehabilitate Isaac Plains and Isaac Plains East as “Moderate.” In late 2020, Isaac Plains Complex was accepted in to Financial Provisioning Scheme. This allows Stanmore to form part of the Queensland Treasury State Pool which provides financial security over its future rehabilitation obligations. Under this scheme, Stanmore is required to make ongoing contributions of around 2.75% of its estimated rehabilitation costs to the State Pool for this financial security.

Australian Environmental Regulations

Most environmental laws are promulgated at the state level, but the Australian federal government has a role in the approval of actions which have national environmental significance. In Queensland, the environmental laws relevant to coal mining include development legislation, pollution, waste, ecosystem protection, land contamination and rehabilitation legislation. In addition, the Australian federal government regulates foreign investment and export approvals.

Environmental Protection Act 1994 (Qld)

The primary legislation regulating environmental management of mining activities in Queensland is the *Environmental Protection Act 1994* (Qld) (“EP Act”). Its object is to protect Queensland’s environment while allowing for development that improves the total quality of life, both now and in the future, in a way that maintains ecologically sustainable development. Under the EP Act, it is an offence to carry out a mining activity unless the person holds or is acting under an EA for the activity. The EA imposes conditions on a project. It is an offence to contravene a condition of an EA. In addition to the requirements found in the conditions of an EA, the holder must also meet their obligations under the EP Act and the regulations made under the Act. For example, the EA holder must comply with the following provisions of the EP Act:

- general environmental duty;
- duty to notify of environmental harm;

The EP Act also provides for a range of general environmental offences, including:

- offence of causing serious or material environmental harm;
- offence of causing environmental nuisance;
- offence of depositing prescribed water contaminants in waters and related matters; and
- offence to place contaminant where environmental harm or nuisance may be caused.

The EA holder must also be a registered suitable operator under the EP Act in order to carry out an environmentally relevant activity. Stanmore and its material subsidiaries are registered suitable operators under the EP Act.

Renewal of the resource authorities will be required during the mine life of the Australian Operations and the Queensland Government can vary the terms and conditions upon renewal.

Queensland environmental legislation is often the subject of legislative reform and change. For example, on April 27, 2016, the Environmental Protection (Chain of Responsibility) Amendment Act 2016 (Qld) amended the EP Act to confer power upon DES to compel related bodies corporate, executive officers, financiers and shareholders, and a select category of ‘related persons’, to satisfy the environmental obligations of holders of an EA in Queensland by way of the issuing of an environmental protection order to those ‘related persons’.

Regional planning interests

In June 2014, the Strategic Cropping Land Act 2011 (Qld) was repealed by the Regional Planning Interests Act 2014 (Qld) (“RPI Act”). The RPI Act manages the impact of resource activities and other regulated activities on areas of the State that contribute, or are likely to contribute, to Queensland’s economic, social and environmental prosperity (e.g. competing land use activities on prime farming land). The RPI Act identifies areas of Queensland that are of regional interest, including priority living areas,

priority agricultural areas, strategic cropping areas and strategic environmental areas. Under the RPI Act, a resource activity must not be carried out without a regional interest development approval in an area of regional interest such as a strategic cropping area, unless operating under an exemption. Importantly, pre-existing mining activities being undertaken at the date of the introduction of the legislation are exempt.

Section 24 of the RPI Act provides that a resource activity is an exempt resource activity for the area of regional interest where immediately before the relevant land became land in an area of regional interest under the RPI Act:

- the activity could be carried out lawfully on the land under a resource authority or an environmental authority, and without the need for any further authority or approval relating to the location, nature or extent of the expected surface impacts of the activity to be obtained under an Act or a condition of either authority; and
- information provided in, with or in support of the application for the resource authority or environmental authority (or an amendment of the application) identified the location, nature and extent of the expected surface impacts of the activity.

Stanmore tenements ML 55001, ML 55009, ML 55010, EPC 1687, EPC 2157, EPC 1274, EPC 1276, EPC 1112 all contain areas of large strategic cropping land, with the exception of EPC 2030 which contains only a very small area of strategic cropping land. Tenements EPC 2081, EPC 1580 and EPC 1168 are largely mapped within a priority agricultural area, with tenements EPC 1580 and EPC 1168 also appearing to contain small priority living areas. Tenements EPC 1798, EPC 1186, EPC 1113 all contain small priority living areas.

Given that ML 55001, ML 55009, ML 55010 are in the application stage and are yet to be granted, it is likely that ‘regional interest development approvals’ under the RPI Act may be required in respect of these tenements before any mining works can commence on the land. Exemptions under the RPI Act may apply to permits granted pre-2014 and prior to the commencement of the RPI Act. However, the requirement for approval under the RPI Act may also be triggered depending on the nature of the surface impacts of the activities to be carried out on the EPC tenements. However, the requirement for approval under the RPI Act may be triggered depending on the nature of the surface impacts of the activities to be carried out on the EPC tenements.

Environmental Protection and Biodiversity Conservation Act 1999 (Cth)

The Environment Protection and Biodiversity Conservation Act 1999 (Cth) (“EPBC Act”) provides a federal framework to protect and manage matters of national environmental significance such as listed threatened species and ecological communities and water resources. In addition, the EPBC Act confers jurisdiction over actions that have a significant impact on the environment where the actions affect, or are taken on, Commonwealth land, or are carried out by a Commonwealth agency.

Under the EPBC Act, ‘controlled actions’ that have or are likely to have a significant impact on a matter of national environmental significance are subject to an assessment and approval process. A person must not take a ‘controlled action’ unless approval is granted under the EPBC Act. Any person proposing to carry out an ‘action’ that may be a ‘controlled action’ must refer the action to the Commonwealth Minister for a determination as to whether the proposed action is a controlled action.

However, under section 43A of the EPBC Act, there is an exemption for an action that, immediately prior to the commencement of the Act on July 16, 2000, was authorised by a “specific environmental authorization” (such as an environmental authority) and did not require a further environmental authorization, where the specific environmental authorization remains in force at the time the action is taken. The exemption also applies in certain circumstances where the specific environmental authorization has been renewed or extended.

On February 28, 2018, the then Environment and Energy (“DEE”) (now the Department of Agriculture, Water and the Environment) administering the EPBC Act approved Stanmore IP Coal’s proposal to develop five open cut coal pits over lot 4 SP252740, lot 17 SP261431 and lot 5 GV132 adjoining the existing Isaac Plains mining lease near Moranbah, Queensland (EPBC Act referral 2016/7827) subject to conditions which apply for the duration of the approval. The conditions include requirements in relation to clearance limits, implementation of a Species Management Plan and Offset Management Plan, Surface Water Management, groundwater monitoring and management and riparian zone monitoring. This approval has effect until November 1, 2040.

On May 14, 2019, the DEE notified of a referral decision to assess the proposal submitted by Stanmore IP South Pty Ltd to develop and operate an open cut coal mine and associated infrastructure as a controlled action (Isaac Downs coal mine project), under the assessment bilateral agreement with Queensland (EPBC Act referral 2019/8413). Approval for the controlled action is yet to be granted.

On December 4, 2020, the DAWE (formerly the DEE) approved Stanmore IP Coal Pty Ltd’s proposal to construct, operate and decommission an extension to the Isaac Plains East mining area and upgrade the Isaac Plains Mine coal handling and preparation plant, seven kilometres east of Moranbah, Queensland (EPBC Act referral 2019/8548), subject to conditions which apply for the duration of the approval. The conditions include requirements in relation to maximum clearance limits, environmental offset requirements, implementation of a Significant Species Management Plan, conservation of the koala and greater gilder in the Bowen Basin and implementation of a Groundwater Dependent Ecosystems Monitoring and Management Plan. This approval has effect until December 31, 2060.

Water Act 2000 (Qld)

In Queensland, all entitlements to the use, control and flow of water are vested in the State and regulated by the Water Act 2000 (Qld) (“Water Act”). Allocations under the Water Act can be managed by a water supply scheme operator such as SunWater, which is a Government-owned corporation regulated by the Queensland Competition Authority.

The amount of water that is available to be taken under a water entitlement will vary from year to year, and is determined by water sharing rules of the relevant catchment area. These rules will, for example, state a procedure for water supply scheme holders to calculate the water available to an allocation holder, based on available and predicted supply. In situations of severely constrained supply (such as during a drought), supply contracts with the scheme operator generally provide for a reduced apportionment, with certain uses (e.g. domestic use) being given higher priority.

National Greenhouse and Energy Reporting Act 2007 (Cth)

The National Greenhouse and Energy Reporting Act 2007 (Cth) imposes requirements for both foreign and local corporations whose carbon dioxide production, greenhouse gas (“GHG”), emissions and/or energy consumption meets a certain threshold to register and report GHG emissions and abatement actions, as well as energy production and consumption as part of a single, national reporting system. The Clean Energy Regulator administers the National Greenhouse and Energy Reporting Act 2007 (Cth), and the Department of Environment and Energy is responsible for related policy developments and review.

On July 1, 2016, amendments to the National Greenhouse and Energy Reporting Act 2007 (Cth) implemented the Emissions Reduction Fund Safeguard Mechanism. From that date, large designated facilities such as coal mines are assigned a baseline for their covered emissions and must take steps to keep their emissions at or below the baseline or face penalties.

Native Title and Cultural Heritage Regulations

Native Title Act 1993 (Cth)

The Native Title Act 1993 (Cth) (“NTA”) sets out procedures under which native title claims may be lodged and determined and compensation claimed for the extinguishment or impairment of the native title rights or interests of Australian Indigenous peoples. Its object is to provide for the recognition and protection of native title, to establish ways in which future dealings affecting native title may proceed and to set standards for those dealings, to establish a mechanism for determining claims to native title and to provide for, or permit, the validation of past acts, and intermediate period acts, invalidated because of the existence of native title.

Mining leases and mineral development licenses granted under the MRA on State land where native title has not been extinguished attract the non-extinguishment principle. Broadly, this principle is that native title rights are suspended while the mining title, as renewed from time to time, is in force. Post-NTA grants (or renewals in various circumstances) of mining tenements in respect of land where native title may exist, require compliance with the NTA to ensure the validity of the tenure. Registered native title claimants have certain notification, consultation and negotiation rights relating to the grant of mining tenements. Where native title is extinguished (e.g. freehold land), the NTA does not apply.

The area of the Tenements are overlapped by the following registered native title claims and determinations:

- the registered Iman People #4 claim (QUD413/2017) which was registered on October 2, 2018;
- the registered Gaangalu Nation People claim (QUD33/2019) which was registered on November 5, 2012;
- the registered Western Kangoulu People claim (QUD17/2019) which was registered on June 13, 2013;
- the registered Iman People #2 determination (QUD6162/1998) which was determined on June 23, 2016; and
- the registered Barada Barna People determination (QUD380/2008) which was determined on June 29, 2016.

Searches of the Tenements indicate that the majority were either granted pre-NTA, were granted subject to areas subject to native title being excluded from the permit area or were granted over areas which were not subject to native title (100% exclusive land). In respect of the remaining Tenements, there is no current native title negotiations on foot, but that these will be progressed at the appropriate time.

Aboriginal Cultural Heritage Act 2003 (Qld)

The Aboriginal Cultural Heritage Act 2003 (Qld) (“ACHA”) imposes a duty of care on all persons to take all reasonable and practicable measures to ensure that any activity conducted does not harm Aboriginal cultural heritage. Its object is to provide effective recognition, protection and conservation of Aboriginal cultural heritage. The ACHA provides for deemed compliance with the cultural heritage duty of care in certain circumstances, including where a person is acting under an approved cultural heritage management plan, an agreement with an Aboriginal party (unless the Aboriginal cultural heritage is expressly excluded from being subject to the agreement), or acting in compliance with the native title protection conditions (for low impact mineral exploration) or the Duty Of Care Guidelines published by the Department of Aboriginal and Torres Strait Islander Partnerships (now the Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships).

There are a number of recorded Aboriginal cultural heritage site points in the area of the Tenements, although, Aboriginal cultural heritage may exist regardless of whether it has been recorded in the Aboriginal and Torres Strait Islander Cultural Heritage Database. Stanmore has entered into various cultural heritage agreements and cultural heritage management plans, including with the Barada Barna Aboriginal Corporation and the Iman #2 People in respect of its operations related to the Isaac Plains Complex, Isaac Downs Project and the Range. Stanmore has confirmed that no cultural heritage claims or proceedings or threatened claims are currently active.

Employment and Industrial

Minimum workplace entitlements and workplace agreements/contracts

The majority of private sector employees in Australia are covered by the Fair Work Act 2009 (Cth) (“FW Act”). Certain aspects of employment (for instance, long service leave) may be governed by state and territory laws in conjunction with the FW Act.

The FW Act prescribes ten minimum conditions and entitlements for most Australian employees by way of the National Employment Standards (“NES”). This includes matters such as annual leave, personal leave, parental leave, maximum hours of work, notice of termination and redundancy pay. By law, no contract or workplace agreement can provide conditions which are less than those in the NES.

- The FW Act also sets out the rules and requirements around the two primary types of employment arrangements in place between employers and employees (outside of standard common law contracts), which supplement the NES. These are:
- Modern awards: Modern awards include additional conditions of employment for employees in certain industries or occupations and apply as a matter of law (that is, they cannot be displaced by a common law contract if they apply as a matter of law, though they may interact with the common law contract). Created by the Fair Work Commission (“FWC”), awards prescribe industry or occupation specific conditions relating to such things as minimum wages, types of employment, overtime and penalty rates, allowances and dispute resolution. Not all industries and occupations are covered by awards, although most are. Modern awards do not always apply to high income or managerial employees. Modern awards also do not apply to employees who are covered by an enterprise agreement.
- Enterprise agreements: Enterprise agreements are statutorily recognized agreements between a single employer (or, in some cases, multiple employers) and a group of employees, or their representatives (such as a union). The FW Act sets out the matters which can and cannot be included in an enterprise agreement. Among other things, an enterprise agreement must include provisions on pay rates, consultation and dispute resolution. Enterprise agreements are made after bargaining between the two parties. Relevantly, during the bargaining process, employees may apply to the FWC for approval to take industrial action (i.e. strike action in support of their agreement claims). Once agreed, an application is made for approval of the agreement with the FWC, which must be satisfied it meets certain requirements and, in particular, that employees are better off overall in comparison to the applicable modern award.

Stand-alone common law contracts may also interact with modern awards and enterprise agreements. For those not covered by either a modern award or enterprise agreement (e.g. managerial, professional or executive employees), the common law contract of employment and the NES will set their terms and conditions.

Stanmore has approximately 25 direct employees, none of whom are covered by modern award or enterprise agreement, and who are subject only to a common law contract (and the NES). Employees of subcontractors associated with the day-to-day operations of a black coal mine are likely covered by the Black Coal Mining Industry Award 2010 which regulates conditions including termination arrangements;

pay and hours of work. Stanmore have stated they are unaware of applicable enterprise agreements apply to their subcontractors and subcontractor employees are engaged on individual written common law employment contracts (which will not exclude coverage of a modern award should one apply and cannot undercut NES entitlements).

Unions

Unions represent the industrial interests of certain categories of employees who are entitled to become members. Typical trade unions actively pursue the making of enterprise agreements with employers on behalf of their members and assisting employees in disputes with their employer. Membership of a union is not compulsory. Employees cannot be treated less favorably because they are, or are not, a union member.

Employees engaged directly in coal mining at the mine site may be members of the Mining and Energy Division of the Construction, Forestry, Maritime, Mining and Energy Union (“CFMMEU”). The CFMMEU has strong presence in the industry and has certain rights to attend at the worksite, as set out in the FW Act.

Sub-contractors

In addition to Stanmore’s direct employees, it uses workers that are employed by or through key contractors. Some of these contractors have negotiated enterprise agreements with employees and/or unions that relate to contractors at the mine site.

Sub-contractor employees may be entitled to bargain for new enterprise agreements if they are not covered by an enterprise agreement, or their current one has passed its nominal expiry date.

Employee protections and disputes

The FW Act also contains a range of general protections for direct employees and, in some cases, indirect employees. For example, it is unlawful for a person to take “adverse action” because of another person’s workplace rights. Adverse action includes dismissal, discrimination, refusing to employ a person, or prejudicially altering the position of a person. Workplace rights include an entitlement under a modern award or enterprise agreement, or a workplace law. There is also stand-alone federal and state legislation regulating employers’ and employees’ mutual rights and obligations regarding non-discriminatory workplaces. Generally speaking, it is an offence to discriminate against a prospective or existing employee on grounds including sex, mental and physical disability, race, color, nationality, sexual preference and age.

The Fair Work Ombudsman is the relevant regulator responsible for monitoring compliance with workplace laws. It was created under the FW Act as an independent body which aims to promote workplace rights, investigate complaints and, if appropriate, litigate suspected contraventions of workplace rights.

The FWC is established under the FW Act as Australia’s national employment tribunal. It is an independent body with power to carry out a range of functions relating to employment matters and, specifically, to resolve employment and industrial disputes, including matters relating to enterprise agreements, modern awards and termination of employment.

Some FWC decisions may be appealed to the Federal Courts. In addition, other workplace dispute or individual employee claims (for example, an alleged breach of the common law employment contract) may be litigated in various state and federal courts and specialist industrial tribunals.

Unfair dismissal, enterprise bargaining, bullying claims, industrial actions and resolution of workplace disputes are also regulated under state and federal legislation.

Workplace Health and Safety

The primary work health and safety legislation that applies to Stanmore's coal mining projects in Queensland are the:

- Coal Mining Safety and Health Act 1999 (Qld); and
- Coal Mining Safety and Health Regulation 2017 (Qld),

(together, the "Coal Mining Safety Legislation").

Additional legislative requirements apply to operations that are carried on off-site or which are not principally in connection with coal mining (e.g. transport, rail operations, office work etc.). Furthermore other health and safety laws may apply to specific activities or substances, such as the Explosives Act 1999 (Qld).

The Coal Mining Safety Legislation imposes safety and health obligations on persons who operate coal mines, other persons at a coal mine and persons who may affect the safety or health of others at coal mines. These obligations will apply to Stanmore, including but not limited Stanmore IP Coal Pty Ltd as the holder of the Isaac Plains mining lease. These obligations include:

- complying with the Coal Mining Safety Legislation and procedures applying to the person that are part of a safety and health management system for the mine;
- if the person has information that other persons need to know to fulfil their obligations or duties under the Coal Mining Safety Legislation, or to protect themselves from the risk of injury or illness, to give the information to the other persons; and
- to take any other reasonable and necessary course of action to ensure anyone is not exposed to an unacceptable level of risk.

Stanmore IP Coal Pty Ltd has appointed Golding to be the operator of the Isaac Plains Coal mine. When a holder of a mine lease proposes to appoint an operator, they must:

- inform the proposed coal mine operator, by notice, of all relevant information available to the holder that may help the proposed coal mine operator:
 - o ensure the site senior executive for the coal mine develops and implements a safety and health management system for the mine; and
 - o prepare and implement principal hazard management plans for the mine; and
- include in the contract appointing the coal mine operator an obligation on the operator:
 - o establish a safety and health management system for the mine; and
 - o other than for exploration activities under an exploration permit or mineral development license — to be a party to a mines rescue agreement.

The coal mine operator's (Golding) obligations under the Coal Mining Safety Legislation include:

- ensure that the risk to coal mine workers while at the operator's mine is at an acceptable level;
- ensure the operator's own safety and health and the safety and health of others is not affected by the way the operator conducts coal mining operations;

- not carry out an activity at the coal mine that creates a risk to a person on an adjacent or overlapping petroleum authority if the risk is higher than an acceptable level of risk;
- appoint a site senior executive for the mine;
- ensure the site senior executive develops and implements a safety and health management system for all people at the mine;
- ensure the site senior executive develops, implements and maintains a management structure for the mine that help ensure the safety and health of persons at the mine; and
- not operate the coal mine without a safety and health management system for the mine;
- audit and review the effectiveness and implementation of the safety and health management system to ensure the risk to persons is at an acceptable level; and
- provide adequate resources to ensure the effectiveness and implementation of the safety and health management system.

Stanmore recognizes that health and safety are imperative to the ongoing success of the Australian Operations. The Golding Mining Services Agreement contains detailed expectations and requirements around the contractor's obligation to provide a Safety and Health Management Systems ("SHMS") compliant with the Coal Mining Safety Legislation as well as monitoring and reporting of the SMHS. It has engaged, in facilitating independent compliance and effectiveness, audits of the Isaac Plains and Isaac Downs SMHS.

As of July 1, 2020, there were significant changes to Queensland's regulatory framework for health and safety in the coal and resources industry, including the establishment of a new regulator called Resources Safety and Health Queensland ("RSHQ"). Serious resources safety and health prosecutions for an offence against the Coal Mining Safety and Health Act 1999 (Qld) will now be referred to an independent Work Health and Safety ("WHS") Prosecutor. Other offences (i.e. non-serious offences) may be prosecuted by either the WHS Prosecutor or the CEO of RSHQ.

Employers, senior officers and executive officers can now also be held liable for acts or omissions causing the death of a coal mine worker where they have been negligent about causing the death of the coal mine worker by the conduct, termed industrial manslaughter. The maximum penalty is 20 years imprisonment for an individual and a penalty of up A\$13.345 million for a body corporate such as Stanmore. Aside from industrial manslaughter, other maximum penalties currently range from A\$667,250 to A\$4,003,500 for a corporation and from A\$66,725 to A\$800,700 or three years' imprisonment for individuals, for contravening the Coal Mining Safety and Health Act 1999.

DESCRIPTION OF THE NOTES

For purposes of this “Description of the Notes”, the term “Issuer” refers only to Golden Energy and Resources Limited, a company with limited liability incorporated under the laws of Singapore, and any successor obligor on the Notes. Golden Investments (Australia) Pte. Ltd. (the “Initial Subsidiary Guarantor” or “GIAPL”), which will provide a guarantee of the Notes as soon as practicable following the repayment of the Credit Suisse/Mandiri Facility, but in no event later than 10 days after the Original Issue Date, and any other Restricted Subsidiary of the Issuer that guarantees the Notes is referred to as a “Subsidiary Guarantor”, and each such guarantee is referred to as a “Subsidiary Guarantee.”

The Notes are to be issued under an indenture (the “Indenture”), to be dated as of the Original Issue Date, among the Issuer, the Initial Subsidiary Guarantors, The Bank of New York Mellon, as trustee (the “Trustee”), The Bank of New York Mellon, Singapore Branch, as notes collateral agent (the “Notes Collateral Agent”) and the Non-Indonesian common collateral agent (the “Non-Indonesian Common Collateral Agent”) and PT Bank CIMB Niaga Tbk. as Indonesian common collateral agent (the “Indonesian Common Collateral Agent”, and together with the Non-Indonesian Common Collateral Agent, the “Common Collateral Agents”). The Indenture will not be qualified under the U.S. Trust Indenture Act of 1939, as amended.

The following is a summary of certain provisions of the Indenture, the Notes, the Subsidiary Guarantee and the Collateral Documents (defined below). This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Indenture, the Notes, the Subsidiary Guarantee and the Collateral Documents. It does not restate those agreements in their entirety. Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. On or after the Original Issue Date, copies of the Indenture will be available (upon prior written request and on proof of Holder’s ownership) during normal office hours (being between 9:00 am and 3:00 pm) on any weekday (except public holidays) at the Corporate Trust Office of the Trustee at 240 Greenwich Street, New York, NY 10286, United States of America or electronically via email from the Trustee.

Brief Description of the Notes

The Notes will:

- be general obligations of the Issuer;
- be senior in right of payment to any obligations of the Issuer expressly subordinated in right of payment to the Notes;
- rank *pari passu* in right of payment with all unsecured, unsubordinated Indebtedness of the Issuer (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law);
- be guaranteed by the Subsidiary Guarantors on an unsubordinated basis, subject to the limitations described below under the caption “— Subsidiary Guarantees” and in “Risk Factors — Risks Relating to the Notes, the Subsidiary Guarantees and the Collateral”;
- be effectively subordinated to the secured obligations of the Issuer and the Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor (other than the Collateral, to the extent applicable);
- be effectively subordinated to all existing and future obligations of any Subsidiaries other than Subsidiary Guarantors; and
- be secured by the Collateral (subject to Permitted Liens) as described under the caption “— Security.”

The Notes will mature on May 14, 2026 unless earlier redeemed pursuant to the terms thereof and the Indenture. The Indenture will allow additional Notes to be issued from time to time (the “Additional Notes”), subject to certain limitations described under “— Further Issues.” Unless the context requires otherwise, references to the “Notes” for all purposes of the Indenture and this “Description of the Notes” include any Additional Notes that are actually issued. The Notes will bear interest at 8.5% per annum from the Original Issue Date or from the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually in arrears on May 14 and November 14 of each year (each an “Interest Payment Date”), commencing November 14, 2021.

Interest on the Notes will be paid on the Interest Payment Date to Holders of record at the close of business on April 29 or October 30 immediately preceding an Interest Payment Date (each a “Record Date”), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. Interest on the Notes will be calculated on the basis of a 360 day year comprised of twelve 30-day months.

Except as otherwise provided in the Indenture, the Notes may not be redeemed prior to maturity. In any case in which the date of the payment of principal of, premium (if any) or interest on the Notes (including any payment to be made on any date fixed for redemption or purchase of any Note) is not a Business Day in the relevant place of payment or in the place of business of the Paying Agent, then payment of principal, premium (if any) or interest need not be made in such place on such date but may be made on the next succeeding Business Day in such place. Any payment made on such Business Day will have the same force and effect as if made on the date on which such payment is due, and no interest on the Notes will accrue for the period after such date.

Notwithstanding the foregoing, so long as the Global Note is held on behalf of Euroclear, Clearstream or any other clearing systems, each payment in respect of the Global Note will be made to the person shown as the Holders in the register of Holders at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where “Clearing System Business Day” means a weekday (Monday to Friday, inclusive) except December 25 and January 1.

The Notes will be issued only in fully registered form, without coupons, in minimum denominations of \$200,000 and integral multiples of \$1,000 in excess thereof. See “— Book-Entry; Delivery and Form.” No service charge will be made for any registration of transfer or exchange of Notes, but the Issuer may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

All payments on the Notes will be made in U.S. dollars in immediately available funds by the Issuer at the office or agency of the Issuer maintained for that purpose (which initially will be the specified office of the Paying Agent located at One Canada Square, London E14 5AL, United Kingdom), and the Notes may be presented for registration of transfer or exchange at such office or agency; *provided* that, at the option of the Issuer, payment of interest may be made by wire transfer. Interest payable on the Notes held through Euroclear or Clearstream will be available to Euroclear or Clearstream participants (as defined herein) on the Business Day following payment thereof.

Subsidiary Guarantees

On the Original Issue Date, all of the Issuer’s Subsidiaries will be “Restricted Subsidiaries.” As soon as practicable following the repayment of the Credit Suisse/Mandiri Facility, but in no event later than 10 days after the Original Issue Date, only Golden Investments (Australia) Pte. Ltd. will guarantee the due and punctual payment of the principal of, premium (if any) and interest on, and all other amounts payable under, the Notes and the Indenture. None of the Issuer’s other Subsidiaries, including GEMS and Stanmore Coal Limited (“Stanmore”) and their respective Subsidiaries, will provide a Subsidiary Guarantee. Furthermore, none of Anrof Singapore Limited, PT Hutan Rindang Banua and Shinning Spring Resources Limited (each an “Old Subsidiary Guarantor”) that provided a subsidiary guarantee of the Issuer’s 9.00% Senior Secured Notes due 2023 (the “2023 Notes”) will be guaranteeing the Notes.

The Subsidiary Guarantee of each Subsidiary Guarantor will:

- be a general obligation of such Subsidiary Guarantor;
- be senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee;
- rank at least *pari passu* in right of payment with all other unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law); and
- be effectively subordinated to secured obligations of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor.

Under the Indenture, and any supplemental indenture to the Indenture, as applicable, each of the Subsidiary Guarantors will jointly and severally guarantee the due and punctual payment of the principal of, premium (if any) and interest on, and all other amounts payable under, the Notes and the Indenture, subject to the limitations set forth herein. The Subsidiary Guarantors will (1) agree that their obligations under the Subsidiary Guarantees will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture and (2) waive their right to require the Trustee to pursue or exhaust its legal or equitable remedies against the Issuer prior to exercising its rights under the Subsidiary Guarantees. Moreover, if at any time any amount paid under a Note or the Indenture is rescinded or must otherwise be repaid, the rights of the Holders under the Subsidiary Guarantees will be reinstated with respect to such payments as though such payment had not been made. All payments under the Subsidiary Guarantees are required to be made in U.S. dollars.

If, in the future, a Restricted Subsidiary incorporated in the Republic of Indonesia provides a Subsidiary Guarantee, then concurrently with the execution of such Subsidiary Guarantee, it will also enter into a Deed of Guarantee governed by the laws of Indonesia which will provide for such Subsidiary Guarantor's guarantee of the due and punctual payment of the principal of, premium (if any) and interest on, and all other amounts payable under, the Notes and the Indenture under the laws of Indonesia. A guarantee by a Subsidiary Guarantor under a Deed of Guarantee may be released if its Subsidiary Guarantee is released in compliance with the terms of the Indenture.

Under the Indenture, and any supplemental indenture to the Indenture, as applicable, each Subsidiary Guarantee will be limited to an amount not to exceed the maximum amount that can be guaranteed by the applicable Subsidiary Guarantor without rendering the Subsidiary Guarantee, as it relates to such Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance, fraudulent transfer, financial assistance, corporate benefit, capital maintenance or similar laws affecting the rights of creditors generally. By virtue of these limitations, a Subsidiary Guarantor's obligations under its Subsidiary Guarantee could be significantly less than amounts payable with respect to the Notes, or a Subsidiary Guarantor may effectively have no obligation under its Subsidiary Guarantee. If a Subsidiary Guarantee were to be rendered voidable, it could be subordinated by a court to all other Indebtedness (including guarantees and other contingent liabilities) of the applicable Subsidiary Guarantor, and, depending on the amount of such Indebtedness, a Subsidiary Guarantor's liability on its Subsidiary Guarantee could be reduced to zero.

The obligations of the Subsidiary Guarantors may be limited, or possibly invalidated, under applicable law. See "Risk Factors — Risks Relating to the Notes, the Subsidiary Guarantees and the Collateral — The Subsidiary Guarantees may be challenged under applicable bankruptcy, insolvency or fraudulent transfer, financial assistance, unfair preference or similar laws, impairing the enforceability of the Subsidiary Guarantees."

As of December 31, 2020:

- (a) the Issuer and its consolidated Subsidiaries had \$1,394.5 million of consolidated assets and \$382.0 million of consolidated indebtedness outstanding; and
- (b) the Issuer's Subsidiaries (other than the Subsidiary Guarantor) had total assets of \$968.2 million and total indebtedness of \$149.6 million.

For the year ended December 31, 2020, the Issuer's Subsidiaries (other than the Subsidiary Guarantor) had \$1,065.5 million of revenue.

Release of the Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor may be released in certain circumstances, including:

- upon repayment in full of the Notes;
- upon a defeasance or satisfaction and discharge as described under “— Defeasance — Defeasance and Discharge” or “— Satisfaction and Discharge”;
- upon the designation by the Issuer of such Subsidiary Guarantor as an Unrestricted Subsidiary in compliance with the terms of the Indenture; or
- upon the sale or other disposition (including by way of merger or consolidation) of the Capital Stock of such Subsidiary Guarantor in compliance with the terms of the Indenture (including the covenants described under the captions “— Certain Covenants — Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries,” “— Certain Covenants — Limitation on Asset Sales” and “— Consolidation, Merger and Sale of Assets”) resulting in such Subsidiary Guarantor no longer being a Restricted Subsidiary.

No release of a Subsidiary Guarantor from its Subsidiary Guarantee shall be effective against the Trustee or the Holders until the Issuer has delivered to the Trustee an Officer's Certificate stating that all requirements relating to such release have been complied with and that such release is authorized and permitted by the Indenture.

Under the circumstances described below under the caption “— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries,” the Issuer will be permitted to designate certain of its Subsidiaries as “Unrestricted Subsidiaries.” The Issuer's Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the Indenture. The Issuer's Unrestricted Subsidiaries will not guarantee the Notes.

Interest Reserve Account

Prior to the Original Issue Date, the Issuer will establish an account (the “Interest Reserve Account”) in Singapore with Credit Suisse AG, Singapore Branch (the “Account Bank”). On or as soon as practicable after the Original Issue Date, the Issuer will deposit into the Interest Reserve Account an amount in cash equal to the amount of one (1) semi-annual interest payment under the Notes (approximately \$12.1 million). Funds deposited in the Interest Reserve Account will be maintained in U.S. dollars and will be permitted, to the extent such investment is available, to be invested by the Issuer only in financial instruments specified in clauses (1), (2) and (5) of the definition of Temporary Cash Investment. The Issuer will deposit in the Interest Reserve Account all interest, principal and premium payments from such

Temporary Cash Investments received by the Issuer with respect to the funds held in the Interest Reserve Account. From the date the Issuer has made the deposit referred to above, the Issuer will at all times maintain an amount in cash equal to the amount of one (1) semi-annual interest payment with respect to the outstanding Notes.

As soon as practicable following the repayment of the Credit Suisse/Mandiri Facility, but in no event later than 10 days after the Original Issue Date, as security for the payment and performance by the Issuer of its obligations under the Notes and the Indenture, the Issuer will grant the Notes Collateral Agent, for the benefit of the Holders, a first priority Lien over the Interest Reserve Account and all rights, title and interest in and to all amounts on deposit in the Interest Reserve Account (including interest, principal and premium payments from any Temporary Cash Investments made with funds in the Interest Reserve Account) at any time (the “Notes Collateral”).

If the Notes become due and payable following the occurrence of an Event of Default under the Notes, the funds remaining on deposit in the Interest Reserve Account shall be paid solely to the order of the Notes Collateral Agent for the benefit of the Holders and the Account Bank shall release such funds in the Interest Reserve Account at the direction of the Notes Collateral Agent, which shall apply such funds in accordance with the provisions of the Indenture and the Collateral Documents in and towards payment of the amounts due under the Notes and the Indenture.

Funds remaining on deposit in the Interest Reserve Account on the maturity date of the Notes will be applied to the payment of interest on the Notes, and any remaining balance shall be applied to the payment and premium and Additional Amounts, if any, due on the Notes.

Security

As of the date of the Offering Memorandum, the Issuer owns 3,676,460,615 shares of Capital Stock of GEMS, or approximately 62.5% of GEMS’ outstanding Capital Stock, of which (1) 2,974,464,030 shares (the “Pledged GEMS Shares”), representing approximately 50.6% of GEMS’ outstanding Capital Stock, have been pledged to secure the obligations of the Issuer and the Old Subsidiary Guarantors under (a) the 2023 Notes and the indenture governing the 2023 Notes, (b) the Credit Suisse/Mandiri Facility, (c) the Credit Suisse Hedging Facility and (d) the New Mandiri Facility and (2) 701,996,585 shares, representing approximately 11.9% of GEMS’ outstanding Capital Stock, have been pledged to PT Bank Mandiri (Persero) Tbk. (“Bank Mandiri”) to secure the obligations of certain of the Issuer’s Subsidiaries under the Mandiri Facilities.

In addition, as of the date of this Offering Memorandum, (1) the Issuer owns 127,295,504 shares of Capital Stock of GIAPL, or approximately 79.7% of GIAPL’s outstanding Capital Stock (the “Charged GIAPL Shares”), all of which are currently charged to secure the obligations of the Issuer and the Old Subsidiary Guarantors under (a) the 2023 Notes and the indenture governing the 2023 Notes, (b) the Credit Suisse/Mandiri Facility, (c) the Credit Suisse Hedging Facility and (d) the New Mandiri Facility; and (2) GIAPL owns 203,697,945 shares of Capital Stock of Stanmore, or approximately 75.3% of Stanmore’s outstanding Capital Stock.

The 2023 Notes, the Credit Suisse/Mandiri Facility, the Credit Suisse Hedging Facility and the New Mandiri Facility are also secured by an assignment by the Issuer of all its interest in and rights under the intercompany advances and/or loans from time to time from the Issuer to GIAPL (the “Intercompany Advances” and, together with the Pledged GEMS Shares and the Charged GIAPL Shares, the “Existing Pari Passu Collateral”).

The Issuer will apply a portion of the net proceeds of the Notes towards the redemption of all outstanding 2023 Notes and the repayment in full of the Credit Suisse/Mandiri Facility. Following these payments, the Issuer shall procure the release of the Liens over the Existing Pari Passu Collateral.

In addition, within 30 days after the Original Issue Date, the Issuer will procure that its obligations with respect to the Notes and the performance of all other obligations of the Issuer under the Indenture and the Notes and the obligations of the Initial Subsidiary Guarantor under its Subsidiary Guarantee will be secured by:

- (1) a pledge of all of the Pledged GEMS Shares;
- (2) a pledge of all of the Charged GIAPL Shares; and
- (3) an assignment of the Intercompany Advances.

In addition, as of the date of this Offering Memorandum, the Initial Subsidiary Guarantor owns 203,697,945 shares of Capital Stock of Stanmore, or approximately 75.3% of Stanmore's outstanding Capital Stock. The Initial Subsidiary Guarantor has agreed to pledge within 30 days after the Original Issue Date, for the benefit of the Holders of the Notes, the shares of Stanmore's outstanding Capital Stock that it currently holds as well as any shares that it may acquire after the Original Issue Date (collectively, the "Stanmore Shares" and, together with the collateral described in paragraphs (1) through (3) above, the "Pari Passu Collateral"), to secure the obligations of the Issuer under the Notes and the Indenture and the obligations of the Initial Subsidiary Guarantor under its Subsidiary Guarantee.

The Liens on the Pari Passu Collateral for the benefit of the Holders will be *pari passu* with the Liens on the Pari Passu Collateral for the benefit of the lenders under the New Mandiri Facility and the holders of any future Pari Passu Secured Indebtedness (as defined below). The Pari Passu Collateral together with the Notes Collateral are collectively referred to as the "Collateral."

The Issuer has also agreed to ensure that (1) it will at all times hold no less than a majority of the outstanding Capital Stock of GEMS and (2) the pledged shares of Stanmore included in the Pari Passu Collateral will at all times constitute no less than a majority of the outstanding Capital Stock of Stanmore.

The agreement evidencing the pledge of, or the creation of a security interest on, the Notes Collateral by the Issuer is referred to as the "Notes Collateral Document." The agreements evidencing the pledge of, or the creation of a security interest on, the Pari Passu Collateral by the Issuer and GIAPL are referred to as the "Pari Passu Collateral Documents." The Notes Collateral Document and the Pari Passu Collateral Documents are collectively referred to as the "Collateral Documents." The Issuer, the Trustee, the Notes Collateral Agent and the Common Collateral Agents (as applicable) will enter into the Collateral Documents defining the terms of the security interests that secure the Notes.

So long as no Event of Default has occurred and is continuing, and subject to the terms of the Collateral Documents and the Indenture, the Issuer will be entitled to receive, use and invest all cash dividends, interest and other payments made upon or with respect to the Collateral and to exercise any voting and other consensual rights pertaining to the Collateral.

Upon the occurrence and during the continuance of an Event of Default, subject to the Intercreditor Agreement:

- (1) all rights of the Issuer to receive all or claim payment of cash dividends, interest and other payments made upon or with respect to the Collateral will cease and such cash dividends, interest and other payments will be paid to the Notes Collateral Agent or the Common Collateral Agents, as applicable;
- (2) all voting or other consensual rights pertaining to the Collateral will become vested solely in the Notes Collateral Agent or the Common Collateral Agents, as applicable, and the right of the Issuer to exercise any such voting and consensual rights will cease; and

- (3) the Notes Collateral Agent or the Common Collateral Agents, as applicable, may distribute or sell the Collateral or any part of the Collateral in accordance with the terms of the Collateral Documents, subject to the provisions of applicable law. The Notes Collateral Agent in accordance with the provisions of the Indenture will distribute all funds distributed under the Collateral Documents in connection with the Notes Collateral. The Common Collateral Agents (as applicable) in accordance with the Intercreditor Agreement will distribute all funds distributed under the Collateral Documents in connection with the Pari Passu Collateral and received by such Common Collateral Agents for the benefit of the Permitted Pari Passu Secured Indebtedness creditors and the Holders.

The Indenture and/or the Collateral Documents principally provide that, at any time while the Notes are outstanding, the Notes Collateral Agent has the exclusive right to manage, perform and enforce the terms of the Notes Collateral Document and the Common Collateral Agents have the exclusive right to manage, perform and enforce the terms of the Pari Passu Collateral Documents. The Notes Collateral Agent has the exclusive right, with respect to the Notes Collateral, and the Common Collateral Agents have the exclusive right, with respect to the Pari Passu Collateral, to exercise and enforce all privileges, rights and remedies thereunder according to its direction, including to take or retake control or possession of such Collateral and to hold, prepare for sale, process, lease, dispose of or liquidate such Collateral, including, without limitation, following the occurrence of an Event of Default under the Indenture. The proceeds realizable from the Collateral securing the Notes may not be sufficient to satisfy the Issuer's obligations under the Notes, and the Collateral securing the Notes may be reduced or diluted under certain circumstances, including through the issuance of Additional Notes and Permitted Pari Passu Secured Indebtedness (as defined below), subject to the terms of the Indenture and the Intercreditor Agreement. See "Risk Factors — Risks Relating to the Notes, the Subsidiary Guarantees and the Collateral — There may be limitations on foreclosure or enforcement of rights in the Collateral and the value of the Collateral may not be sufficient to satisfy the obligations under the Notes" and "— Enforcing the rights of Holders of Notes under the Notes, the Subsidiary Guarantees and the Collateral across multiple jurisdictions, including Indonesia, Australia and Singapore may prove difficult." In addition, enforcement of the Liens on the Pari Passu Collateral will be subject to certain rights, including rights of first refusal, and tag-along rights with respect to the Issuer's shareholding in GEMS, afforded to GMR Coal Resources Pte Ltd ("GMR") under the terms of the GEMS Shareholders' Agreement. See "Risk Factors — Risks Relating to the Notes, the Subsidiary Guarantees and the Collateral — Transfer restrictions in the GEMS Shareholders' Agreement may affect the ability of the Indonesian Common Collateral Agent to dispose of the GEMS shares and to distribute proceeds from such sale to Holders of Notes."

The Liens created by the Indenture and the Collateral Documents to secure the obligations of the Issuer under the Notes will be released upon:

- (1) the full and final payment and performance of the Obligations of the Issuer under the Indenture and the Notes;
- (2) legal or covenant defeasance pursuant to the provisions set forth under the caption "— Defeasance — Defeasance and Discharge" or discharge of the Indenture in accordance with the provisions set forth under the caption "— Satisfaction and Discharge;"
- (3) in connection with the sale or other disposition of any of the Pledged GEMS Shares in compliance with the covenant described under the caption "— Certain Covenants — Limitation on Asset Sales" and the Collateral Documents (to the extent of the interest sold or disposed of); *provided* after giving *pro forma* effect to such transaction (a) the Issuer would own at least a majority of the outstanding Capital Stock of GEMS and (b) the Issuer could incur at least \$1.00 of Indebtedness under the proviso in the first sentence of paragraph (a) of the covenant described under the caption "— Certain Covenants — Limitation on Indebtedness";
- (4) in connection with an enforcement sale pursuant to the Intercreditor Agreement (with respect to the Pari Passu Collateral); or
- (5) as described under the caption "— Amendments and Waivers."

Permitted Pari Passu Secured Indebtedness

On or after the Original Issue Date, neither the Issuer nor any Subsidiary Guarantor will create Liens on the Pari Passu Collateral other than (i) Liens *pari passu* with the Lien for the benefit of the Holders to secure Indebtedness of the Issuer or any Subsidiary Guarantor, including any Additional Notes (such Indebtedness of the Issuer or such Subsidiary Guarantor, “Permitted Pari Passu Secured Indebtedness”); *provided* that (1) the Issuer or such Subsidiary Guarantor was permitted to Incur such Indebtedness under the covenant described under the caption “— Limitation on Indebtedness;” (2) the holders of such Indebtedness (or their representative), other than any Additional Notes, are or become party to the Intercreditor Agreement; (3) the agreement in respect of such Indebtedness contains provisions with respect to releases of Pari Passu Collateral no more restrictive on the Issuer or such Subsidiary Guarantor (as the case may be) than the provisions of the Indenture and the Pari Passu Collateral Documents; and (4) the Issuer or such Subsidiary Guarantor (as the case may be) delivers to the Trustee an Opinion of Counsel and an Officer’s Certificate with respect to corporate and collateral matters in connection with the Pari Passu Collateral Documents and (ii) certain Permitted Liens. The Trustee and the Common Collateral Agents will be permitted and authorized, without the consent of any Holder, to enter into any amendments to the Pari Passu Collateral Documents or the Indenture and take any other action necessary to permit the creation and registration of Liens on the Pari Passu Collateral to secure Permitted Pari Passu Secured Indebtedness in accordance with this paragraph and the terms of the Indenture (including, without limitation, the appointment of a common collateral agent under the Intercreditor Agreement referred to below to hold the Pari Passu Collateral on behalf of the Holders and the holders of Permitted Pari Passu Secured Indebtedness).

The Trustee and the Collateral Agents will be permitted and authorized, without the consent of any Holder, to enter into any amendments to the Collateral Documents relating to the Collateral, the Intercreditor Agreement or the Indenture and take any other action necessary to permit the creation and registration of Liens on the Collateral to secure Permitted Pari Passu Secured Indebtedness.

Except for certain Permitted Liens and the Permitted Pari Passu Secured Indebtedness, the Issuer and the other Restricted Subsidiaries will not be permitted to issue or Incur any other Indebtedness secured by all or any portion of the Pari Passu Collateral without the consent of each Holder of the Notes then outstanding.

Intercreditor Agreement

Within 30 days after the Original Issue Date, the Trustee, on behalf of the Holders of the Notes, will enter into an intercreditor agreement (the “Intercreditor Agreement”) among the Issuer, GIAPL, the Common Collateral Agents, the Trustee and the agent under the New Mandiri Facility with respect to the Pari Passu Collateral.

The Intercreditor Agreement provides, among other things, that (1) the parties thereto shall share equal priority and pro rata entitlement in and to the Pari Passu Collateral, (2) the conditions under which the parties thereto will consent to the release of or granting of any Lien on such Pari Passu Collateral, (3) the procedures under which holders of additional Permitted Pari Passu Secured Indebtedness Incurred after the date of the Indenture (or their representatives) may accede to, or terminate their rights under, the Intercreditor Agreement and (4) the conditions under which the parties thereto will enforce their rights with respect to such Pari Passu Collateral and the Indebtedness secured thereby. The Intercreditor Agreement provides that the Trustee will be a secured party under the Intercreditor Agreement and the Common Collateral Agents will act on behalf of the Holders of the Notes.

Prior to the Incurrence of any Permitted Pari Passu Secured Indebtedness, the Intercreditor Agreement will be amended to include the holders of such Permitted Pari Passu Secured Indebtedness as parties to the agreement.

Enforcement of Security

The first priority Lien over the Notes Collateral securing the Notes will be granted to the Notes Collateral Agent. The Notes Collateral Agent will hold such Lien and security interests in the Notes Collateral granted pursuant to the Notes Collateral Document with sole authority as directed by the written instruction from the Holders holding not less than 25.0% in aggregate principal amount of the Notes then outstanding pursuant to the terms of the Indenture to exercise remedies under the Notes Collateral Document. The Notes Collateral Agent has agreed to act as secured party on behalf of the Holders under the Notes Collateral Document, to follow instructions provided to it in accordance with the Indenture and the Notes Collateral Document and to carry out certain duties. The Trustee will give instructions to the Notes Collateral Agent by itself or in accordance with written instructions it receives from the Holders pursuant to the terms of the Indenture (subject to it being indemnified and/or secured and/or pre-funded to its satisfaction).

The Indenture and/or the Notes Collateral Document will principally provide that, at any time while the Notes are outstanding, the Notes Collateral Agent has the exclusive right, as directed by the written instructions from the Holders holding not less than 25.0% in aggregate principal amount of the Notes then outstanding pursuant to the terms of the Indenture, to manage, perform and enforce the terms of the Notes Collateral Document relating to the Notes Collateral and to exercise and enforce all privileges, rights and remedies thereunder according to such written direction, including to take or retake control or possession of such Notes Collateral and to hold, prepare for sale, process, lease, dispose of or liquidate such Notes Collateral, including following the occurrence of an Event of Default under the Indenture.

All payments received and all amounts held by the Notes Collateral Agent in respect of the Notes Collateral under the Notes Collateral Document will be applied as follows:

- *first*, to the Trustee, the Paying Agent, the Registrar and the Notes Collateral Agent to the extent necessary to reimburse the Trustee, the Paying Agent and the Registrar for any fees, costs and expenses incurred in connection with the collection or distribution of such amounts held or realized or in connection with expenses incurred in enforcing their remedies under the Notes Collateral Document and preserving the Notes Collateral and all amounts owed to, or for which the Trustee, the Paying Agent and their respective agents, delegates and any receivers and the Registrar are entitled to indemnification and/or security under, the Notes Collateral Document or the Indenture;
- *second*, to the Holders; and
- *third*, any surplus remaining after such payments will be paid to the Issuer or to whomever may be lawfully entitled thereto.

The Notes Collateral Agent may decline to expend its own funds, foreclose on the Notes Collateral or exercise remedies available if it does not receive security and/or indemnification and/or pre-funding to its satisfaction. In addition, the Notes Collateral Agent's ability to foreclose on the Notes Collateral may be subject to lack of perfection, the consent of third parties, prior Liens and practical problems associated with the realization of the Notes Collateral Agent's Liens on the Notes Collateral. Neither the Trustee, the Notes Collateral Agent, the other Agents nor any of their respective officers, directors, employees, attorneys or agents will be responsible or liable for the existence, genuineness, value or protection of any Notes Collateral securing the Notes, for the legality, enforceability, effectiveness, adequacy or sufficiency of the Notes Collateral Document, for the creation, perfection, continuation, priority, sufficiency or protection of any of the Liens, or for any defect or deficiency as to any such matters, or for any failure to demand, collect, foreclose or realize upon or otherwise enforce any of the Liens or Notes Collateral Document or any delay in doing so.

The Notes Collateral Document will provide that the Issuer will indemnify the Notes Collateral Agent for all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind imposed against the Notes Collateral Agent arising out of the Notes Collateral Document except to the extent that any of the foregoing are finally judicially determined to have resulted from the fraud, gross negligence or willful misconduct of the Notes Collateral Agent.

Enforcement of security with respect to Pari Passu Collateral will be made in accordance with the Intercreditor Agreement. The first priority Lien over the Pari Passu Collateral securing the Notes and any Permitted Pari Passu Secured Indebtedness will be granted to the applicable Common Collateral Agent. The Common Collateral Agents will hold such Liens and security interests in the Pari Passu Collateral granted pursuant to the Pari Passu Collateral Documents with sole authority as directed by the written instruction from any of the Trustee pursuant to the Indenture and any agent or trustee acting on behalf of holders of any Permitted Pari Passu Secured Indebtedness pursuant to the terms of the agreements evidencing such Permitted Pari Passu Secured Indebtedness (collectively, the “Instructing Secured Parties”) to exercise remedies under the Pari Passu Collateral Documents on behalf of the Holders, the Trustee, the secured parties under the New Mandiri Facility and the holders of any Permitted Pari Passu Secured Indebtedness who accede to the Intercreditor Agreement after the Original Issue Date (collectively, the “Secured Parties”). The “Secured Obligations” means the obligations secured under the Pari Passu Collateral Documents. The “Secured Party Documents” means the Indenture and the agreements evidencing such Permitted Pari Passu Secured Indebtedness.

Each of the Common Collateral Agents has agreed to act as a secured party on behalf of the Common Secured Parties under the Pari Passu Collateral Documents, to follow the instructions provided to it in accordance with the Intercreditor Agreement and the Pari Passu Collateral Documents and to carry out certain other duties.

The Intercreditor Agreement and/or the Pari Passu Collateral Documents generally provide that the Common Collateral Agents, as directed by the written instructions from any of the Instructing Secured Parties, will be entitled to commence and pursue the exercise of remedies under the Pari Passu Collateral Documents for the purpose of promptly realizing the value of the Pari Passu Collateral (which shall be shared *pari passu* among the Common Secured Parties).

The Intercreditor Agreement provides that the proceeds of any sale or other realization upon all or any part of the Pari Passu Collateral under the Pari Passu Collateral Documents will be applied by the Common Collateral Agents principally as follows:

- *first*, to the payment of any taxes, filing fees and registration fees and any other expenses owed to any governmental entity and incurred in connection with such sale or other realization (if any);
- *second*, to the payment of, *pro rata* (i) any amounts incurred or owed to the Common Collateral Agents in connection with such sale or other realization; (ii) any amounts owed to the Trustee or any Agent under the Indenture and (iii) any other amounts payable or owed to such agents and trustees under agreements evidencing Permitted Pari Passu Indebtedness in connection with the performance of their respective functions;
- *third*, to the payment of any unreimbursed expenses for any Instructing Secured Party or Common Secured Party who is to be reimbursed pursuant to the Pari Passu Collateral Documents other than those paid under the second clause immediately above;
- *fourth*, to the ratable payment of accrued but unpaid interest on the Secured Obligations;
- *fifth*, to the ratable payment of unpaid principal of the Secured Obligations;

- *sixth*, to any make-whole premium or any other premium payable pursuant to the Secured Party Documents;
- *seventh*, to the ratable payment of all other Secured Obligations, until all Secured Obligations have been paid in full; and
- *finally*, to payment to the Issuer or its successors or assigns, or as a court of competent jurisdiction may direct, of any surplus then remaining from such proceeds.

Further Issues

Subject to the covenants described below and in accordance with the terms of the Indenture, the Issuer may, from time to time, without notice to or the consent of the Holders, create and issue Additional Notes having the same terms and conditions as the Notes (including the benefit of the Subsidiary Guarantees and the Collateral) in all respects (or in all respects except for the issue date, issue price and the date of the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions) so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; *provided* that the issuance of any such Additional Notes shall then be permitted under the covenant described under the caption “— Certain Covenants — Limitation on Indebtedness” and the other provisions of the Indenture.

In addition, the issuance of any Additional Notes by the Issuer will be subject to the following conditions:

- (1) all obligations with respect to the Additional Notes shall be secured and guaranteed under the Indenture, the Notes and the Subsidiary Guarantee to the same extent and on the same basis as the Notes outstanding on the date the Additional Notes are issued;
- (2) the Issuer has delivered to the Trustee an Officer’s Certificate, in form and substance satisfactory to the Trustee, confirming, among other things, that the issuance of the Additional Notes complies with the Indenture and is permitted by the Indenture; and
- (3) the Issuer has delivered to the Trustee one or more Opinions of Counsel, in form and substance satisfactory to the Trustee, confirming, among other things, that the issuance of the Additional Notes does not conflict with applicable law.

Optional Redemption

At any time and from time to time on or after May 14, 2024, the Issuer may at its option on one or more occasions redeem the Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below, plus accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) the redemption date, if redeemed during the 12-month period commencing on May 14 of any year set forth below:

Period	Redemption Price
2024	104.250%
2025	102.125%

At any time and from time to time prior to May 14, 2024, the Issuer may at its option redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more sales of Common Stock of the Issuer in an Equity Offering at a redemption price of 108.5% of the principal amount of the Notes, plus accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) the redemption date; *provided* that at least 65% of the aggregate principal amount of the Notes issued on the Original Issue Date (excluding Notes held by the Issuer and its Restricted Subsidiaries) remains

outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering. Notice of any redemption upon any Equity Offering may be given prior to the completion of such Equity Offering, and any such redemption or notice may, at the Issuer's discretion, be conditioned on the completion of the related Equity Offering.

At any time and from time to time prior to May 14, 2024, the Issuer may at its option on one or more occasions redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) the redemption date. Neither the Trustee nor any of the Agents shall be responsible for verifying or calculating the Applicable Premium.

Mandatory Redemption

If (a) the Issuer ceases to own a majority of the Capital Stock of GEMS or Stanmore or (b) GEMS or Stanmore otherwise ceases to be a Restricted Subsidiary, the Issuer shall redeem all outstanding Notes on a date that is no later than 30 days after the date of such occurrence (the "Mandatory Redemption Date") at the following redemption price:

- (1) if the Mandatory Redemption Date occurs before May 14, 2024, the Notes shall be redeemed at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) such Mandatory Redemption Date; or
- (2) if the Mandatory Redemption Date occurs on or after May 14, 2024, the Notes shall be redeemed at a redemption price equal to the applicable redemption price on such Mandatory Redemption Date set forth under the caption "— Optional Redemption", plus accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) such Mandatory Redemption Date.

Selection and Notice

The Issuer will give not less than 30 days' nor more than 60 days' notice of any redemption. If less than all of the Notes are to be redeemed, the Notes for redemption will be selected as follows:

- if the Notes are listed on any securities exchange or are held through any clearing system, in compliance with the requirements of the principal securities exchange on which the Notes are then traded or the clearing system through which the Notes are held; or
- if the Notes are not listed on any securities exchange and are not held through the clearing systems, on a pro rata basis, by lot or by such other method as the Trustee deems fair and appropriate in its sole and absolute discretion or otherwise in accordance with applicable law.

However, no Note of \$200,000 in principal amount or less will be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. A new Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on Notes or portions of them called for redemption.

Repurchase of Notes Upon a Change of Control

Not later than 30 days following a Change of Control, the Issuer will make an Offer to Purchase all outstanding Notes (a "Change of Control Offer") at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date.

The Issuer has agreed in the Indenture that it will timely repay all Indebtedness or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to the Indenture. Notwithstanding this agreement of the Issuer, it is important to note that if the Issuer is unable to repay (or cause to be repaid) all of the Indebtedness, if any, that would prohibit repurchase of the Notes or is unable to obtain the requisite consents of the holders of such Indebtedness, or terminate any agreements or instruments that would otherwise prohibit a Change of Control Offer, it would continue to be prohibited from purchasing the Notes. In that case, the failure by the Issuer to purchase tendered Notes would constitute an Event of Default under the Indenture.

Certain of the events constituting a Change of Control under the Notes may also constitute an event of default, or trigger the rights of lenders to require prepayment, under certain other debt instruments. Future debt of the Issuer may also (i) prohibit the Issuer from purchasing Notes in the event of a Change of Control, (ii) provide that a Change of Control is a default or (iii) require repurchase or repayment of such debt upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to purchase the Notes could cause a default under such other Indebtedness, even if the Change of Control itself does not, due to the financial effect of the purchase on the Issuer. The ability of the Issuer to pay cash to the Holders following the occurrence of a Change of Control may be limited by the Issuer's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "Risk Factors — Risks Relating to the Notes, the Subsidiary Guarantees and the Collateral — The Issuer may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a Change of Control, or to redeem the Notes upon ceasing to own a majority of the Capital Stock of GEMS or GEMS otherwise ceasing to be a Restricted Subsidiary, as required by the Indenture governing the Notes."

The definition of "Change of Control" includes a phrase "all or substantially all", as used with respect to the assets of the Issuer. No precise definition of the phrase has been established under applicable law, and the phrase will likely be interpreted under applicable law of the relevant jurisdictions based on particular facts and circumstances. Accordingly, there may be a degree of uncertainty as to the ability of a Holder of Notes to require the Issuer to repurchase such Holder's Notes as a result of a sale of "all or substantially all" the assets of the Issuer to another person or group.

Notwithstanding anything to the contrary contained herein, an Offer to Purchase may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the covenant described hereunder, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations described hereunder by virtue of its compliance with such laws and regulations.

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Issuer will not be required to make an Offer to Purchase if (1) a third party makes such Offer to Purchase in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to such Offer to Purchase and such third party purchases all Notes validly tendered and not withdrawn under such Offer to Purchase or (2) notice of redemption for all outstanding Notes has been given pursuant to the Indenture as described above under the caption "— Optional Redemption," unless and until there is a default in payment of the applicable redemption price.

Open Market Purchases

The Issuer and any Restricted Subsidiary may purchase Notes by means other than a redemption, whether by tender offer, open market purchases, negotiated transactions or otherwise, in accordance with applicable securities laws and regulations, so long as such acquisition does not otherwise violate the terms of the Indenture. The Issuer will notify the Trustee in writing at the completion of any such open market purchases. Any Notes acquired by the Issuer or any Restricted Subsidiary will be cancelled.

Additional Amounts

All payments of principal and premium (if any) and interest made by or behalf of the Issuer on the Notes and all payments made by or on behalf of an Subsidiary Guarantor under the Subsidiary Guarantees will be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, levies, assessments or governmental charges of whatever nature imposed or levied, collected, withheld or assessed by or within any jurisdiction in which the Issuer or a Surviving Person (as defined under the caption “— Consolidation, Merger and Sale of Assets”) is organized or resident for tax purposes (each, as applicable, a “Relevant Tax Jurisdiction”) or any jurisdiction in which any Subsidiary Guarantor is organized or resident for tax purposes or from or through which payment is made by or on behalf of the Issuer or any Subsidiary Guarantor (or any political subdivision or taxing authority thereof or therein) (together with the Relevant Tax Jurisdictions, the “Relevant Jurisdictions”), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Issuer, a Surviving Person or the applicable Subsidiary Guarantor, as the case may be, will make such deduction or withholding, make payment of the amount so withheld to the appropriate governmental authority and will pay such additional amounts (“Additional Amounts”) as will result in receipt by the Holder of each Note of such amounts payable under the Notes or the Subsidiary Guarantees as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts will be payable:

- (a) for or on account of:
 - (i) any tax, duty, levy, assessment or other governmental charge that would not have been imposed but for:
 - (A) the existence of any present or former connection between the Holder or beneficial owner (or a fiduciary, settler, beneficiary, partner, member or shareholder of, or possessor of power over the Holder, if the Holder is an estate, nominee, trust, partnership or corporation) of such Note or Subsidiary Guarantee, as the case may be, and the Relevant Jurisdiction other than merely holding such Note or the receipt of payments thereunder or under a Subsidiary Guarantee, including such Holder or beneficial owner (or such fiduciary, settler, beneficiary, partner, member, shareholder, possessor of power) being or having been a national, domiciliary or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;
 - (B) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, or interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period;
 - (C) the failure of the Holder or beneficial owner to comply with a timely request of the Issuer, a Surviving Person or any Subsidiary Guarantor made in accordance with the notices provision hereunder to provide information concerning such Holder’s or

beneficial owner's nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request would have reduced or eliminated any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder or beneficial owner; or

- (D) the presentation of such Note (in cases in which presentation is required) for payment in a Relevant Jurisdiction, unless such Note could not have been presented for payment elsewhere;
- (ii) any estate, inheritance, gift, sale, transfer, personal property or similar tax, duty, levy, assessment or other governmental charge;
- (iii) any tax, duty, levy, assessment or other governmental charge that is payable other than by deduction or withholding from payments made on or with respect to any Note or any Subsidiary Guarantee;
- (iv) any taxes, duties, levies, assessments or other governmental charges that are imposed or withheld pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), as of the issue date (or any amended or successor version of such sections), any regulations promulgated thereunder, any official interpretations thereof, any similar law or regulation adopted pursuant to an intergovernmental agreement between a non-U.S. jurisdiction and the United States with respect to the foregoing or any agreements entered into pursuant to Section 1471(b)(1) of the Code;
- (v) any combination of taxes, duties, levies, assessments or other governmental charges referred to in the preceding clauses (i), (ii), (iii) and (iv); or
- (b) to a Holder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included for tax purposes in the income under the laws of a Relevant Jurisdiction, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner, or beneficial owner been the Holder thereof.

As a result of these provisions, there are circumstances in which taxes could be withheld or deducted but Additional Amounts would not be payable to some or all beneficial owners of Notes.

At least 30 days prior to each date on which any payment under or with respect to the Notes is due and payable, if the Issuer, a Surviving Person or any Subsidiary Guarantor will be obligated to pay Additional Amounts with respect to such payment, the Issuer, the Surviving Person or the Subsidiary Guarantor, as the case may be, will deliver to the Trustee an Officer's Certificate stating the fact that such Additional Amounts will be payable and the amounts estimated to be so payable and will set forth such other information reasonably necessary to enable the Paying Agent to pay such Additional Amounts to the Holders on such payment date.

Notwithstanding the foregoing, the limitations on the obligations of the Issuer, a Surviving Person or a Subsidiary Guarantor, as applicable, to pay Additional Amounts set forth in clause (a)(i)(C) above will not apply if the provision of any certification, identification, information, documentation or other reporting requirement described in such clause would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a Holder or beneficial owner of a Note than comparable information or other reporting requirements imposed under U.S. tax law, regulations and administrative practice (such as Internal Revenue Service Forms W-8BEN and W-9). For the avoidance of doubt, no Holder or beneficial owner of a Note shall have any obligation to establish eligibility for a reduced withholding tax rate under any income tax treaty.

Whenever there is mentioned in any context the payment of principal, premium or interest in respect of any Note or any Subsidiary Guarantee, such mention will be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Redemption for Taxation Reasons

The Notes may be redeemed, at the option of the Issuer or a Surviving Person, as a whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to the Holders and the Trustee (which notice will be irrevocable), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Issuer or the Surviving Person, as the case may be, for redemption (the "Tax Redemption Date") if, as a result of:

- (1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Tax Jurisdiction affecting taxation; or
- (2) any change in, or amendment to, an official position of a Relevant Tax Jurisdiction or the introduction of an official position regarding the application, administration or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction or a change in published practice),

which change or amendment is announced and becomes effective on or after the Original Issue Date with respect to any payment due or to become due under the Notes, the Indenture or a Subsidiary Guarantee (or, in the case of a Surviving Person, the date such Person became a Surviving Person), the Issuer or the Surviving Person, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts, and such requirement cannot be avoided by the taking of reasonable measures by the Issuer or the Surviving Person, as the case may be; provided that changing the jurisdiction of the Issuer or the Surviving Person is not a reasonable measure for the purposes of this section; *provided* further that no such notice of redemption will be given earlier than 90 days prior to the earliest date on which the Issuer or the Surviving Person, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Prior to, or concurrent with, the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer or Surviving Person, as the case may be, will deliver to the Trustee at least 30 days but not more than 60 days before the Tax Redemption Date:

- (1) an Officer's Certificate stating that such change or amendment referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Issuer or such Surviving Person, as the case may be, by taking reasonable measures available to it; and
- (2) an Opinion of Counsel of recognized standing, or an opinion of a tax consultant of international recognized standing, with respect to tax matters of the Relevant Tax Jurisdiction, to the effect that there has been such change or amendment referred to in the prior paragraph.

The Trustee will be entitled to accept such Officer's Certificate and Opinion of Counsel as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it will be conclusive and binding on the Holders.

Any Notes that are redeemed will be cancelled.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

Limitation on Indebtedness

- (a) The Issuer will not, and will not permit any Restricted Subsidiary to, Incur, directly or indirectly, any Indebtedness (including Acquired Indebtedness); *provided* that the Issuer, any Subsidiary Guarantor, any Finance Subsidiary or any other Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness) if, after giving effect to the Incurrence of such Indebtedness and the receipt and the application of the proceeds therefrom, (w) no Default has occurred and is continuing, (x) the Fixed Charge Coverage Ratio would be not less than 3.00 to 1.00, (y) the Consolidated Debt to Consolidated EBITDA Ratio would not be greater than 3.50 to 1.00 and (z) if such Indebtedness constitutes Consolidated Priority Indebtedness, such Indebtedness constitutes Permitted Priority Indebtedness. Notwithstanding the foregoing, the Issuer will not permit any Restricted Subsidiary to Incur any Disqualified Stock (other than Disqualified Stock held by the Issuer or a Subsidiary Guarantor so long as it is so held).
- (b) Notwithstanding the foregoing, the Issuer, any Subsidiary Guarantor or any other Restricted Subsidiary, may Incur each and all of the following (“Permitted Indebtedness”) to the extent provided below:
 - (1) Indebtedness under the Notes to be issued on the Original Issue Date and the Subsidiary Guarantees thereof;
 - (2) Indebtedness of the Issuer or any Restricted Subsidiary outstanding on the Original Issue Date, including the 2023 Notes and the subsidiary guarantees thereof, but excluding Indebtedness permitted under clause (b)(1) or (b)(3) of this covenant;
 - (3) Indebtedness of the Issuer or any Restricted Subsidiary owed to the Issuer or any Restricted Subsidiary; *provided* that (x) any event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness (other than to the Issuer or any Restricted Subsidiary) will be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (b)(3), (y) if the Issuer is the obligor on such Indebtedness, such Indebtedness must be unsecured and expressly be subordinated in right of payment to the Notes, and (z) if a Subsidiary Guarantor is the obligor on such Indebtedness and a Restricted Subsidiary that is not a Subsidiary Guarantor is the obligee, such Indebtedness must be unsecured and expressly subordinated in right of payment to the Subsidiary Guarantee of such Subsidiary Guarantor;
 - (4) Indebtedness of the Issuer or any Restricted Subsidiary (“Permitted Refinancing Indebtedness”) issued in exchange for, or the net proceeds of which are used to refinance or refund, replace, exchange, renew, repay, defease, discharge or extend (collectively, “refinance” and “refinances” and “refinanced” shall have a correlative meaning), then-outstanding Indebtedness (or Indebtedness repaid substantially concurrently with the Incurrence of such Permitted Refinancing Indebtedness) Incurred under paragraph (a) or clause (b)(1), (b)(2) or (b)(4) of this covenant and any refinancings thereof; *provided* that (A) Indebtedness the proceeds of which are used to refinance or refund the Notes or Indebtedness that is *pari passu* with, or subordinated in right of payment to, the Notes or a Subsidiary Guarantee will only be permitted under this clause (b)(4) if (x) in case the Notes are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the Notes or a Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is outstanding, is expressly made *pari passu* with the remaining Notes or such Subsidiary Guarantee, or (y) in case the Indebtedness to be refinanced is subordinated in right of payment to the Notes or a Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes or such

Subsidiary Guarantee at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes or such Subsidiary Guarantee, (B) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the Stated Maturity of the Indebtedness to be refinanced or refunded, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced or refunded, (C) such new Indebtedness has an aggregate principal amount, or if Incurred with original issue discount, an aggregate issue price, that is equal to or less than the aggregate principal amount, or if Incurred with original issue discount, the aggregate accreted value, then outstanding under the Indebtedness being refinanced (plus premiums, accrued interest, underwriting discounts, costs (including any defeasance costs), fees and expenses) and (D) in no event may Indebtedness of the Issuer or any Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any Restricted Subsidiary (other than any Finance Subsidiary) that is not a Subsidiary Guarantor;

- (5) Indebtedness of the Issuer or any Restricted Subsidiary (other than any FS Subsidiary) pursuant to Hedging Obligations for the purpose of protecting the Issuer or any Restricted Subsidiary from fluctuations in interest rates, currencies or commodity prices and not for speculation;
- (6) Indebtedness of the Issuer or any Restricted Subsidiary (other than any FS Subsidiary) arising from agreements providing for indemnification, adjustment of purchase price, earn out or other similar obligations, or from guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Issuer or any Restricted Subsidiary pursuant to such agreements, in any case, Incurred in connection with the acquisition or disposition of any business, assets or Capital Stock of a Restricted Subsidiary, other than guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Capital Stock of a Restricted Subsidiary for the purpose of financing such acquisition; *provided* that the maximum aggregate liability in respect of all such Indebtedness incurred in connection with a disposition shall at no time exceed the gross proceeds actually received by the Issuer or any Restricted Subsidiary from the disposition of such business, assets or Capital Stock of a Restricted Subsidiary;
- (7) Indebtedness of the Issuer or any Restricted Subsidiary arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided* that such Indebtedness is extinguished within five Business Days of Incurrence;
- (8) Indebtedness of the Issuer or any Restricted Subsidiary constituting reimbursement obligations with respect to workers' compensation claims or claims arising under similar legislation, or in connection with self-insurance obligations or bid, performance or surety bonds, including guarantees or obligations of the Issuer any Restricted Subsidiary thereof with respect to letters of credit supporting such bid, performance or surety bonds, in each case other than for an obligation for borrowed money;
- (9) guarantees by the Issuer or any Subsidiary Guarantor of Indebtedness of the Issuer, any Subsidiary Guarantor or a Finance Subsidiary that was permitted to be Incurred by another provision of this covenant; *provided* that if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes or a Subsidiary Guarantee, then the guarantee shall be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed;
- (10) Indebtedness of the Issuer or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit, trade guarantees or similar instruments performance and surety bonds, bankers' acceptances or survey or appeal bonds issued in

the ordinary course of business to the extent that such letters of credit or trade guarantees or performance and surety bonds are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than the 30 days following receipt by the Issuer or such Restricted Subsidiary of a demand for reimbursement;

- (11) Indebtedness of a Finance Subsidiary that is guaranteed by the Issuer or any Subsidiary Guarantor to the extent the Issuer or such Subsidiary Guarantor was permitted to incur such Indebtedness under this covenant (other than under clause (b)(9) of this covenant);
 - (12) Indebtedness of the Issuer or any Restricted Subsidiary under Credit Facilities (including the Mandiri Facilities) in an aggregate principal amount at any time outstanding not to exceed \$150.0 million (or the Dollar Equivalent thereof);
 - (13) Indebtedness of the Issuer or any Restricted Subsidiary in an aggregate principal amount outstanding at any time (together with any refinancings thereof) not to exceed \$25.0 million (or the Dollar Equivalent thereof);
 - (14) any Subordinated Shareholder Loan;
 - (15) Indebtedness under the GMR Shareholder Loan;
 - (16) Indebtedness under the Danamon Credit Facilities in an aggregate principal amount outstanding at any time (together with any refinancings thereof) not to exceed \$5.0 million (or the Dollar Equivalent thereof);
 - (17) Indebtedness of Stanmore or any of its Subsidiaries that are Restricted Subsidiaries (without double counting any guarantees of any such Indebtedness) in an aggregate principal amount outstanding at any time (together with any refinancings thereof) not to exceed \$80.0 million (or the Dollar Equivalent thereof); and
 - (18) Indebtedness of GEMS or any of its Subsidiaries that are Restricted Subsidiaries (without double counting any guarantees of any such Indebtedness) in an aggregate principal amount outstanding at any time (together with any refinancings thereof) not to exceed \$40.0 million (or the Dollar Equivalent thereof).
- (c) For purposes of determining compliance with this “— Certain Covenants — Limitation on Indebtedness” covenant, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, including under the proviso in the first sentence of paragraph (a) of this covenant, the Issuer, in its sole discretion, will classify and from time to time may reclassify, such item of Indebtedness and only be required to include the amount of such Indebtedness as one of such types and may apportion an item of Indebtedness among several such types; *provided* that (i) Indebtedness outstanding under the Mandiri Facilities on the Original Issue Date shall be deemed to be Incurred under clause (b)(12) of this covenant on such date; (ii) Indebtedness outstanding under the GMR Shareholder Loan on the Original Issue Date shall be deemed to be Incurred under clause (b)(15) of this covenant on such date; and (iii) Indebtedness outstanding under the Danamon Credit Facilities on the Original Issue Date shall be deemed to be Incurred under clause (b)(16) of this covenant on such date.
- (d) The accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the reclassification of Preferred Stock as Indebtedness due to a change in accounting principles, and the payment of dividends on Disqualified Stock in the form of additional shares of the same

class of Disqualified Stock will not be deemed to be an Incurrence of Indebtedness; *provided*, in each such case, that the amount of any such accrual, accretion or payment is included in the Consolidated Fixed Charges of the Issuer as accrued.

- (e) Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values. For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred (or first committed, in the case of revolving credit debt); *provided*, that if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced (plus premiums, accrued interest, underwriting discounts, costs (including any defeasance costs), fees and expenses). The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing.

Anti-Layering

The Issuer will not, and will not permit any Subsidiary Guarantor to, Incur any Indebtedness if such Indebtedness is contractually subordinated in right of payment to any other Indebtedness of the Issuer or such Subsidiary Guarantor, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the Notes or the applicable Subsidiary Guarantee, on substantially identical terms; provided that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Subsidiary Guarantor solely by virtue of being unsecured or by virtue of being secured on a junior priority basis.

Limitation on Restricted Payments

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments or any other actions described in clauses (1) through (4) below being collectively referred to as “Restricted Payments”):

- (1) declare or pay any dividend or make any distribution on or with respect to the Issuer’s or any Restricted Subsidiary’s Capital Stock (other than dividends or distributions payable or paid solely in shares of the Issuer’s Capital Stock or by a Restricted Subsidiary in its Capital Stock (in each case, other than Disqualified Stock or Preferred Stock) or in options, warrants or other rights to acquire shares of such Capital Stock) held by Persons other than the Issuer or any Restricted Subsidiary;
- (2) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock (or options, warrants or other rights to acquire such shares of Capital Stock) of the Issuer, any Subsidiary Guarantor or any direct or indirect parent of the Issuer held by any Persons other than the Issuer or any Restricted Subsidiary;
- (3) (a) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Indebtedness that is subordinated in right of payment to the Notes or any Subsidiary Guarantee (excluding any

intercompany Indebtedness between or among the Issuer and any Restricted Subsidiary or among Restricted Subsidiaries) or (b) make any payment in respect of any Subordinated Shareholder Loan (other than payments in the form of Subordinated Shareholder Loans); or

- (4) make any Investment, other than a Permitted Investment,

if, at the time of, and after giving effect to, the proposed Restricted Payment:

- (A) a Default has occurred and is continuing or would occur as a result of such Restricted Payment;
- (B) the Issuer could, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable Four Quarter Period, not Incur at least \$1.00 of Indebtedness under the proviso in the first sentence of paragraph (a) of the covenant described under the caption “— Certain Covenants — Limitation on Indebtedness”; or
- (C) such Restricted Payment, together with the aggregate amount of all Restricted Payments made by the Issuer and its Restricted Subsidiaries after the Original Issue Date would exceed the sum (without duplication) of:
 - (i) 50% of the aggregate amount of the Consolidated Net Income of the Issuer (or, if the Consolidated Net Income is a loss, minus 100% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on January 1, 2021 and ending on the last day of the Issuer’s most recently ended fiscal quarter for which consolidated financial statements of the Issuer (which may be internal financial statements) are available and have been provided to the Trustee at the time of such Restricted Payment; plus
 - (ii) 100% of the aggregate Net Cash Proceeds received by the Issuer after the Original Issue Date as a capital contribution to its common equity or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not a Subsidiary of the Issuer, including any such Net Cash Proceeds received upon (x) the conversion of any Indebtedness (other than Subordinated Indebtedness) of the Issuer or any Restricted Subsidiary into Capital Stock (other than Disqualified Stock) of the Issuer, or (y) the exercise by a Person who is not a Subsidiary of the Issuer of any options, warrants or other rights to acquire Capital Stock of the Issuer (other than Disqualified Stock), in each case after deducting the amount of any such Net Cash Proceeds used to redeem, repurchase, defease or otherwise acquire or retire for value any Subordinated Indebtedness or Capital Stock of the Issuer; plus
 - (iii) the amount by which Indebtedness of the Issuer or any Restricted Subsidiary is reduced on the Issuer’s statement of financial position upon conversion or exchange (other than by a Subsidiary of the Issuer) subsequent to the Original Issue Date of any Indebtedness of the Issuer or any Restricted Subsidiary into Capital Stock (other than Disqualified Stock) of the Issuer (less the amount of any cash, or the Fair Market Value of any other property, distributed by the Issuer or any Restricted Subsidiary upon such conversion or exchange); plus
 - (iv) to the extent that any Investment (other than a Permitted Investment) that was made after the Original Issue Date is made in a Person that subsequently becomes a Restricted Subsidiary of the Issuer, the value of such Investment immediately prior to the time it becomes a Restricted Subsidiary (not to exceed the amount of such Investments made); plus

- (v) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) that were made after the Original Issue Date in any Person resulting from (a) payments of interest on Indebtedness, dividends or repayments of loans or advances by such Person, in each case to the Issuer or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income), (b) the unconditional release of a guarantee provided by the Issuer or any Restricted Subsidiary after the Original Issue Date of an obligation of another Person, (c) the Net Cash Proceeds from the sale of any such Investment (except to the extent such Net Cash Proceeds are included in the calculation of Consolidated Net Income) or (d) from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, not to exceed, in each case, the amount of Investments made by the Issuer or a Restricted Subsidiary after the Original Issue Date in any such Person.

The foregoing provision will not be violated by reason of:

- (1) the payment of any dividend or redemption of any Capital Stock within 60 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption would comply with the preceding paragraph;
- (2) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Issuer or any Subsidiary Guarantor with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;
- (3) any Restricted Payment made in exchange for, or out of the Net Cash Proceeds of a substantially concurrent capital contribution to or sale (other than to a Subsidiary of the Issuer) of, shares of Capital Stock (other than Disqualified Stock) of the Issuer (or options, warrants or other rights to acquire such Capital Stock); *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (C)(ii) of the preceding paragraph;
- (4) (x) the payment of any dividends or distributions declared, paid or made by a Restricted Subsidiary to, or (y) the redemption, repurchase, defeasance or other acquisition by a Restricted Subsidiary of any shares of its Capital Stock (including options, warrants or other rights to acquire such shares of Capital Stock) from, all holders of any class of Capital Stock of such Restricted Subsidiary, a majority of which is held, directly or indirectly through Restricted Subsidiaries, by the Issuer, in each case on a pro rata basis or on a basis more favorable to the Issuer;
- (5) the repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Issuer or any Restricted Subsidiary held by any current or former officer, director, commissioner or employee of the Issuer or any Restricted Subsidiary pursuant to any equity subscription agreement, stock option agreement, shareholders' agreement or similar agreement, including agreements entered into subsequent to the date of the Indenture; *provided* that the aggregate amount paid for all such repurchased, redeemed, acquired or retired Capital Stock since the date of the Indenture may not exceed \$1.0 million (or the Dollar Equivalent thereof) in any fiscal year;
- (6) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock or any Preferred Stock of any Restricted Subsidiary issued on or after the date of the Indenture that was permitted to be issued pursuant to the covenant described under the caption "— Incurrence of Indebtedness;"

- (7) repurchases of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights to acquire Capital Stock to the extent such Capital Stock represents a portion of the exercise price thereof;
- (8) cash payments in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible or exchangeable for Capital Stock of the Issuer; *provided* that any such cash payment shall not be for the purpose of evading the limitations of this covenant;
- (9) the GIAPL Acquisition;
- (10) the making of any other Restricted Payment in an aggregate amount, together with all other Restricted Payments made under this clause (10), not exceeding \$10.0 million (or the Dollar Equivalent thereof),

provided that in the case of clause (2), (5), (6), (9) or (10) above, no Default will have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein.

Each Restricted Payment permitted pursuant to clauses (1), (5), (8) and (10) of the preceding paragraph made after the Original Issue Date will be included in calculating whether the conditions of clause (C) of the first paragraph of this “— Certain Covenants — Limitation on Restricted Payments” covenant have been met with respect to any subsequent Restricted Payments. Each Restricted Payment made pursuant to clauses (2), (3), (4), (6), (7), (8) and (9) of the preceding paragraph will be excluded in calculating whether the conditions of clause (C) of the first paragraph of this “— Certain Covenants — Limitation on Restricted Payments” covenant have been met with respect to any subsequent Restricted Payments.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Issuer or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The value of any assets or securities that are required to be valued by this covenant will be the Fair Market Value. The Board of Directors’ determination of the Fair Market Value of a Restricted Payment or any such assets or securities must be based upon an opinion or appraisal issued by an accounting, appraisal or investment banking firm of recognized standing if the Fair Market Value exceeds \$10.0 million (or the Dollar Equivalent thereof).

Not later than the date of making any Restricted Payment in excess of \$10.0 million (or the Dollar Equivalent thereof), the Issuer will deliver to the Trustee an Officer’s Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this “— Certain Covenants — Limitation on Restricted Payments” covenant were computed, together with a copy of any fairness opinion or appraisal required by the Indenture.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

- (a) Except as provided below, the Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:
 - (1) pay dividends or make any other distributions on any Capital Stock of such Restricted Subsidiary owned by the Issuer or any Restricted Subsidiary;
 - (2) pay any Indebtedness or other obligation owed to the Issuer or any Restricted Subsidiary;
 - (3) make loans or advances to the Issuer or any Restricted Subsidiary; or
 - (4) sell, lease or transfer any of its property or assets to the Issuer or any Restricted Subsidiary;

provided that it being understood that (i) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock; (ii) the subordination of loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness Incurred by the Issuer or any Restricted Subsidiary; and (iii) provisions requiring transactions to be on fair and reasonable terms or on an arm's length basis, in each case, shall not be deemed to constitute such an encumbrance or restriction.

(b) The provisions of paragraph (a) will not apply to any encumbrances or restrictions:

- (1) existing in agreements as in effect on the Original Issue Date, or in the Notes, the Subsidiary Guarantees, the Indenture, the Collateral Documents and any extensions, refinancings, renewals, supplements, amendments or replacements of any of the foregoing agreements; provided that the encumbrances and restrictions in any such extension, refinancing, renewal, supplement, amendment or replacement are not materially more restrictive, taken as a whole, than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed, supplemented, amended or replaced;
- (2) existing under or by reason of applicable law, rule, regulation, license, concession, approval, decree or order issued by any government or any agency thereof;
- (3) with respect to any Person or the property or assets of such Person acquired by the Issuer or any Restricted Subsidiary, existing at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, and any extensions, refinancings, renewals, supplements, amendments or replacements thereof; provided that the encumbrances and restrictions in any such extension, refinancing, renewal, supplement, amendment or replacement are not materially more restrictive, taken as a whole, than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed, supplemented, amended or replaced;
- (4) that otherwise would be prohibited by the provision described in paragraph (a) of this covenant if they arise, or are agreed to in the ordinary course of business and (x) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease or license or similar instrument, (y) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to, any property or assets of the Issuer or any Restricted Subsidiary not otherwise prohibited by the Indenture or (z) do not relate to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Issuer or any Restricted Subsidiary in any manner material to the Issuer or any Restricted Subsidiary;
- (5) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by the “— Certain Covenants — Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries”, “— Certain Covenants — Limitation on Indebtedness” and “— Certain Covenants — Limitation on Asset Sales” covenants;
- (6) with respect to any Permitted Refinancing Indebtedness; provided that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;
- (7) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

- (8) existing with respect to any Unrestricted Subsidiary or the property or assets of such Unrestricted Subsidiary that is designated as a Restricted Subsidiary in accordance with the terms of the Indenture at the time of such designation and not incurred in contemplation of such designation, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Subsidiary or its subsidiaries or the property or assets of such Subsidiary or its subsidiaries, and any extensions, refinancings, renewals, supplements or amendments or replacements thereof; provided that the encumbrances and restrictions in any such extension, refinancing, renewal, supplement, amendment or replacement, taken as a whole, are no more restrictive in any material respect than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed, supplemented, amended or replaced;
- (9) arising from provisions in joint venture agreements and other similar agreements entered into in the ordinary course of business if, as determined by the Board of Directors in good faith, the encumbrances or restrictions are (i) customary for such types of agreements and (ii) would not, at the time agreed to, be expected to materially and adversely affect the ability of the Issuer to make required payments on the Notes; or
- (10) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness permitted to be Incurred under the covenant described under the caption “— Certain Covenants — Limitation on Indebtedness” if, as determined by the Board of Directors in good faith, the encumbrances or restrictions are (i) customary for such types of agreements and (ii) would not, at the time agreed to, be expected to materially and adversely affect the ability of the Issuer to make required payments on the Notes.

Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries

The Issuer will not sell, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell, any shares of Capital Stock of a Restricted Subsidiary (or options, warrants or other rights to purchase shares of such Capital Stock) except:

- (a) to the Issuer or a Restricted Subsidiary;
- (b) to the extent such Capital Stock represents director’s qualifying shares or is required by applicable law to be held by a Person other than the Issuer or a Restricted Subsidiary;
- (c) the issuance or sale of the shares of Capital Stock of a Restricted Subsidiary if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any remaining Investment in such Person would have been permitted to be made under the “— Certain Covenants — Limitation on Restricted Payments” covenant if made on the date of such issuance or sale and *provided* that the Issuer complies with the “— Certain Covenants — Limitation on Asset Sales” covenant; and
- (d) the issuance or sale of Capital Stock of a Restricted Subsidiary which remains a Restricted Subsidiary after any such issuance or sale; *provided* that the Issuer or such Restricted Subsidiary applies, to the extent required, the Net Cash Proceeds of such issuance or sale in accordance with the “— Certain Covenants — Limitation on Asset Sales” covenant.

Notwithstanding the foregoing, a Restricted Subsidiary may issue Common Stock to its shareholders on a pro rata basis or on a basis more favorable to the Issuer or its other Restricted Subsidiaries.

Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Issuer will not permit any Restricted Subsidiary which is not a Subsidiary Guarantor, directly or indirectly, to provide any guarantee for any Indebtedness (“Guaranteed Indebtedness”) of the Issuer or any Subsidiary Guarantor unless (a) such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture providing for an unsubordinated Subsidiary Guarantee of payment of the Notes by such Restricted Subsidiary and (b) such Restricted Subsidiary waives and will not in any manner whatsoever claim, or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Issuer or any Subsidiary Guarantor as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee until the Notes have been paid in full.

If the Guaranteed Indebtedness (A) ranks *pari passu* in right of payment with the Notes or any Subsidiary Guarantee, then the guarantee of such Guaranteed Indebtedness shall rank *pari passu* in right of payment with, or subordinated to, the Subsidiary Guarantee or (B) is subordinated in right of payment to the Notes or any Subsidiary Guarantee, then the guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to the Subsidiary Guarantee at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes or the Subsidiary Guarantee.

Limitation on Transactions with Shareholders and Affiliates

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction or arrangement (including the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with (a) any holder (or any Affiliate of such holder) of 10% or more of any class of Capital Stock of the Issuer or (b) any Affiliate of the Issuer (each an “Affiliate Transaction”), unless:

- (1) the Affiliate Transaction is on terms that are no less favorable to the Issuer or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm’s-length transaction by the Issuer or the relevant Restricted Subsidiary with a Person that is not such a holder or an Affiliate of the Issuer or such Restricted Subsidiary; and
- (2) the Issuer delivers to the Trustee:
 - (A) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$5.0 million (or the Dollar Equivalent thereof), a Board Resolution set forth in an Officer’s Certificate certifying that such Affiliate Transaction complies with this covenant and such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and
 - (B) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$10.0 million (or the Dollar Equivalent thereof), in addition to the Board Resolution required in clause (2)(A) above, an opinion issued by an accounting, appraisal or investment banking firm of recognized standing stating either (i) that such Affiliate Transaction is, or series of related Affiliate Transactions are, fair to the Issuer or such Restricted Subsidiary from a financial point of view or (ii) that the terms of such Affiliate Transaction is, or series of related Affiliate Transactions are, not materially less favorable to the Issuer or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm’s length transaction by the Issuer or such Restricted Subsidiary with a Person that is not such a holder or an Affiliate of the Issuer or such Restricted Subsidiary.

The foregoing limitation does not limit, and will not apply to:

- (1) the payment of reasonable and customary fees to directors or consultants of the Issuer or any Restricted Subsidiary who are not employees of the Issuer or any Restricted Subsidiary;

- (2) transactions or payments pursuant to any employment, compensation or benefit plan or agreement (whether based in cash or securities), officer or director indemnification agreement, severance or termination agreement or any similar arrangement entered into by the Issuer or any Restricted Subsidiary with their respective officers, directors or employees and payments pursuant thereto, including the payment of reasonable fees and reimbursement of expenses, in each case in the ordinary course of business;
- (3) transactions between or among the Issuer and any of its Wholly Owned Restricted Subsidiaries or between or among Wholly Owned Restricted Subsidiaries;
- (4) any Restricted Payment permitted by the covenant described under the caption “— Certain Covenants — Limitation on Restricted Payments”;
- (5) transactions or payments pursuant to any employee, officer, commissioner or director compensation or benefit plans or arrangements entered into in the ordinary course of business, approved by the Board of Directors and in compliance with the listing rules of the SGX-ST;
- (6) transactions with a Person (other than an Unrestricted Subsidiary of the Issuer) that is an Affiliate of the Issuer solely because the Issuer, directly or indirectly, owns Capital Stock in, or controls, such Person or solely because the Issuer or one of its Subsidiaries has the right to designate one or more members of the Board of Directors or similar governing body of such Person;
- (7) any Subordinated Shareholder Loan;
- (8) any agreement between any Person (other than a Person that is an Affiliate of the Issuer or acquired from an Affiliate of the Issuer) that is acquired by or merged into the Issuer or any of its Restricted Subsidiaries and an Affiliate of the Issuer existing at the time of such acquisition or merger; *provided* that such agreement was not entered into in contemplation of such acquisition or merger;
- (9) transactions with customers, contractors, purchasers or suppliers of goods or services or lessors or lessees, in each case in the ordinary course of business that are fair or on terms at least as favorable as arm’s length transactions with unrelated Persons;
- (10) any sale of Capital Stock (other than Disqualified Stock) of the Issuer; and
- (11) loans or advances to, or guarantees of obligations of, directors, commissioners, officers or employees of the Issuer or a Restricted Subsidiary in the ordinary course of business not to exceed \$2.0 million (or the Dollar Equivalent thereof) in the aggregate at any one time outstanding.

In addition, the requirements of clause (2) of the first paragraph of this covenant will not apply to (i) transactions pursuant to agreements in effect on the Original Issue Date, or any amendment or modification or replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Issuer and its Restricted Subsidiaries than the original agreement in effect on the Original Issue Date, (ii) any transaction between or among any of the Issuer or a Wholly Owned Restricted Subsidiary and any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary or between or among Restricted Subsidiaries that are not Wholly Owned Restricted Subsidiaries; *provided* that in the case of clause (ii), (a) such transaction is entered into in the ordinary course of business and (b) none of the minority shareholders or minority partners (if any) of or in such Restricted Subsidiary is a Person described in clauses (a) or (b) of the first paragraph of this covenant (other than by reason of such minority shareholder or minority partner being an officer or director of such Restricted Subsidiary), or (iii) any Permitted Investment (other than a Permitted Investment of the type described in clause (1)(b) of the definition of “Permitted Investment”).

Limitation on Liens

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, incur, assume or permit to exist any Lien of any nature whatsoever on the Collateral (other than Permitted Liens).

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, incur, assume or permit to exist any Lien of any nature whatsoever on any of its assets or properties of any kind, whether owned at the Original Issue Date or thereafter acquired, except Permitted Liens, unless the Notes are secured equally and ratably with (or, if the obligation or liability to be secured by such Lien is subordinated in right of payment to the Notes or any Subsidiary Guarantee, senior in priority to) the obligation or liability so secured for so long as such obligation or liability is so secured by such Lien.

Limitation on Sale and Leaseback Transactions

The Issuer will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction; *provided* that the Issuer or any Subsidiary Guarantor may enter into a Sale and Leaseback Transaction if:

- (a) the Issuer or such Subsidiary Guarantor could have (1) Incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under the covenant described under the caption “— Certain Covenants — Limitation on Indebtedness” and (2) incurred a Lien to secure such Indebtedness pursuant to the covenant described under the caption “— Certain Covenants — Limitation on Liens,” in which case, the corresponding Indebtedness and Lien will be deemed incurred pursuant to those provisions;
- (b) the gross cash proceeds of that Sale and Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale and Leaseback Transaction; and
- (c) the transfer of assets in that Sale and Leaseback Transaction is not prohibited by, and the Issuer applies, to the extent required, the proceeds of such transaction in compliance with, the covenant described under the caption “— Certain Covenants — Limitation on Asset Sales.”

Limitation on Asset Sales

The Issuer will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

- (a) the consideration received by the Issuer or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of;
- (b) except in the case of an Asset Sale of Pledged GEMS Shares, at least 75% of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets; *provided* that in the case of an Asset Sale in which the Issuer or such Restricted Subsidiary receives Replacement Assets involving aggregate consideration in excess of \$5.0 million (or the Dollar Equivalent thereof), the Issuer shall deliver to the Trustee an opinion as to the fairness to the Issuer or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized standing. For purposes of this provision, each of the following will be deemed to be cash:
 - (A) any liabilities, as shown on the Issuer’s most recent consolidated statement of financial position, of the Issuer or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Subsidiary Guarantee) that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, novation or similar agreement that irrevocably and unconditionally releases the Issuer or such Restricted Subsidiary from further liability;

- (B) any securities, notes or other obligations received by the Issuer or any Restricted Subsidiary from such transferee that are promptly, but in any event within 30 days of closing, converted by the Issuer or such Restricted Subsidiary into cash, to the extent of the cash received in that conversion; and
- (c) in the case of an Asset Sale of Pledged GEMS Shares, 100% of the consideration received consists of cash, Temporary Cash Investments, any Capital Stock of the kind referred to in clause (2) of the next paragraph of this covenant, or any combination of the foregoing, *provided*, that, to the extent the consideration received comprises Capital Stock of the kind referred to in clause (2) of the next paragraph of this covenant, the Capital Stock so acquired becomes part of the Pari Passu Collateral and the Notes are secured by a first priority Lien on such assets on an equal and ratable basis with any Permitted Pari Passu Secured Indebtedness in respect thereof.

Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale of Pledged GEMS Shares, the Issuer (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Cash Proceeds to:

- (1) to the extent the Issuer or such Restricted Subsidiary elects (or is required by the terms of any Permitted Pari Passu Secured Indebtedness), to prepay any such Indebtedness, the Issuer shall make such prepayments and, within 30 days of such prepayments, commence and consummate an Offer to Purchase from the Holders with respect to the Notes' pro rata amount of such Net Cash Proceeds. The offer price in any such Offer to Purchase will be equal to 100% of the principal amount (or accreted value, if applicable) of the Notes plus accrued and unpaid interest, if any, to the date of purchase, subject to the rights of Holders of Notes on the relevant Record Date to receive interest on the relevant interest payment date, and will be payable in cash; or
- (2) acquire any Capital Stock of a Person that is primarily engaged in a Permitted Business (other than any thermal coal business) that is, or will upon such acquisition become, (x) a Restricted Subsidiary or (y) a JV Company; *provided* (i) in the case of an Investment in a JV Company, such Investment is a Restricted Payment permitted under the covenant described under the caption "— Certain Covenants — Limitation on Restricted Payments", and (ii) any Capital Stock acquired pursuant to this clause (2) is pledged on a first priority basis to secure the Notes and any other Permitted Pari Passu Secured Indebtedness, *provided further* that pending the use of the Net Cash Proceeds in accordance with this clause (2), such Net Cash Proceeds shall be deposited in an account pledged in favor of the Notes and any other Permitted Pari Passu Secured Indebtedness on an equal and ratable basis;

If any Net Cash Proceeds remain after consummation of an Offer to Purchase conducted pursuant to clause (1), the Issuer may use those proceeds for any purpose not otherwise prohibited by the Indenture.

Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale (other than an Asset Sale of Pledged GEMS Shares), the Issuer (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Cash Proceeds to:

- (1) repay Senior Indebtedness (and, if such Senior Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto) of the Issuer and the Restricted Subsidiaries (in each case other than Indebtedness owed to the Issuer or an Affiliate of the Issuer); or
- (2) acquire Replacement Assets.

Pending application of such Net Cash Proceeds from an Asset Sale of assets other than Pledged GEMS Shares as set forth in the preceding paragraph, the Issuer (or applicable Restricted Subsidiary) may use such Net Cash Proceeds to make an Investment in cash or Temporary Cash Investments or to temporarily reduce revolving credit Indebtedness.

The amount of such Net Cash Proceeds from Asset Sales required to be applied during such 360-day period as set forth in the second or third preceding paragraphs and not applied as so required by the end of such period shall constitute “Excess Proceeds.” Within 10 days after the aggregate amount of Excess Proceeds totals at least \$10.0 million (or the Dollar Equivalent thereof), the Issuer must commence and thereafter consummate an Offer to Purchase from (a) the Holders and (b)(i) holders of Senior Indebtedness (in the case of Asset Sales of assets other than Pledged GEMS Shares) and (ii) holders of Permitted Pari Passu Secured Indebtedness (in the case of Assets Sales of Pledged GEMS Shares), provided that in the case of (b)(i) and (ii) such Senior Indebtedness and Permitted Pari Passu Secured Indebtedness contain provisions similar to those set forth in the Indenture with respect to offers to purchase with the proceeds of sales of assets, the maximum principal amount of Notes and such Senior Indebtedness or such Permitted Pari Passu Secured Indebtedness (as the case may be) that may be purchased out of the Excess Proceeds. The offer price in any such Offer to Purchase will be equal to 100% of the principal amount (or accreted value, if applicable) of the Notes and such Senior Indebtedness or such Permitted Pari Passu Secured Indebtedness (as the case may be) plus accrued and unpaid interest, if any, to the date of purchase, subject to the rights of Holders of Notes on the relevant Record Date to receive interest on the relevant interest payment date, and will be payable in cash. If the aggregate principal amount of Notes and Senior Indebtedness or Permitted Pari Passu Secured Indebtedness (as the case may be) tendered into such Offer to Purchase exceeds the amount of Excess Proceeds, the Notes and such Senior Indebtedness or such Permitted Pari Passu Secured Indebtedness (as the case may be) will be purchased on a pro rata basis based on the aggregate of the principal amounts of Notes and such Senior Indebtedness and such Permitted Pari Passu Secured Indebtedness tendered. To the extent that any Excess Proceeds remain after consummation of an Offer to Purchase pursuant to this “Limitation on Asset Sales” covenant, the Issuer or any Restricted Subsidiary may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture, and those Excess Proceeds shall no longer constitute “Excess Proceeds.”

The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to an Offer to Purchase. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the covenant described hereunder, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations described hereunder by virtue of its compliance with such laws and regulations.

Limitation on the Issuer’s Business Activities

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than a Permitted Business; *provided*, that the Issuer or any Restricted Subsidiary may own Capital Stock of an Unrestricted Subsidiary, joint venture or other Person that is engaged in a business other than a Permitted Business as long as any Investment therein was not prohibited when made by the covenant described under the caption “— Certain Covenants — Limitation on Restricted Payments.”

Maintenance of Insurance

The Issuer will, and will cause each Restricted Subsidiary, to maintain insurance with reputable and financially sound carriers against such risks and in such amounts as is customarily carried by similar companies engaged in a similar business to the Permitted Business in the jurisdictions in which the Issuer or such Restricted Subsidiary conducts its businesses.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors may designate any Restricted Subsidiary (other than GEMS and Stanmore) to be an Unrestricted Subsidiary; *provided that* (a) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (b) neither the Issuer nor any Restricted Subsidiary guarantees the Indebtedness or other liabilities of such Restricted Subsidiary; (c) such Restricted Subsidiary has no outstanding Indebtedness that could trigger a cross-default to the Indebtedness of the Issuer or any Restricted Subsidiary; (d) such Restricted Subsidiary does not own any Disqualified Stock of the Issuer or Disqualified Stock or Preferred Stock of another Restricted Subsidiary or hold any Indebtedness of, or any Lien on any property of, the Issuer or any Restricted Subsidiary, if such Disqualified Stock or Preferred Stock or Indebtedness could not be Incurred under the covenant described under “— Certain Covenants — Limitation on Indebtedness” or such Lien would violate the covenant described under “— Certain Covenants — Limitation of Liens;” (e) such Restricted Subsidiary does not own any Voting Stock of another Restricted Subsidiary, and all of its Subsidiaries are Unrestricted Subsidiaries or are being concurrently designated as Unrestricted Subsidiaries in accordance with this paragraph; (f) the Investment deemed to have been made thereby in such newly-designated Unrestricted Subsidiary and each other newly-designated Unrestricted Subsidiary being concurrently redesignated would be permitted to be made by the covenant described under the caption “— Certain Covenants — Limitation on Restricted Payments” and (g) in no event will any license, authorization or concession that is material to the operation of the Permitted Business of the Issuer and its Restricted Subsidiaries be transferred to or held by an Unrestricted Subsidiary.

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided that* (a) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (b) any Indebtedness of such Unrestricted Subsidiary outstanding at the time of such designation which will be deemed to have been Incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred by the covenant described under the caption “— Certain Covenants — Limitation on Indebtedness;” (c) any Lien on the property of such Unrestricted Subsidiary at the time of such designation which will be deemed to have been Incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred by the covenant described under the caption “— Certain Covenants — Limitation on Liens;” and (d) such Unrestricted Subsidiary is not a Subsidiary of another Unrestricted Subsidiary (that is not concurrently being designated as a Restricted Subsidiary). All designations must be evidenced by a Board Resolution and an Officer’s Certificate delivered to the Trustee certifying compliance with the preceding provisions.

Use of Proceeds

The Issuer will not, and will not permit any Restricted Subsidiary to, use the net proceeds from the sale of the Notes on the Original Issue Date, in any amount, for any purpose other than (a) in the approximate amounts and for the purposes specified under the caption “Use of Proceeds” in this Offering Memorandum and (b) pending application of all of such net proceeds in such manner, to invest the portion of such net proceeds not yet so applied in cash or Temporary Cash Investments or to temporarily reduce revolving credit Indebtedness. For the avoidance of doubt, none of the proceeds from the sale of the Notes on the Original Issue Date will be used for, directly or indirectly, any Investment in energy coal businesses, projects or assets.

Government Approvals and Licenses; Compliance with Law

The Issuer will, and will cause each Restricted Subsidiary to, (a) obtain and maintain in full force and effect all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to engage in the Permitted Business, (b) preserve and maintain good and valid title to its properties and assets free and clear of any Liens other than Permitted Liens and (c) comply with all laws, regulations, orders, judgments and decrees of any governmental body, except to the extent that failure so to obtain, maintain, preserve and comply would not reasonably be expected to have a material adverse

effect on (1) the business, results of operations or prospects of the Issuer and its Restricted Subsidiaries, taken as a whole, or (2) the ability of the Issuer or any Subsidiary Guarantor to perform their obligations under the Notes, the relevant Subsidiary Guarantee or the Indenture.

Suspension of Certain Covenants

If on any date following the date of the Indenture, the Notes have a rating of Investment Grade from two of the Rating Agencies and no Default or Event of Default has occurred and is continuing (a “Suspension Event”), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have a rating of Investment Grade from two of the Rating Agencies, the provisions of the Indenture summarized under the following captions will be suspended:

- (1) “— Certain Covenants — Limitation on Indebtedness;”
- (2) “— Certain Covenants — Limitation on Restricted Payments;”
- (3) “— Certain Covenants — Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries;”
- (4) “— Certain Covenants — Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries;”
- (5) “— Certain Covenants — Limitation on Issuances of Guarantees by Restricted Subsidiaries;”
- (6) clauses (a)(1), (b) and (c) of the covenant described under the caption “— Certain Covenants — Limitation on Sale and Leaseback Transactions;”
- (7) “— Certain Covenants — Limitation on Asset Sales;”
- (8) clause (c) and (d) of the first paragraph and clause (C) and (D) of the second paragraph of the covenant described under the caption “Consolidation, Merger and Sale of Assets;”
- (9) “— Certain Covenants — Maintenance of Insurance;”
- (10) “— Certain Covenants — Anti-Layering;”
- (11) “— Certain Covenants — Limitation on the Issuer’s Business Activities;” and
- (12) the requirement to maintain the Interest Reserve Account in accordance with the provisions described under the caption “— Interest Reserve Account.”

During any period that the foregoing covenants have been suspended, the Board of Directors may not designate any Restricted Subsidiary as an Unrestricted Subsidiary pursuant to the covenant described under the caption “— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries” or the definition of “Unrestricted Subsidiary.”

Such covenants will be reinstated and apply according to their terms as of and from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Issuer or any Restricted Subsidiary properly taken in compliance with the provisions of the Indenture during the continuance of the Suspension Event, and following reinstatement the calculations under the covenant described under the caption “— Certain Covenants — Limitation on Restricted Payments” will be made as if such covenant had been in effect since the date of the Indenture except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended. There can be no assurance that the Notes will ever achieve an Investment Grade Rating or that, if achieved, any such rating will be maintained.

Provision of Financial Statements and Reports

- (a) So long as any of the Notes remain outstanding, the Issuer will file with the Trustee and furnish to the Holders upon request, as soon as they are available but in any event not more than 10 calendar days after they are filed with the SGX-ST or any other national stock exchange on which the Issuer's Common Stock is at any time listed for trading, true and correct copies of any financial or other report in the English language (and an English translation of any financial or other report in any other language) filed with such exchange; *provided* that, if at any time the Common Stock of the Issuer ceases to be listed for trading on the SGX-ST or any other national stock exchange, the Issuer will file with the Trustee (and furnish to the Holders upon request) in the English language (or accompanied by an English translation thereof):
- (1) as soon as they are available, but in any event within 120 calendar days after the end of each fiscal year of the Issuer, annual reports containing, and in a level of detail that is comparable in all material respects to that included in this Offering Memorandum, the following information: (i) audited consolidated statements of financial position of the Issuer as of the end of the two most recent fiscal years and audited consolidated statement of profit or loss and other comprehensive income and statement of cash flows of the Issuer for the two most recent fiscal years, including complete footnotes to such financial statements and the audit report of a member firm of an internationally recognized firm of independent accountants on the financial statements; (ii) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, EBITDA and liquidity and capital resources of the Issuer, and a discussion of material recent developments and material commitments and contingencies and critical accounting policies; and (iii) description of the business, management and shareholders of the Issuer (on a consolidated basis);
 - (2) as soon as they are available, but in any event within 45 calendar days after the end of each of the first three fiscal quarters of the Issuer, quarterly reports of the Issuer containing an unaudited condensed consolidated statements of financial position as of the end of such fiscal quarter and unaudited condensed consolidated statement of profit or loss and other comprehensive income and statement of cash flows of the Issuer for the most recent fiscal quarter ending on the unaudited condensed consolidated statement of financial position date, and the comparable prior year period, prepared on a basis consistent with the audited financial statements of the Issuer, together with a certificate signed by the person then authorized to sign financial statements on behalf of the Issuer to the effect that such financial statements present fairly the financial position of the Issuer as at the end of, and the results of its operations for, the relevant quarterly period.
- (b) In addition, so long as any of the Notes remain outstanding, the Issuer will provide to the Trustee (1) within 120 days after the close of each fiscal year, an Officer's Certificate stating (i) the Fixed Charge Coverage Ratio and the Consolidated Debt to EBITDA Ratio with respect to the four most recent fiscal quarters and showing in reasonable detail the calculation of the Fixed Charge Coverage Ratio and the Consolidated Debt to EBITDA ratio, including the arithmetic computations of each component of the Fixed Charge Coverage Ratio and the Consolidated Debt to EBITDA Ratio, with a certificate from the Issuer's external auditors verifying the accuracy and correctness of the calculation and arithmetic computation; *provided* that the Issuer shall not be required to provide such auditor certification if its external auditors refuse as a general policy to provide such certification and (ii) that a review has been conducted of the activities of the Issuer and the Restricted Subsidiaries and their performance under the Indenture, the Notes and the Collateral Documents, and that the Issuer has fulfilled all obligations thereunder or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof; and (2) as soon as possible and in any event within 10 days after the Issuer becomes aware of the occurrence of a Default

and/or an Event of Default (and also within 14 days of any request in writing by the Trustee), an Officer's Certificate of the Issuer setting forth the details thereof and the action the Issuer is taking or proposes to take with respect thereto.

At any time that any of the Issuer's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, constitutes a Significant Subsidiary of the Issuer, then the annual and quarterly financial information required by clauses (a)(1) and (a)(2) above shall include a summary presentation, either on the face of the financial statements or in the footnotes thereto or in the operating and financial review of the financial statements of the revenue, EBITDA, net income, cash, total assets, total debt, shareholders equity, capital expenditures and interest expense of the Issuer and its Restricted Subsidiaries on a consolidated basis.

Events of Default

The following events will be defined as "Events of Default" in the Indenture:

- (a) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;
- (b) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;
- (c) (x) the Issuer or any Restricted Subsidiary defaults in the performance of or breaches any of the provisions of the covenants described under the captions "— Consolidation, Merger and Sale of Assets," (y) the Issuer fails to make or consummate an Offer to Purchase in the manner described under the captions "— Repurchase of Notes upon a Change of Control," or "— Certain Covenants — Limitation on Asset Sales" or the Issuer defaults in the performance of or breaches the covenant described under the caption "— Mandatory Redemption" or (z) the Issuer fails to create a first priority Lien on the Collateral (subject to any Permitted Liens) in accordance with the provisions described under the caption "— Security;"
- (d) the Issuer or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (a), (b) or (c) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Notes then outstanding;
- (e) there occurs with respect to (x) any Indebtedness of the Issuer or any Restricted Subsidiary having an outstanding principal amount of \$10.0 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or will hereafter be created or (y) any Subordinated Shareholder Loan, (1) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity and/or (2) a failure to pay principal of, or interest or premium (subject to the applicable grace period in the relevant documents) on, such Indebtedness when the same becomes due;
- (f) one or more final judgments or orders for the payment of money are rendered against the Issuer or any Restricted Subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed \$10.0 million (or the Dollar Equivalent thereof) (in excess of amounts that reputable insurance carriers have agreed in writing to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

- (g) an involuntary case or other proceeding is commenced against the Issuer or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) or for any substantial part of the property and assets of the Issuer or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Issuer or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;
- (h) the Issuer or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) (1) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (2) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) or for all or substantially all of the property and assets of the Issuer or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) or (3) effects any general assignment for the benefit of creditors;
- (i) any Subsidiary Guarantor denies or disaffirms in writing its obligations under its Subsidiary Guarantee or any Subsidiary Guarantee is finally determined in any judicial proceeding by a court of competent jurisdiction to be unenforceable or invalid or will for any reason cease to be in full force and effect, or the Issuer or any Subsidiary Guarantor repudiates the Indenture, the Notes or any Subsidiary Guarantee in writing, except as permitted by the Indenture;
- (j) a moratorium is agreed or declared in respect of any Indebtedness of the Issuer or any Subsidiary Guarantor or any governmental authority shall take any action to condemn, seize, nationalize or appropriate all or a substantial part of the assets of the Issuer and its Restricted Subsidiaries;
- (k) any failure by the Issuer to maintain the Interest Reserve Account as required in accordance with the provisions described under “— Interest Reserve Account”;
- (l) any default by the Issuer in the performance of any of its obligations under the Collateral Documents that adversely affects the enforceability, validity, perfection or priority of the applicable Lien on the Collateral or that adversely affects the condition or value of the Collateral, taken as a whole, in any material respect;
- (m) (i) the Issuer denies or disaffirms in writing its obligations under any Collateral Document or (ii) other than in accordance with the Indenture and the Collateral Documents, any Collateral Document ceases to be or is not in full force and effect or the Trustee or any Collateral Agent ceases to have a first priority Lien over the Collateral (subject to any Permitted Liens and in respect of the Pari Passu Collateral, any Intercreditor Agreement);
- (n) the revocation, termination, suspension or other cessation of effectiveness of (i) the CCoW (Coal Contract of Work) issued to PT Borneo Indobara for sole and exclusive rights in connection with the exploration and exploitation of coal deposits in the assigned concession area in South Kalimantan and (ii) the IUPs (*Izin Usaha Pertambangan*) issued to PT Kuansing Inti Makmur and its subsidiaries for sole and exclusive rights in connection with the

exploration and exploitation of coal deposits in the assigned concession area in Jambi, Sumatra, which results (other than through the expiration of such CCoW or IUP) in the cessation or suspension of coal-mining operations for a period of more than 90 consecutive days; or

- (o) the Issuer or any Significant Subsidiary is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore.

If an Event of Default (other than an Event of Default specified in clause (g) or (h) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes, then outstanding, by written notice to the Issuer (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written direction of such Holders will (subject to it being indemnified and/or secured and/or pre-funded to its satisfaction), declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest will be immediately due and payable. If an Event of Default specified in clause (g) or (h) above occurs, the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding will automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of at least a majority in principal amount of the outstanding Notes by written notice to the Issuer and to the Trustee (subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction by such Holders), may on behalf of all Holders waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

- (x) all existing Events of Default, other than the non-payment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived; and
- (y) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

If an Event of Default occurs and is continuing, the Trustee may, and shall (subject to it being indemnified and/or secured and/or pre-funded to its satisfaction) upon the request of Holders of at least 25% in aggregate principal amount of the Notes outstanding, pursue, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of and interest on the Notes or to enforce the performance of any provision of the Notes or the Indenture, including, but not limited to, directing a foreclosure on the Collateral in accordance with the terms of the Collateral Documents, subject to any Intercreditor Agreement in the case of Pari Passu Collateral, and take such further action on behalf of the Holders with respect to the Collateral in accordance with such Holders' instruction and the relevant Collateral Documents, subject to any Intercreditor Agreement in the case of Pari Passu Collateral. The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture or that may involve the Trustee in personal liability, or that the Trustee determines may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders.

In addition, the Trustee will not be required to expend its own funds in following such direction if has not been provided with indemnification and/or security and/or pre-funding satisfactory to it.

Subject to the provisions of the Indenture relating to the duties of the Trustee, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any Holders unless such Holders have instructed the Trustee in writing and have offered, and if accepted, provided to the Trustee security and/or indemnity and/or pre-funding to its satisfaction (which, in the case of a direction to enforce the Deeds of Guarantee, or any other document governed under the laws of the Republic of Indonesia against the Subsidiary Guarantors or any other Person, shall be subject to the provisions of the Indenture) against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts when due, no Holder may pursue any remedy with respect to the Indenture or the Notes, unless:

- (1) the Holder has previously given the Trustee written notice of a continuing Event of Default;
- (2) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;
- (3) such Holder or Holders offer, and if accepted, provide the Trustee indemnity and/or security and/or pre-funding satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such written request;
- (4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer, and if accepted within such 60-day period, the provision of indemnity and/or security and/or pre-funding; and
- (5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a written direction that is inconsistent with the request.

Notwithstanding anything to the contrary in the Indenture, the Deeds of Guarantee or any other document relating to the Notes and the Collateral Documents, in the event the Trustee shall receive instructions from two or more groups of Holders, each holding at least 25% in aggregate principal amount of the then outstanding Notes, and the Trustee believes (in its sole and absolute discretion and subject to such legal or other advice as it may deem appropriate) that such instructions are conflicting, the Trustee may, in its sole and absolute discretion, exercise any one or more of the following options:

- (i) refrain from acting on any such conflicting instructions;
- (ii) take the action requested by the Holders of the highest percentage of the aggregate principal amount of the then outstanding Notes, notwithstanding any other provisions of this Indenture; and
- (iii) petition a court of competent jurisdiction for further instructions.

In all such instances where the Trustee has acted or refrained from acting as outlined above, the Trustee shall not be responsible or liable for any losses or liability of any nature whatsoever to any party.

However, such limitations do not apply to the contractual right of any Holder to receive payment of the principal of, premium, if any, or interest, and Additional Amounts, if any, on, such Note or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which contractual right will not be impaired or affected without the consent of the Holder.

Consolidation, Merger and Sale of Assets

The Issuer will not consolidate with, or merge with or into, another Person, permit any Person to merge with or into it or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions), unless:

- (a) the Issuer will be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets (the "Surviving Person") will be a corporation organized and validly existing under the laws of Singapore and will expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Issuer under the Indenture, the Notes and the Collateral Documents, as the case may be, and the Indenture, the Notes and the Collateral Documents, as the case may be, will remain in full force and effect;
- (b) immediately after giving effect to such transaction on a *pro forma* basis, no Default will have occurred and be continuing;
- (c) immediately after giving effect to such transaction on a *pro forma* basis, the Issuer or the Surviving Person, as the case may be, could Incur at least \$1.00 of Indebtedness under the proviso in the first sentence of paragraph (a) of the covenant described under the caption "— Certain Covenants — Limitation on Indebtedness;"
- (d) immediately after giving effect to such transaction on a *pro forma* basis, the Issuer or the Surviving Person, as the case may be, shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Issuer immediately prior to such transaction;
- (e) the Issuer delivers to the Trustee (1) an Officer's Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (c) and (d) of this paragraph) and (2) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and such supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with;
- (f) each Subsidiary Guarantor, unless such Subsidiary Guarantor is the Person with which the Issuer has entered into a transaction described under this covenant, shall execute and deliver a supplemental indenture to the Indenture confirming that its Subsidiary Guarantee shall apply to the obligations of the Issuer or the Surviving Person in accordance with the Notes and the Indenture; and
- (g) no Rating Decline will have occurred.

No Subsidiary Guarantor will consolidate with, merge with or into, another Person, permit any Person to merge with or into it or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) to another Person (other than the Issuer or another Subsidiary Guarantor), unless:

- (A) such Subsidiary Guarantor will be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets will be the Issuer or another Subsidiary Guarantor or will become a Subsidiary Guarantor concurrently with the transaction, and such Person shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of such Subsidiary Guarantor under the Indenture, the Notes and the Subsidiary Guarantee, as the case may be, including the obligation to pay Additional Amounts, and the Indenture, the Notes and the Subsidiary Guarantee, as the case may be, shall remain in full force and effect;

- (B) immediately after giving effect to such transaction on a *pro forma* basis, no Default will have occurred and be continuing;
- (C) immediately after giving effect to such transaction on a *pro forma* basis, the Issuer could Incur at least \$1.00 of Indebtedness under the proviso in the first sentence of paragraph (a) of the covenant described under the caption “— Certain Covenants — Limitation on Indebtedness;”
- (D) immediately after giving effect to such transaction on a *pro forma* basis, the Issuer or the Surviving Person, as the case may be, shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Issuer immediately prior to such transaction;
- (E) the Issuer delivers to the Trustee (1) an Officer’s Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (C) and (D) of this paragraph) and (2) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with; and
- (F) no Rating Decline will have occurred,

provided that this paragraph will not apply to (a) any sale or other disposition that complies with the “— Certain Covenants — Limitation on Asset Sales” covenant or any Subsidiary Guarantor whose Subsidiary Guarantee is unconditionally released in accordance with the provisions of the Indenture and (b) a consolidation or merger of any Subsidiary Guarantor with and into the Issuer or any other Subsidiary Guarantor, so long as the Issuer or such Subsidiary Guarantor survives such consolidation or merger.

The requirements of clause (c) and (d) of the first paragraph of this covenant will not apply to any consolidation, or other combination or merger, of the Issuer into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Issuer or changing the legal form of the Issuer.

Although there is a limited body of case law interpreting the phrase “substantially all”, there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve “all or substantially all” of the property or assets of a Person.

Upon any consolidation or merger, or any sale, conveyance, transfer, lease, assignment or other disposition of all or substantially all of the properties and assets of the Issuer or a Subsidiary Guarantor in a transaction that is subject to, and that complies with the provisions of, this “Consolidation, Merger and Sale of Assets” covenant, the successor Person (to the Issuer or the relevant Subsidiary Guarantor, as the case may be) shall, except as provided above, succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, conveyance, transfer, lease, assignment or other disposition, the provisions of this Indenture referring to “Issuer” or “Subsidiary Guarantor” (as the case may be) shall refer instead to the successor Person and not to the predecessor Issuer or the relevant predecessor Subsidiary Guarantor (as the case may be) (and the predecessor Issuer or the relevant predecessor Subsidiary Guarantor shall be relieved from the obligation to pay the principal of, premium on, if any, and interest on, the Notes under the Indenture, the Notes or the applicable Subsidiary Guarantee), and may exercise every right and power of the Issuer or the relevant Subsidiary Guarantor (as the case may be) under the Indenture with the same effect as if such successor Person had been named as the Issuer or a Subsidiary Guarantor (as the case may be) in the Indenture; *provided, however*, that the predecessor Issuer or the predecessor Subsidiary Guarantor (as the case may be) shall not be relieved from the obligation to pay the principal of, premium on, if any, and interest on, the Notes under the Indenture, the Notes or the applicable Subsidiary Guarantee in the case of a lease of all or substantially all of its properties and assets.

The foregoing provisions would not necessarily afford Holders protection in the event of highly-leveraged or other transactions involving the Issuer that may adversely affect Holders.

No Payments for Consents

The Issuer will not, and will not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes, unless such consideration is offered to be paid or is paid to all Holders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment.

Notwithstanding the foregoing, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes, the Issuer and any of its Restricted Subsidiaries may exclude (a) in connection with an exchange offer, holders or beneficial owners of the Notes that are not “qualified institutional buyers” as defined in Rule 144A under the Securities Act, and (b) in connection with any consent, waiver or amendment, holders or beneficial owners of the Notes in any jurisdiction where the inclusion of such holders or beneficial owners would require the Issuer or any of its Restricted Subsidiaries to (i) file a registration statement, prospectus or similar document or subject the Issuer or any of its Restricted Subsidiaries to ongoing periodic reporting or similar requirements under any securities laws (including but not limited to, the United States federal securities laws and the laws of the European Union or its member states), (ii) qualify as a foreign corporation or other entity as a dealer in securities in such jurisdiction if it is not otherwise required to so qualify, (iii) generally consent to service of process in any such jurisdiction or (iv) subject the Issuer or any of its Restricted Subsidiaries to taxation in any such jurisdiction if it is not otherwise so subject, or the solicitation of such consent, waiver or amendment from, or the granting of such consent or waiver, or the approval of such amendment by, holders or beneficial owners in such jurisdiction would be unlawful, in each case as determined by the Issuer in its sole discretion.

Defeasance

Defeasance and Discharge

The Indenture will provide that the Issuer will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below, and the provisions of the Indenture and the Collateral Documents will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies and to hold monies for payment in trust) if, among other things:

- (a) the Issuer has (1) deposited with the Trustee (or such other entity designated or appointed (as agent) by it for such purpose), in trust, money and/or U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes and (2) delivered to the Trustee an Opinion of Counsel or a certificate of an internationally recognized firm of independent accountants to the effect that the amount deposited by the Issuer is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity of such payment in accordance with the terms of the Indenture and the Notes and an Opinion of Counsel to the effect that the Holders have a valid, perfected, exclusive security in the trust;
- (b) the Issuer has delivered to the Trustee (1) either (x) an Opinion of Counsel of recognized international standing with respect to U.S. federal tax laws which is based on a change in applicable U.S. federal income tax law occurring after the Original Issue Date to the effect that beneficial owners will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the Issuer’s exercise of its option under this “— Defeasance and Discharge” provision and will be subject to U.S. federal income tax on the same amounts and in the same

manner and at the same time as would have been the case if such deposit, defeasance and discharge had not occurred or (y) a ruling directed to the Trustee received from the U.S. Internal Revenue Service to the same effect as the aforementioned Opinion of Counsel and (2) an Opinion of Counsel of recognized international standing to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 183 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law;

- (c) the Issuer shall have delivered to the Trustee an Officer's Certificate stating that the deposit was not made by it with the intent of preferring the Holders over any other of its creditors or with the intent of defeating, hindering, delaying or defrauding any other of its creditors or others;
- (d) immediately after giving effect to such deposit on a *pro forma* basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, will have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance will not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Issuer or any Restricted Subsidiary is a party or by which the Issuer or any Restricted Subsidiary is bound; and
- (e) the Issuer must deliver to the Trustee an Officer's Certificate acceptable to the Trustee and an Opinion of Counsel, each stating that all conditions precedent relating to such defeasance have been complied with.

In case of either discharge or defeasance of the Notes, the Subsidiary Guarantees will terminate.

Defeasance of Certain Covenants

The Indenture will further provide that the provisions of the Indenture will no longer be in effect with respect to clauses (c), (d), (e)(1) and (g) under the first paragraph and clauses (C), (D), (E)(1) and (F) under the second paragraph under “— Consolidation, Merger and Sale of Assets” and all the covenants described herein under “— Certain Covenants” other than as described under “— Certain Covenants — Anti-Layering”, clause (c) under “— Events of Default” with respect to such clauses (c), (d), (e)(1) and (g) under the first paragraph and clauses (C), (D), (E)(1) and (F) under the second paragraph under “— Consolidation, Merger and Sale of Assets” and with respect to the other events set forth in such clause, clause (d) under “— Events of Default” with respect to such other covenants and clauses (e) and (f) under “— Events of Default” will be deemed not to be Events of Default upon, among other things, the deposit with the Trustee (or such other entity designated or appointed (as agent) by it for such purpose), in trust, of money, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, Additional Amounts, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes, the satisfaction of the provisions described in clause (b)(2), (c) and (e) under “— Defeasance and Discharge” above and the delivery by the Issuer to the Trustee of an Opinion of Counsel of recognized international standing with respect to U.S. federal income tax matters to the effect that beneficial owners will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance of certain covenants and Events of Default and will be subject to U.S. federal income tax on the same amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred.

Defeasance and Certain Other Events of Default

If in the event the Issuer exercises its option to omit compliance with certain covenants and provisions of the Indenture with respect to the Notes as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of money and/or U.S. Government Obligations on deposit with the Trustee (or such other entity designated or appointed (as agent) by it for such purpose) will be sufficient to pay amounts due on the Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Notes at the time of the acceleration resulting from such Event of Default. However, the Issuer under the Indenture will remain liable for such payments.

Amendments and Waiver

Amendments Without Consent of Holders

The Indenture, the Notes, the Subsidiary Guarantees, the Deeds of Guarantee, the Collateral Documents or the Intercreditor Agreement may be amended, without the consent of any Holder, to:

- (a) cure any ambiguity, defect, omission or inconsistency in the Indenture, the Notes, the Subsidiary Guarantees, the Deeds of Guarantee, the Collateral Documents or the Intercreditor Agreement;
- (b) provide for uncertificated Notes in addition to or in place of certificated Notes (*provided*, that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code);
- (c) comply with the provisions described under “— Consolidation, Merger and Sale of Assets;”
- (d) evidence and provide for the acceptance of appointment by a successor Trustee or Collateral Agent or to provide for the accession by the Trustee or the Collateral Agent to any additional intercreditor agreement;
- (e) add any Subsidiary Guarantor or any Subsidiary Guarantee or release any Subsidiary Guarantor from any Subsidiary Guarantee as provided or permitted by the terms of the Indenture;
- (f) add additional collateral to secure the Notes or the Subsidiary Guarantees;
- (g) provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;
- (h) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;
- (i) effect any changes to the Indenture in a manner necessary to comply with the procedures of any relevant clearing system;
- (j) make any other change that, in the good faith opinion of the Board of Directors, does not materially and adversely affect the rights of any Holder of Notes;
- (k) conform the text of the Indenture, the Notes, the Subsidiary Guarantees, the Deeds of Guarantee, the Collateral Documents or the Intercreditor Agreement to any provision of this “Description of the Notes” to the extent that such provision in this “Description of the Notes” was intended to be a verbatim recitation of a provision of the Indenture, the Notes, the Subsidiary Guarantees, the Collateral Documents or the Intercreditor Agreement;

- (l) enter into additional or supplemental Collateral Documents or any amendment to the Intercreditor Agreement that add additional creditors permitted to become a party thereto as contemplated under the terms of the Indenture and the Intercreditor Agreement;
- (m) release Collateral in accordance with the terms of the Indenture, the Intercreditor Agreement or the Collateral Documents; or
- (n) enter into any amendment to the Intercreditor Agreement (i) so long as such Intercreditor Agreement contains terms at least as favorable in all material respects to holders of Notes as in the Intercreditor Agreement prior to such amendment or (ii) that is necessary to permit the Issuer or the Subsidiary Guarantors to take any action that is not otherwise prohibited by the terms of the Indenture.

In connection with the matters indicated above, the Trustee shall be entitled to rely absolutely on an opinion of counsel and an Officer's Certificate to the effect that the entry into such amendment, supplement or waiver is authorized or permitted.

Amendments With Consent of Holders

Amendments of the Indenture, the Notes, the Subsidiary Guarantees, the Deeds of Guarantee, the Collateral Documents or the Intercreditor Agreement may be made by the Issuer, the Subsidiary Guarantors and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the holders of a majority in principal amount of the outstanding Notes may waive future compliance by the Issuer or the Subsidiary Guarantors with any provision of the Indenture, the Notes, the Subsidiary Guarantees, the Deeds of Guarantee, the Collateral Documents or the Intercreditor Agreement; *provided* that no such modification, amendment or waiver may, without the consent of each Holder affected thereby:

- (a) change the Stated Maturity of the principal of, or any installment of interest on, any Note;
- (b) reduce the principal amount of, or premium, if any, or interest on, any Note;
- (c) change the currency, time or place of payment of principal of, or premium, if any, or interest on, any Note;
- (d) impair the contractual right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note or any Subsidiary Guarantee;
- (e) reduce the above stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture;
- (f) waive a default in the payment of principal of, premium, if any, or interest on the Notes;
- (g) release any Subsidiary Guarantor from its Subsidiary Guarantee, except as provided in the Indenture;
- (h) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;
- (i) amend, change or modify any Subsidiary Guarantee or Deed of Guarantee in a manner that adversely affects the Holders, except as provided in the Indenture;

- (j) release any Collateral, except as provided in the Indenture, the Intercreditor Agreement and the Collateral Documents;
- (k) amend, change or modify any provision of any Collateral Document or the Indenture relating to the Collateral, in a manner that adversely affects the Holders, except in accordance with the other provisions of the Indenture and such Collateral Document;
- (l) reduce the amount payable upon a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale or change the time or manner by which a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale may be made or by which the Notes must be repurchased pursuant to a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale, in each case after the obligation to make such Change of Control Offer or Offer to Purchase with the Excess Proceeds from any Asset Sale has arisen;
- (m) change the redemption date or the redemption price of the Notes from that stated under “— Optional Redemption” or “— Redemption for Taxation Reasons;”
- (n) amend, change or modify the obligation of the Issuer or any Subsidiary Guarantor to pay Additional Amounts; or
- (o) amend, change or modify any provision of the Indenture or the related definitions to contractually subordinate in right of payment the Notes or any Subsidiary Guarantee to any other Indebtedness of the Issuer or any Subsidiary Guarantor (for the avoidance of doubt, the Notes and the Subsidiary Guarantees will not be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Subsidiary Guarantor solely by virtue of being unsecured or by virtue of being secured on a junior priority basis).

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights of registration of transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when:

- (1) either:
 - (a) all of the Notes theretofore authenticated and delivered (except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust by the Issuer and thereafter repaid to the Issuer) have been delivered to the Paying Agent for cancellation; or
 - (b) all Notes not theretofore delivered to the Paying Agent for cancellation have become due and payable pursuant to an optional redemption notice or otherwise or will become due and payable within one year, and the Issuer has irrevocably deposited or caused to be deposited with the Trustee (or such other entity designated or appointed (as agent) by it for such purpose) funds, in cash in U.S. dollars, non-callable U.S. Government Obligations or a combination thereof, in an amount sufficient to pay and discharge the entire indebtedness on the Notes not theretofore delivered to the Paying Agent for cancellation, for principal of, premium, if any, and interest on the Notes to the date of deposit together with irrevocable written instructions from the Issuer directing the Trustee to apply such funds to the payment thereof at maturity or redemption, as the case may be;
- (2) the Issuer or any Subsidiary Guarantor has paid all other sums payable under this Indenture; and

- (3) such deposit will not result in a breach or violation of, or constitute a default under, any instruments to which the Issuer or any Subsidiary Guarantor is a party or by which the Issuer or any Subsidiary Guarantor is bound (other than the Indenture, the Notes or any Collateral Document).

In addition, the Issuer must deliver to the Trustee an Officer's Certificate and an Opinion of Counsel stating that all conditions precedent to satisfaction and discharge have been satisfied.

Unclaimed Money

Claims against the Issuer for the payment of principal of, premium, if any, or interest, on the Notes will become void unless presentation for payment is made as required under the Indenture within a period of six years.

No Personal Liability of Incorporators, Stockholders, Members, Officers, Directors, Commissioners or Employees

No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Issuer or any of the Subsidiary Guarantors in the Indenture, or in any of the Notes or the Subsidiary Guarantees or because of the creation of any Indebtedness represented thereby, will be had against any incorporator, stockholder, officer, commissioner, director, employee or controlling person of the Issuer or any of the Subsidiary Guarantors or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes and the Subsidiary Guarantees. Such waiver may not be effective to waive liabilities under any applicable securities law.

Concerning the Trustee and the Agents

The Bank of New York Mellon is to be appointed as Trustee and The Bank of New York Mellon, London Branch is to be appointed as paying agent (the "Paying Agent") under the Indenture. The Bank of New York Mellon SA/NV Dublin Branch is to be appointed as registrar and transfer agent (the "Registrar and Transfer Agent" and together with the Paying Agent, the "Agents") with regard to the Notes. The Bank of New York Mellon, Singapore Branch is to be appointed as Notes Collateral Agent with regard to the Notes Collateral under the Notes Collateral Document and the Non-Indonesian Common Collateral Agent with regards to certain of the Pari Passu Collateral under the Pari Passu Collateral Documents. PT Bank CIMB Niaga Tbk. is to be appointed as the Indonesian Common Collateral Agent with regards to certain other Pari Passu Collateral under the Pari Passu Collateral Documents. Except during the continuance of a Default, the Trustee will not be liable, except for the performance of such duties and only such duties as are specifically set forth in the Indenture, and no implied covenant or obligation shall be read into the Indenture against the Trustee and the Agents. If an Event of Default has occurred and is continuing, the Trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture as a prudent person would exercise under the circumstances in the conduct of such person's own affairs.

The Trustee is permitted to engage in other transactions, including normal banking and trustee relationships, with the Issuer and its Affiliates; *provided* that if it acquires any conflicting interest, it must eliminate such conflict or resign.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, if a Global Note is exchanged for Certificated Notes, the Issuer will appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, and make an announcement of such exchange through the SGX-ST that will include all material information with respect to the delivery of the Certificated Notes, including details of the paying agent in Singapore by way of an announcement through SGXNET.

The Trustee will be under no obligation to exercise any of the rights or powers conferred on it under the Indenture at the request or direction of any of the Holders unless such Holders have provided to the Trustee indemnity and/or security (including by way of pre-funding) to its satisfaction against any loss, liability or expense that might be incurred by it in compliance with such request or direction. With respect to a request or direction from Holders to enforce the Deeds of Guarantee, or any other document governed under the laws of the Republic of Indonesia against the Subsidiary Guarantors or any other Person, indemnity and security shall include, without limitation (and without limiting the Trustee's ability to accept other forms of security and indemnity), prefunding by the requesting Holders of an account in the name of the Trustee in such amounts as the Trustee determines in its sole and absolute discretion. The foregoing prefunding requirements shall be in addition, and subject in all respects, to any other requirements of the Trustee regarding the indemnity or security to be provided to it in connection with any such enforcement request, including requirements regarding the creditworthiness of the requesting Holders.

Whenever the Trustee is required or entitled by the terms of the Indenture and the Notes to exercise any discretion or power, take any action of any nature, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction or certification, to solicit Holders for direction, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction or certification where the Trustee is seeking such directions or the non-exercise of such discretion or power, or not taking any such action or making any such decision or giving any such direction or certification in the absence of any such directions from Holders. In any event, and as provided elsewhere herein, even where the Trustee has been directed by the Holders, the Trustee shall not be required to exercise any such discretion, power or take any such action as aforesaid unless it has been indemnified and/or secured and/or prefunded to its satisfaction.

The Trustee is indemnified and given relief from responsibility in circumstances as set out in the Indenture.

The Trustee is entitled to rely on all certifications received pursuant to the Indenture without investigating the accuracy, authenticity and validity of those certifications.

The Trustee shall not be responsible for the performance by any other person appointed by the Issuer in relation to the Notes and, unless notified in writing to the contrary, shall assume that the same are being duly performed. The Trustee shall not be liable to any Holders or any other person for any action taken by the Holders or the Trustee, as the case may be, in accordance with the instructions of the Holders. The Trustee shall be entitled to rely on any written direction of the Holders which has been duly given by the Holders of the requisite principal amount of the Notes outstanding.

The Trustee shall not be deemed to have knowledge of any event unless it has been actually notified of such event.

The Indenture provides that the Trustee will not be liable with respect to any action taken or omitted to be taken in accordance with the direction of the Holders of Notes relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee in respect of such Notes.

Book-Entry; Delivery and Form

The Notes will initially be represented by one or more permanent global notes in registered form without interest coupons (each a "Global Note") and will be deposited upon issuance with a common depositary and registered in the name of the common depositary or its nominee for the accounts of Euroclear and Clearstream.

Global Note

Ownership of beneficial interests in the Global Note (the “book-entry interests”) will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants.

Except as set forth below under “— Individual Definitive Notes,” the book-entry interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant’s account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge book-entry interests. So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of Global Note for all purposes under the Indenture and “holders” of book-entry interests will not be considered the owners or “Holders” of Notes for any purpose. As such, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of the participants through which they own book-entry interests in order to transfer their interests in the Notes or to exercise any rights of Holders under the Indenture.

Payments on the Global Note

Payments of any amounts owing in respect of the Global Note (including principal, premium, interest and Additional Amounts) will be made to the Paying Agent in U.S. dollars. The Paying Agent will, in turn, make such payments to the common depositary for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their procedures. The Issuer will make payments of all such amounts without deduction or withholding for, or on account of, any taxes, except as may be required by law and described above under “—Additional Amounts.”

Under the terms of the Indenture, the Issuer, the Trustee and the Agents will treat the registered holder of the Global Note (i.e., the common depositary or its nominee) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Subsidiary Guarantors, the Trustee, the Agents or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participants, or for maintaining, supervising or reviewing any of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest; or
- Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of book-entry interests held through participants are the responsibility of such participants.

Redemption of Global Note

In the event any Global Note, or any portion thereof, is redeemed, the common depositary will distribute the amount received by it in respect of the Global Note so redeemed to Euroclear and/or Clearstream, as applicable, who will distribute such amount to the holders of the book-entry interests in such Global Note. The redemption price payable in connection with the redemption of such book-entry interests will be equal to the amount received by the common depositary, Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants’ accounts

on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; *provided* that no book-entry interest of \$200,000 principal amount, or less, as the case may be, will be redeemed in part.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised that they will take any action permitted to be taken by a Holder only at the direction of one or more participants to whose account the book-entry interests in the Global Note are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Note. If there is an Event of Default under the Notes, however, each of Euroclear and Clearstream reserves the right to exchange the Global Notes for individual definitive notes in certified form, and to distribute such individual definitive notes to their participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a Holder requires physical delivery of individual definitive Notes for any reason, including to sell the Notes to persons in jurisdictions which require physical delivery of such securities or to pledge such securities, such Holder must transfer its interest in the Global Note in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

Any book-entry interest in a Global Note that is transferred to a person who takes delivery in the form of a book-entry interest in another Global Note will, upon transfer, cease to be a book-entry interest in the first-mentioned Global Note and become a book-entry interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to book-entry interests in such other Global Note for as long as it retains such a book-entry interest.

Global Clearance and Settlement Under the Book-Entry System

Book-entry interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable. Book-entry interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

The book-entry interests will trade through participants of Euroclear or Clearstream, and will settle in immediately available, same day funds. Since the purchaser determines the place of delivery, it is important to establish at the time of trading of any book-entry interests where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Information Concerning Euroclear and Clearstream

We understand as follows with respect to Euroclear and Clearstream: Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks and trust companies, and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Although the foregoing sets out the procedures of Euroclear and Clearstream in order to facilitate the original issue and subsequent transfers of interests in the Notes among participants of Euroclear and Clearstream, neither Euroclear nor Clearstream is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Issuer, the Subsidiary Guarantors, the Trustee, the Agents or any of their respective agents will have responsibility for the performance of Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations, including, without limitation, rules and procedures relating to book-entry interests.

Individual Definitive Notes

If (1) the common depositary or any successor to the common depositary is at any time unwilling or unable to continue as a depositary for the reasons described in the Indenture and a successor depositary is not appointed by the Issuer within 90 days (2) either Euroclear or Clearstream, or a successor clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so, or (3) any of the Notes has become immediately due and payable in accordance with “— Events of Default” and the Issuer has received a written request from a Holder, the Issuer will issue individual definitive Notes in registered form in exchange for the Global Note.

Upon receipt of such notice from the common depositary or the Trustee, as the case may be, the Issuer will use its best efforts to make arrangements with the common depositary for the exchange of interests in the Global Note for individual definitive Notes and cause the requested individual definitive Notes to be executed and delivered to the registrar in sufficient quantities and authenticated by the Registrar for delivery to Holders. Persons exchanging interests in a Global Note for individual definitive Notes will be required to provide the registrar, through the relevant clearing system, with written instruction and other information required by the Issuer and the registrar to complete, execute and deliver such individual definitive Notes. In all cases, individual definitive Notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by the relevant clearing system.

Individual definitive Notes will not be eligible for clearing and settlement through Euroclear or Clearstream.

Notices

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier or by being deposited, first-class postage prepaid, in the United States mails (if intended for the Issuer or any Subsidiary Guarantor) addressed to the Issuer or such Subsidiary Guarantor at the registered office of the Issuer, or (if intended for the Trustee) addressed to the Trustee, at the corporate trust office of the Trustee; and (if intended for any Holder) addressed to such Holder at such Holder’s last address as it appears in the Note register.

Any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of the relevant clearing system. Any such notice will be deemed to have been delivered on the day such notice is delivered to the relevant clearing system or if by mail, when so sent or deposited.

Consent to Jurisdiction; Service of Process

The Issuer and each of the Subsidiary Guarantors will irrevocably (i) submit to the non-exclusive jurisdiction of any U.S. federal or New York state court located in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to, the Notes, any Subsidiary Guarantee or the Indenture or any transaction contemplated thereby and (ii) designate and appoint Law Debenture Corporate Services Inc. for receipt of service of process in any such suit, action or proceeding.

Governing Law

Each of the Notes, the Subsidiary Guarantees and the Indenture provides that such instrument will be governed by, and construed in accordance with, the laws of the State of New York. The Notes Collateral Document will be governed by, and construed in accordance with, the laws of Singapore. The Pari Passu Collateral Documents will be governed by, and construed in accordance with, the laws of Indonesia, the laws of Singapore or the laws of Australia, as the case may be.

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this “Description of the Notes” for which no definition is provided.

“*2023 Notes*” means the 9.00% Senior Secured Notes due 2023 issued by the Issuer and guaranteed by the Old Subsidiary Guarantors.

“*Acquired Indebtedness*” means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary, whether or not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary.

“*Ascend*” means Ascend Global Investment Fund SPC — ADSP.

“*Adjusted Treasury Rate*” means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield in maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

“*Affiliate*” means, with respect to any Person, any other Person (i) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person or (ii) who is a director, commissioner or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (i) of this definition. For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling”, “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“*Applicable Premium*” means, with respect to a Note at any redemption date, the greater of (i) 1.00% of the principal amount of such Note and (ii) the excess of (A) the present value at such redemption date of the redemption price of such Note on May 14, 2024 (such redemption price being described in the first paragraph in the “— Optional Redemption” section exclusive of any accrued interest), plus all required remaining scheduled interest payments due on such Note through May 14, 2024 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Adjusted Treasury Rate plus 50 basis points, over (B) the principal amount of such Note on such redemption date.

None of the Trustee or any of the Agents will be responsible for calculating or verifying the Applicable Premium.

“*Asset Acquisition*” means (i) an Investment by the Issuer or any Restricted Subsidiary in any other Person pursuant to which such Person will become a Restricted Subsidiary or will be merged into or consolidated with the Issuer or any Restricted Subsidiary, or (ii) an acquisition by the Issuer or any Restricted Subsidiary of the property and assets of any Person other than the Issuer or any Restricted Subsidiary that constitute substantially all of a division or line of business of such Person.

“*Asset Disposition*” means the sale or other disposition by the Issuer or any Restricted Subsidiary (other than to the Issuer or another Restricted Subsidiary) of (i) all or substantially all of the Capital Stock of any Restricted Subsidiary or (ii) all or substantially all of the assets that constitute a division or line of business of the Issuer or any Restricted Subsidiary.

“*Asset Sale*” means any sale, transfer or other disposition of any of its property or assets (including by way of merger, consolidation or Sale and Leaseback Transaction and including any sale or issuance of Capital Stock by a Restricted Subsidiary), in each case in one transaction or a series of related transactions by the Issuer or any Restricted Subsidiary to any Person; *provided* that “*Asset Sale*” will not include:

- (a) any sale, transfer or other disposition of inventory, receivables and other current assets in the ordinary course of business;
- (b) any sale, transfer or other disposition of assets constituting a Restricted Payment permitted to be made under the covenant described under the caption “— Certain Covenants — Limitation on Restricted Payments;”
- (c) any sale, transfer or other disposition of assets with a Fair Market Value not in excess of \$5.0 million (or the Dollar Equivalent thereof) in any transaction or series of related transactions;
- (d) any sale, transfer or other disposition of any property or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Issuer or its Restricted Subsidiaries;
- (e) any sale, transfer or other disposition deemed to occur in connection with creating or granting any Permitted Lien;
- (f) a transaction covered by the covenant under the caption “— Consolidation, Merger and Sale of Assets;”
- (g) any sale, transfer or other disposition of any assets by the Issuer or any Restricted Subsidiary to the Issuer or to any Restricted Subsidiary;
- (h) any transfer resulting from any casualty or condemnation of property; *provided* that any Net Cash Proceeds from any such transfer shall be applied in accordance with the covenant described under the caption “Limitation on Asset Sales;”
- (i) any sale or other disposition of cash or Temporary Cash Investments;
- (j) any transfer, termination, unwinding or other disposition of Hedging Obligations;
- (k) any sale, transfer or other disposition of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between joint venture parties set forth in joint venture arrangements and similar binding arrangements; *provided* that any Net Cash Proceeds from any such sale, transfer or other disposition shall be applied in accordance with the covenant described under the caption “Limitation on Asset Sales;” and

- (l) any surrender or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business; and
- (m) the Partial GEMS Shares Disposal.

“*Attributable Indebtedness*” means, in respect of a Sale and Leaseback Transaction, at the time of determination, the present value, discounted at the interest rate implicit in such Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in such Sale and Leaseback Transaction, including any period for which such lease has been extended or may, at the option of the lessor, be extended, determined in accordance with GAAP, *provided, however*, that if such Sale and Leaseback Transaction results in a Capital Lease Obligation, the amount of Indebtedness represented thereby will be determined in accordance with the definition of “Capitalized Lease Obligation.”

“*Average Life*” means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such Indebtedness and (b) the amount of such principal payment by (2) the sum of all such principal payments.

“*Bank Danamon*” means PT Bank Danamon Indonesia Tbk.

“*Beneficial Owner*” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular “person” (as that term is used in Section 13(d)(3) of the Exchange Act), such “person” will be deemed to have beneficial ownership of all securities that such “person” has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or exercisable only upon the occurrence of a subsequent condition. The terms “Beneficially Owns” and “Beneficially Owned” will have a corresponding meaning.

“*BIB*” means PT Borneo Indobara.

“*Board of Directors*” means the board of directors of the Issuer elected or appointed by the stockholders of the Issuer to manage the business of the Issuer or any committee of such board duly authorized to take the action purported to be taken by such committee.

“*Board Resolution*” means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of the Board of Directors.

“*BSL*” means PT Barasentosa Lestari.

“*Business Day*” means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York, Singapore, London or Indonesia (or in any other place in which payments on the Notes are to be made) are authorized by law or governmental regulation to close.

“*Capital Stock*” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including all Common Stock and Preferred Stock, but excluding debt securities convertible into such equity.

“*Capitalized Lease*” means, with respect to any Person, any lease of any property (whether real, personal or mixed), which, in conformity with GAAP, is required to be capitalized on the statement of financial position of such Person, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

“*Capitalized Lease Obligations*” means the discounted present value of the rental obligations under a Capitalized Lease.

“*Change of Control*” means the occurrence of one or more of the following events:

- (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Issuer and its Restricted Subsidiaries, taken as a whole, to any “person” within the meaning of Section 13(d) of the Exchange Act, other than to any of the Principals or a Related Party of any Principal;
- (2) the Issuer consolidates with, or merges with or into, any Person (other than any of the Principals or a Related Party of any Principal), or any Person (other than any of the Principals or a Related Party of any Principal) consolidates with, or merges with or into, the Issuer, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Issuer or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Voting Stock of the Issuer outstanding immediately prior to such transaction is converted into or exchanged for (or continues as) Voting Stock (other than Disqualified Stock) of the surviving or transferee Person constituting a majority of the outstanding shares of Voting Stock of such surviving or transferee Person (immediately after giving effect to such issuance) and in substantially the same proportion as before the transaction;
- (3) the Principals and the Related Parties of the Principals are collectively the beneficial owners of less than 51.0% of the total voting power of the Voting Stock of the Issuer;
- (4) any “person” or “group” (as such terms are used in Section 13(d) and 14(d) of the Exchange Act) other than any of the Principals or a Related Party of any Principal, is or becomes the Beneficial Owner, directly or indirectly, of a larger percentage of the voting power of the Voting Stock than the Principals and the Related Parties of the Principals; or
- (5) the adoption of a plan relating to the liquidation or dissolution of the Issuer.

“*Clearstream*” means Clearstream Banking S.A. or any successor thereof.

“*Collateral Documents*” means the security agreements, mortgages, pledge agreements, agency agreements and other instruments and documents executed and delivered pursuant to the Indenture or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time and pursuant to which Collateral is pledged, assigned or granted to or on behalf of the Collateral Agent for the ratable benefit of the Holders of the Notes and the Trustee.

“*Commodity Agreement*” means any spot, forward or futures contract, commodity swap agreement, commodity price protection, commodity cap or floor agreement, commodity option agreement or other similar agreement or arrangement.

“*Common Stock*” means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person’s common stock or ordinary shares, whether or not outstanding on the Original Issue Date, and include all series and classes of such common stock or ordinary shares.

“*Comparable Treasury Issue*” means the U.S. Treasury security having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes from the redemption date to May 14, 2024.

“*Comparable Treasury Price*” means, with respect to any redemption date: (i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third Business Day preceding such redemption date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated “Composite 3:30 p.m. Quotations for U.S. Government Securities”; or (ii) if such release (or any successor release) is not published or does not contain such prices on such Business Day, (a) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations or (b) if fewer than three such Reference Treasury Dealer Quotations are available, the average of all such quotations.

“*Consolidated Debt to EBITDA Ratio*” means, on any Transaction Date, the ratio of (1) the aggregate amount of Indebtedness of the Issuer and its Restricted Subsidiaries on a consolidated basis outstanding on such Transaction Date to (2) the aggregate Consolidated EBITDA for the Four Quarter Period with respect to such Transaction Date, in each case with such pro forma adjustments as are appropriate and consistent with the pro forma adjustments set forth in the definition of “Fixed Charge Coverage Ratio.”

“*Consolidated EBITDA*” means, with respect to any specified Person for any period, Consolidated Net Income of such Person for such period plus, to the extent such amount was deducted in calculating such Consolidated Net Income:

- (1) Consolidated Interest Expense of such Person;
- (2) income taxes (other than income taxes attributable to extraordinary gains (or losses) or sales of assets); and
- (3) depreciation expense, amortization expense and all other non-cash items reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or to be paid in another period), less all non-cash items increasing Consolidated Net Income (other than accrual of revenue in the ordinary course of business),

all as determined on a consolidated basis for such Person and its Restricted Subsidiaries in conformity with GAAP.

“*Consolidated Fixed Charges*” means, for any period, the sum (without duplication) of (i) Consolidated Interest Expense for such period and (ii) all cash and non-cash dividends or distributions paid, declared, accrued or accumulated during such period on any Disqualified Stock, Preferred Stock or perpetual capital or similar securities (other than Common Stock) of the Issuer or any Restricted Subsidiary held by Persons other than the Issuer or any Restricted Subsidiary, except for dividends payable in the Issuer’s Capital Stock (other than Disqualified Stock); *provided* that dividends declared, accrued or accounted for in one period shall not be included in “Consolidated Fixed Charges” of a later period when subsequently paid in such later period).

“*Consolidated Interest Expense*” means, with respect to any specified Person for any period, the amount that would be included in gross interest expense on a consolidated statement of comprehensive income prepared in accordance with GAAP for such period of such Person and its Restricted Subsidiaries, plus, to the extent not included in such gross interest expense, and to the extent incurred, accrued or payable during such period by such Person and its Restricted Subsidiaries, without duplication, (i) interest expense attributable to Capitalized Lease Obligations and imputed interest with respect to Attributable Indebtedness, (ii) amortization of debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness, (iii) the interest portion of any deferred payment obligation, (iv) all commissions, discounts and other fees and charges with respect to letters of credit or similar instruments issued for financing purposes or in respect of any Indebtedness, (v) the net effect of all payments made, accrued or received pursuant to Hedging Obligations (without duplication) in respect of interest rates, (vi) interest accruing on Indebtedness of any other Person that is guaranteed by such Person or any of its Restricted Subsidiaries or secured by a Lien on assets of such Person or any of its

Restricted Subsidiaries proportionate to the extent that such Indebtedness is guaranteed or secured, (vii) any capitalized interest, and (viii) all other non-cash interest expense; *provided* that any interest on any Subordinated Shareholder Loan will be excluded from the calculation of Consolidated Interest Expense.

“*Consolidated Net Income*” means, with respect to any specified Person for any period, the aggregate of the total comprehensive income (or loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in conformity with GAAP; *provided* that the following items will be excluded in computing Consolidated Net Income (without duplication):

- (1) the net income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting, except to the extent of the amount of net income actually paid in cash to, or the amount of loss actually funded in cash by, the specified Person or a Restricted Subsidiary of the Person during such period;
- (2) the net income and loss of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Issuer or any Restricted Subsidiary or all or substantially all of the property and assets of such Person are acquired by the Issuer or any Restricted Subsidiary;
- (3) the net income (but not loss) of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such net income is not at the time permitted by the operation of the terms of its charter, articles of association or other similar constitutive documents or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary;
- (4) the cumulative effect of a change in accounting principles;
- (5) any net after tax gains realized on the sale or other disposition of (A) any property or assets of the Issuer or any Restricted Subsidiary which is not sold in the ordinary course of business or (B) any Capital Stock of any Person (including any gains by the Issuer realized on sales of Capital Stock of the Issuer or any Restricted Subsidiary);
- (6) any translation gains or losses due solely to fluctuations in currency values and related tax effects;
- (7) any non-cash gains and losses attributable to movement in the mark-to-market valuation of Hedging Obligations; and
- (8) any net after-tax extraordinary gains or losses,

provided that, solely for the purposes of calculating the amount of Restricted Payments that may be made pursuant to the first paragraph of the covenant described under the caption “— Certain Covenants — Limitation on Restricted Payments,” Consolidated Net Income will be reduced (to the extent not otherwise reduced in accordance with GAAP or the Indenture), if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, by an amount equal to (A) the amount of the Consolidated Net Income attributable to such Restricted Subsidiary multiplied by (B) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Issuer or any Restricted Subsidiary.

“*Consolidated Net Worth*” means, at any date of determination, stockholders’ equity as set forth on the most recently available annual or quarterly consolidated statements of financial position of the Issuer and its Restricted Subsidiaries provided to the Trustee, plus, to the extent not included, any Preferred Stock of the Issuer, less any amounts attributable to Disqualified Stock or any equity security convertible into or exchangeable for Indebtedness, the cost of treasury stock and the principal amount of any promissory notes receivable from the sale of the Capital Stock of the Issuer or any of its Restricted Subsidiaries, each item to be determined in conformity with GAAP.

“Consolidated Priority Indebtedness” means, without duplication, (a) any Indebtedness of any Restricted Subsidiary (other than a Subsidiary Guarantor or a Finance Subsidiary) other than (i) Indebtedness of a Wholly-Owned Subsidiary of a Finance Subsidiary consisting of Liens described in paragraph (18) of the definition of “Permitted Liens” and (ii) Indebtedness outstanding under clause (b)(3), (b)(5), (b)(12) or (b)(13) of the covenant described under the caption “— Certain Covenants — Limitation on Indebtedness,” and (b) any Secured Indebtedness of the Issuer or a Subsidiary Guarantor, other than (1) the Notes and the Subsidiary Guarantees, and the 2023 Notes and the subsidiary guarantees thereof (2) Indebtedness of any Subsidiary Guarantor to the extent secured by Liens described in paragraph (18) of the definition of “Permitted Liens,” (3) Indebtedness incurred under clause (b)(3), (b)(5), (b)(12) or (b)(13) of the covenant described under the caption “— Certain Covenants — Incurrence of Indebtedness” and (4) any other Indebtedness of the Issuer or a Subsidiary Guarantor secured by a Lien on property or assets that also equally and ratably secured the Notes or any Subsidiary Guarantee.

“Corporate Trust Office” means the office of the Trustee at which the corporate trust business of the Trustee is principally administered, which shall initially be located at 240 Greenwich Street, New York, NY10286, facsimile: +1 (212) 815 5915, and shall also include a reference to The Bank of New York Mellon, Singapore Branch located at One Temasek Avenue, #02-01 Millenia Tower, Singapore 039192, Attention: Global Corporate Trust — Golden Energy and Resources Limited, Facsimile: +65 6883 0338 (such Singapore Branch, the “Specified Corporate Trust Office”) or such other address as the Trustee may designate from time to time by notice to the Holders and the Issuer, or the principal corporate trust office of any successor Trustee (or such other address as such successor Trustee may designate from time to time by notice to the Holders and the Issuer).

“Credit Facility” means one or more debt facilities or commercial paper facilities with banks or other lenders providing for revolving credit loans, term loans, receivables financing (including the Mandiri Facilities, through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables) or letters of credit or issuances of debt securities evidenced by notes, debentures, bonds, indentures or similar instruments, in each case as amended, restated, modified, renewed, refunded, replaced or refinanced (including by means of sales of debt securities) in whole or in part from time to time (and whether or not with the original administrative agent, lenders or trustee or another administrative agent or agents, other lenders or trustee and whether provided under any credit or other agreement or indenture).

“Credit Suisse/Mandiri Facility” means the secured term facility agreement between, among others, the Issuer, as borrower, and Credit Suisse AG, Singapore Branch, as mandated lead arranger, agent, security agent and account bank, which was entered into on December 24, 2018 and amended and restated by way of an amendment agreement entered into between the original parties to the abovementioned secured term facility agreement and PT Bank Mandiri (Persero) Tbk, Singapore Branch on March 27, 2020.

“Credit Suisse Hedging Facility” means the master agreement, confirmation and schedule entered into by the Issuer and Credit Suisse AG, Singapore Branch on February 26, 2019 for the purpose of hedging interest rate liabilities in relation to the facilities (or any part thereof) provided to the Issuer pursuant to the Credit Suisse/Mandiri Facility, as documented by way of ISDA documentation or such equivalent framework documentation.

“Currency Agreement” means any foreign exchange forward or futures contract, currency swap agreement, currency cap or floor agreement, currency hedge agreement, currency option agreement or other similar agreement or arrangement.

“Danamon Credit Facilities” means the deed of facility agreement dated July 12, 2013 among GEMS, as borrower, and Bank Danamon, as amended, restated, modified, renewed, extended, increased, refunded, replaced or refinanced in whole or in part from time to time under which Bank Danamon grants to GEMS a \$5.0 million loan.

“Default” means any event that is, or after notice or passage of time or both would be, an Event of Default.

“Disqualified Stock” means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed on or prior to the date that is 366 days after the Stated Maturity of the Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock on or prior to the date that is 366 days after the Stated Maturity of the Notes or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled maturity on or prior to the date that is 366 days after the Stated Maturity of the Notes; *provided* that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an “asset sale” or “change of control” occurring prior to the Stated Maturity of the Notes will not constitute Disqualified Stock if the “asset sale” or “change of control” provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in “— Certain Covenants — Limitation on Asset Sales” and “— Repurchase of Notes upon a Change of Control” covenants and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Issuer’s repurchase of the Notes as are required to be repurchased pursuant to the “— Certain Covenants — Limitation on Asset Sales” and “— Repurchase of Notes Upon a Change of Control” covenants. The amount of Disqualified Stock deemed to be outstanding at any time for purposes of the Indenture will be the maximum amount that the Issuer and its Restricted Subsidiaries may become obligated to pay upon the maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Stock, exclusive of accrued dividends.

“Dollar Equivalent” means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by Bank Indonesia or its successor on the date of determination.

“Equity Offering” means any public or private sale of Common Stock of the Issuer after the Original Issue Date to any Person other than to a Subsidiary of the Issuer.

“Euroclear” means Euroclear Bank SA/NV or any successor thereof.

“Exchange Act” means the United States Securities Exchange Act of 1934, as amended.

“Fair Market Value” means the price that would be paid in an arm’s-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination will be conclusive if evidenced by a Board Resolution.

“Finance Subsidiary” means a Wholly-Owned Restricted Subsidiary of the Issuer or another Finance Subsidiary (i) the operations of which are primarily comprised of Incurring Indebtedness to Persons other than the Issuer or any of its Subsidiaries from time to time to finance the operations of the Issuer and/or its Restricted Subsidiaries and other activities incidental, related to or ancillary to such operations, including activities related to the establishment or maintenance of its corporate existence; and (ii) which conducts no business and owns no material assets other than (w) any equity interests in another Finance Subsidiary or equity interests of a Wholly Owned Subsidiary (a “FS Subsidiary”) of it organized outside of Indonesia that on lends the proceeds of any Indebtedness Incurred by the Finance Subsidiary to the Issuer or any of its Restricted Subsidiaries, (x) intercompany loans or other securities representing the proceeds of Indebtedness described in clause (i), (y) any such debt obligations upon a repurchase, redemption or other acquisition thereof and prior to cancellation thereof, and (z) cash or Temporary Cash Investments held for purposes similar to those for which the Issuer is permitted to hold cash and Temporary Cash Investments under the covenant “Certain Covenants — Limitation on the Activities of the Issuer.”

“*Fitch*” means Fitch Ratings Ltd. or any successor to the rating agency business thereof.

“*Fixed Charge Coverage Ratio*” means, on any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the Four Quarter Period with respect to such Transaction Date to (2) the aggregate Consolidated Fixed Charges during such Four Quarter Period. In making the foregoing calculation:

- (A) *pro forma* effect will be given to any Indebtedness Incurred, repaid or redeemed during the Reference Period relating to such Four Quarter Period in each case as if such Indebtedness had been Incurred, repaid or redeemed on the first day of such Reference Period (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement or any predecessor revolving credit or similar arrangement); *provided* that, in the event of any such repayment or redemption, Consolidated EBITDA for such period will be calculated as if the Issuer or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to repay or redeem such Indebtedness;
- (B) Consolidated Interest Expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a *pro forma* basis and bearing a floating interest rate will be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;
- (C) *pro forma* effect will be given to the creation, designation or redesignation of Restricted and Unrestricted Subsidiaries during the Reference Period as if such creation, designation or redesignation had occurred on the first day of such Reference Period;
- (D) *pro forma* effect will be given to Asset Dispositions and Asset Acquisitions (including giving *pro forma* effect to the application of proceeds of any Asset Disposition) that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and
- (E) *pro forma* effect will be given to asset dispositions and asset acquisitions (including giving *pro forma* effect to the application of proceeds of any asset disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged with or into the Issuer or any Restricted Subsidiary during such Reference Period and that would have constituted Asset Dispositions or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset dispositions or asset acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period,

provided that to the extent that clause (D) or (E) of this sentence requires that *pro forma* effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such *pro forma* calculation will be based upon the Four Quarter Period immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

“*Four Quarter Period*” means, as of any Transaction Date, the then most recent four fiscal quarters prior to such Transaction Date for which consolidated financial statements of the Issuer (which may be internal financial statements) are available and have been provided to the Trustee.

“*FS Subsidiary*” has the meaning set forth in the definition of “Finance Subsidiary.”

“*GAAP*” means generally accepted accounting principles in Singapore as in effect from time to time.

“*GEMS*” means PT Golden Energy Mines Tbk.

“*GEMS Sale Shares*” means 264,705,885 shares of GEMS.

“*GIAPL*” means Golden Investments (Australia) Pte. Ltd.

“*GIAPL Acquisition*” means the acquisition by the Issuer of Ascend’s shareholding in GIAPL.

“*GMR Shareholder Loan*” means the intercompany loan agreement dated July 12, 2016 among PT Duta Sarana Internusa, as borrower, and GMR Energy (Netherlands) B.V., as amended, restated, modified, renewed, extended, increased, refunded, replaced or refinanced in whole or in part from time to time in an aggregate principal amount outstanding at any time (together with any refinancings thereof) not to exceed \$30.0 million (or the Dollar Equivalent thereof).

“*guarantee*” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided* that the term “guarantee” will not include endorsements for collection or deposit in the ordinary course of business. The term “guarantee” used as a verb has a corresponding meaning.

“*Hedging Obligation*” of any Person means the obligations of such Person pursuant to any Commodity Agreement, Currency Agreement or Interest Rate Agreement.

“*Holder*” means the Person in whose name a Note is registered in the Note register.

“*Incur*” means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; *provided* that (1) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount, the accrual of interest, the accrual of dividends, the payment of interest in the form of additional Indebtedness, the reclassification of Preferred Stock as Indebtedness due to a change in accounting principles and the payment of dividends on Preferred Stock or Disqualified Stock in the form of additional shares of Preferred Stock or Disqualified Stock (to the extent provided for when the Indebtedness, Preferred Stock or Disqualified Stock on which such interest or dividend is paid was originally issued) will not be considered an Incurrence of Indebtedness. The terms “Incurrence”, “Incurred” and “Incurring” have meanings correlative with the foregoing.

“*Indebtedness*” means, with respect to any Person (excluding accrued expenses) at any date of determination (without duplication):

- (1) all indebtedness of such Person for borrowed money;
- (2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all obligations of such Person in respect of letters of credit, bankers’ acceptances or other similar instruments;
- (4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;

- (5) all Capitalized Lease Obligations and Attributable Indebtedness;
- (6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided* that the amount of such Indebtedness will be the lesser of (A) the Fair Market Value of such asset at such date of determination and (B) the amount of such Indebtedness;
- (7) all Indebtedness of other Persons guaranteed by such Person to the extent such Indebtedness is guaranteed by such Person;
- (8) to the extent not otherwise included in this definition, Hedging Obligations; and
- (9) all Disqualified Stock issued by such Person and all Preferred Stock issued by any Restricted Subsidiary of such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase or redemption price plus accrued dividends.

The amount of Indebtedness of any Person at any time will be the outstanding balance at such time of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation; *provided*:

- (A) that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP;
- (B) that money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness will not be deemed to be “Indebtedness” so long as such money is held to secure the payment of such interest; and
- (C) the amount of Indebtedness with respect to any Hedging Obligation shall be equal to (i) zero if such Hedging Obligation has been Incurred pursuant to clause (b)(5) of the covenant described under the caption “— Certain Covenants — Limitation on Indebtedness” or (ii) the net amount payable if the Commodity Agreement, Currency Agreement or Interest Rate Agreement giving rise to such Hedging Obligation terminated at that time due to default by such Person.

Notwithstanding the foregoing, “Indebtedness” shall not include the GMR Shareholder Loan so long as the amounts owing under the GMR Shareholder Loan are deferrable and such loan is accounted for as a payable in the consolidated financial statements of the Issuer.

“*Initial Subsidiary Guarantor*” means Golden Investments (Australia) Pte. Ltd.

“*Interest Rate Agreement*” means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement.

“*Investment*” means:

- (i) any direct or indirect advance, loan or other extension of credit to another Person;
- (ii) any capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others);

- (iii) any purchase or acquisition of Capital Stock (or options, warrants or other rights to acquire such Capital Stock), Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person;
- (iv) any guarantee of any obligation of another Person to the extent such obligation is outstanding and to the extent guaranteed by such Person; or
- (v) all other items that would be classified as investments (including purchases of assets outside the ordinary course of business) on a statement of financial position of such Person prepared in accordance with GAAP.

For the purposes of the provisions of the “— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries” and “— Certain Covenants — Limitation on Restricted Payments” covenants: (i) the Issuer will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Fair Market Value of the Issuer’s proportionate interest in the assets (net of the Issuer’s proportionate interest in the liabilities owed to any Person other than the Issuer or a Restricted Subsidiary and that are not guaranteed by the Issuer or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary at the time of such designation, (ii) any property transferred to or from any Person will be valued at its Fair Market Value at the time of such transfer, as determined in good faith by the Board of Directors and (iii) if the Issuer or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Issuer or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment at that time.

“*Investment Grade*” means a rating of “AAA”, “AA”, “A” or “BBB”, as modified by a “+” or “-” indication, or an equivalent rating representing one of the four highest rating categories, by S&P or Fitch or any of their respective successors or assigns, or a rating of “Aaa”, or “Aa”, “A” or “Baa”, as modified by a “1”, “2” or “3” indication, or an equivalent rating representing one of the four highest rating categories, by Moody’s or any of its successors or assigns, or a rating of “AAA”, “AA”, “A” or “BBB”, as modified by a “+” or “-” indication, or an equivalent rating representing one of the four highest rating categories of any internationally recognized rating agency or agencies, as the case may be, which shall have been designated by the Issuer as having been substituted for S&P, Fitch or Moody’s or two or three of them, as the case may be.

“*JV Company*” means any Person in which the Issuer or a Restricted Subsidiary owns more than 10% and 50% or less of the Voting Stock, directly or indirectly, and has the right to participate in the management of such Person.

“*KIM*” means PT Kuansing Inti Makmur.

“*Lien*” means any mortgage, pledge, fiduciary security, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

“*Mandiri Facilities*” means the:

- (a) deed of working capital loan agreement No. 125 dated June 22, 2017, as amended from time to time and at the latest by the addendum dated June 19, 2020, among GEMS, BIB and KIM, as borrowers, and Bank Mandiri, under which Bank Mandiri grants to GEMS, BIB and KIM a \$64.5 million working capital credit facility;
- (b) deed of special transaction loan agreement 1 No. 27 dated August 9, 2017, as amended from time to time and at the latest by the addendum dated September 25, 2019, among GEMS and BIB, as borrowers, and Bank Mandiri under which Bank Mandiri grants to GEMS and BIB a \$50.0 million special facility loan;

- (c) deed of special transaction loan agreement 2 No. 28 dated August 9, 2017, as amended from time to time and at the latest by the addendum dated September 25, 2019, among GEMS and BIB, as borrowers, and Bank Mandiri under which Bank Mandiri grants to GEMS and BIB a \$65.0 million special facility loan; and
- (d) deed of Term Loan Facility No. 103 dated September 25, 2019 under which Bank Mandiri grants to GEMS, BIB, and BSL a \$32.0 million term loan facility loan,

in each case, as amended, restated, modified, renewed, extended, increased, refunded, replaced or refinanced in whole or in part from time to time.

“*Moody’s*” means Moody’s Investors Service, Inc. and its affiliates and its successors.

“*Net Cash Proceeds*” means:

- (a) with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or Temporary Cash Investments, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or Temporary Cash Investments and proceeds from the conversion of other property received when converted to cash or Temporary Cash Investments, net of:
 - (1) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment banks) related to such Asset Sale;
 - (2) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Issuer and its Restricted Subsidiaries, taken as a whole;
 - (3) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale;
 - (4) appropriate amounts to be provided by the Issuer or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP; and
 - (5) all distributions and other payments required to be made to minority shareholders; and
- (b) with respect to any issuance or sale of Capital Stock of the Issuer, the proceeds of such issuance or sale in the form of cash or Temporary Cash Investments, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or Temporary Cash Investments and proceeds from the conversion of other property received when converted to cash or Temporary Cash Investments, net of attorneys’ fees, accountants’ fees, underwriters’ or placement agents’ fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

“*New Mandiri Facility*” means the secured term facility agreement dated March 23, 2021 between, among others, the Issuer, as borrower and PT Bank Mandiri (Persero) Tbk, Singapore Branch, as arranger, original lender, agent, security agent and account bank, under which PT Bank Mandiri (Persero) Tbk, Singapore Branch as lender has granted to the Issuer a US\$15,000,000 term loan facility.

“*Offer to Purchase*” means an offer to purchase the Notes by the Issuer or from the Holders commenced by the Issuer mailing a notice by first class mail, postage prepaid, to the Trustee and each Holder at its last address appearing in the Note register stating:

- (1) the provision of the Indenture pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;
- (2) the purchase price and the date of purchase (which will be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the “Offer to Purchase Payment Date”);
- (3) that any Note not tendered will continue to accrue interest pursuant to its terms;
- (4) that, unless the Issuer defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase will cease to accrue interest on and after the Offer to Purchase Payment Date;
- (5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled “Option of the Holder to Elect Purchase” on the reverse side of the Note completed, to the paying agent (or such other agent as may be appointed) at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;
- (6) that Holders will be entitled to withdraw their election if the paying agent (or such other agent as may be appointed) receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and
- (7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; *provided* that each new Note issued will be in a principal amount of \$200,000 or integral multiples of \$1,000 in excess thereof.

One Business Day prior to the Offer to Purchase Payment Date, the Issuer will deposit with the paying agent (or such other agent as may be appointed) for such Offer to Purchase immediately available and cleared funds sufficient to pay the purchase price of all Notes or portions thereof to be accepted by the Issuer for payment on the Offer to Purchase Payment Date. On the Offer to Purchase Payment Date, the Issuer will (a) accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to an Offer to Purchase; and (b) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officer’s Certificate specifying the Notes or portions thereof accepted for payment by the Issuer. The paying agent (or such other agent as may be appointed) for such Offer to Purchase will as soon as practicable mail to the Holders of Notes so accepted payment in an amount equal to the purchase price, and the Registrar will as soon as practicable authenticate and mail to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; *provided* that each new Note issued will be in a principal amount of \$200,000 or integral multiples of \$1,000 in excess thereof. The Issuer will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date.

The materials used in connection with an Offer to Purchase are required to contain or incorporate by reference information concerning the business of the Issuer and its Subsidiaries which the Issuer in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Issuer to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to

Purchase. To the extent that the provisions of any securities laws or regulations conflict with the requirements of the Indenture governing the relevant Offer to Purchase, the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached their obligations under the Notes, the Indenture and the Subsidiary Guarantees by virtue of their compliance with such securities laws or regulations.

“*Officer*” means the managing director or the equivalent of the Issuer or, in the case of a Subsidiary Guarantor, one of the directors or executive officers of such Subsidiary Guarantor.

“*Officer’s Certificate*” means a certificate signed by an Officer.

“*Opinion of Counsel*” means a written opinion from legal counsel in form and substance acceptable to the Trustee and that meets the requirements of the Indenture; *provided* that legal counsel shall be entitled to rely on certificates of the Issuer and any Subsidiary of the Issuer as to matters of fact.

“*Original Issue Date*” means the date on which the Notes are originally issued under the Indenture.

“*Partial GEMS Shares Disposal*” means the sale by the Issuer of the GEMS Sale Shares to Ascend pursuant to the terms of the share purchase agreement entered into between the Issuer and Ascend on March 12, 2021.

“*Permitted Business*” means any business involving the mining of natural resources, coal trading or any business conducted or proposed to be conducted (as described in the Offering Memorandum) by the Issuer and its Restricted Subsidiaries on the Original Issue Date and any other business reasonably related, ancillary or complementary to any such business.

“*Permitted Investment*” means:

- (1) any Investment in (a) the Issuer or a Restricted Subsidiary that is, directly or indirectly, primarily engaged in a Permitted Business or (b) a Person which will, upon the making of such Investment, become a Restricted Subsidiary that is primarily engaged in a Permitted Business or be merged or consolidated with or into or transfer or convey all or substantially all its assets to the Issuer or a Restricted Subsidiary that is primarily engaged in a Permitted Business;
- (2) cash or Temporary Cash Investments;
- (3) payroll, travel, entertainment, relocation and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP;
- (4) stock, obligations or securities received in satisfaction of judgments;
- (5) an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary;
- (6) any Investment pursuant to a Hedging Obligation designed solely to protect the Issuer or any Restricted Subsidiary against fluctuations in interest rates, foreign currency exchange rates or commodity prices and not for speculation;
- (7) receivables, trade credits or other current assets owing to the Issuer or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms, including such concessionary trade terms as the Issuer or any Restricted Subsidiary considers reasonable under the circumstances;

- (8) (x) any securities or other Investments received as consideration in, or retained in connection with, sales or other dispositions of property or assets, including Asset Dispositions, made in compliance with the covenant described under the caption “— Certain Covenants — Limitation on Asset Sales”, other than Investments received as consideration in connection with any Asset Sale of Pledged GEMS Shares; or (y) receivables owing to, or other Investments received by, the Issuer pursuant to, or in connection with, the Partial GEMS Shares Disposal;
- (9) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of “Permitted Liens” or made in connection with Liens permitted under the covenant described under the caption “— Certain Covenants — Limitation on Liens;”
- (10) deposits made in order to comply with statutory or regulatory obligations to maintain deposits for workers, compensation claims and other purposes specified by statute or regulation from time to time in the ordinary course of a Permitted Business;
- (11) Investments received in compromise or resolution of obligations of trade creditors or customers that were incurred in the ordinary course of business of the Issuer or any Restricted Subsidiary, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer or as a result of foreclosure of or transfer of title with respect to any secured Investment and any Investments obtained in exchange for any such Investments;
- (12) advances or extensions of credit to customers, suppliers, contractors or distributors or others for the acquisition of assets, consumables or services or construction of property and equipment that are recorded as deposits or prepaid expenses on the Issuer’s consolidated statement of financial position;
- (13) repurchases of the Notes and the 2023 Notes;
- (14) loans or advances to, or guarantees of obligations of, directors, commissioners, officers or employees of the Issuer or a Restricted Subsidiary in the ordinary course of business in an aggregate amount not to exceed \$2.0 million (or the Dollar Equivalent thereof) at any time outstanding;
- (15) deposits made to secure the performance of tenders, bids, leases, bankers’ acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business;
- (16) deposits made in order to secure the performance of the Issuer or any of its Restricted Subsidiaries and prepayments made in connection with the acquisition of real property by the Issuer or any Restricted Subsidiary, in each case, in the ordinary course of business;
- (17) any guarantee of Indebtedness of the Issuer or a Restricted Subsidiary Incurred in accordance with the covenant described under the caption “— Certain Covenants — Limitation on Indebtedness;”
- (18) Investments existing, or made pursuant to legally binding commitments in existence, at the Original Issue Date and described in the Offering Memorandum and any Investment that amends, extends, renews, replaces or refinances an Investment existing on such date; *provided* that such new Investment is on terms and conditions no less favorable to the Issuer or the applicable Restricted Subsidiary than the Investment being amended, extended, renewed, replaced or refinanced;

- (19) Investments consisting of earnest money deposits or escrowed money required in connection with any acquisition, joint venture or acquisition of assets not otherwise prohibited by the Indenture or the Collateral Documents; and
- (20) other Investments in any Person (other than an Unrestricted Subsidiary) engaged in a Permitted Business having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (20) since the Original Issue Date, not to exceed 10.0% of Total Assets, *provided* that if any Investment is made in a Person that subsequently becomes a Restricted Subsidiary, such Investment shall thereafter be deemed to have been made under clause (1) above and shall not be included as having been made pursuant to this clause (20).

“Permitted Liens” means:

- (1) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as will be required in conformity with GAAP will have been made;
- (2) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, materialmen, repairmen, employees or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as required in conformity with GAAP will have been made and Liens arising solely by virtue of any statutory or common law provisions relating to attorney’s Liens;
- (3) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers’ acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature or deposits as security for contested taxes, import duties or the rehabilitation or reclamation of land, in each case incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);
- (4) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Issuer or its Restricted Subsidiaries, taken as a whole;
- (5) any interest or title of a lessor in the property subject to any operating lease;
- (6) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person becomes, or becomes a part of, any Restricted Subsidiary; provided that such Liens do not extend to or cover any property or assets of the Issuer or any Restricted Subsidiary other than the property or assets acquired; provided further that such Liens were not created in contemplation of or in connection with the transactions or series of transactions pursuant to which such Person became a Restricted Subsidiary;
- (7) Liens in favor of the Issuer or any Restricted Subsidiary;
- (8) Liens arising from attachment or the rendering of a final judgment or order against the Issuer or any Restricted Subsidiary that does not give rise to an Event of Default;
- (9) Liens existing on the Original Issue Date;

- (10) Liens securing Indebtedness which is Incurred to refinance secured Indebtedness which is permitted to be Incurred under clause (b)(4) of the covenant described under the caption “— Certain Covenants — Limitation on Indebtedness;” provided that such Liens do not extend to or cover any property or assets of the Issuer or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;
- (11) Liens securing Indebtedness under Hedging Obligations permitted by clause (b)(5) of the covenant described under the caption “— Certain Covenants — Limitation on Indebtedness;”
- (12) Liens on deposits made in order to comply with statutory obligations to maintain deposits for workers’ compensation claims, unemployment insurance and other purposes specified by statute made in the ordinary course of business and not securing Indebtedness of the Issuer or any Restricted Subsidiary;
- (13) Liens under the Collateral Documents securing the Notes (including any Additional Notes) or any Subsidiary Guarantee;
- (14) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;
- (15) Liens securing rights of setoff in favor of a bank imposed by law or customary general terms of banks and incurred in the ordinary course of business on deposit accounts maintained with such bank and cash and Temporary Cash Investments in such accounts;
- (16) (x) Liens on property or assets securing Indebtedness used or to be used to defease or satisfy and discharge the Notes; provided that (a) the Incurrence of such Indebtedness was not prohibited by the Indenture and (b) such defeasance or satisfaction and discharge is not prohibited by the Indenture and (y) Liens on cash and Temporary Cash Investments arising in connection with the defeasance, discharge or redemption of Indebtedness;
- (17) Liens securing Indebtedness permitted to be Incurred under clauses (b)(12) or (b)(16) of the covenant described under the caption “— Certain Covenants — Limitation on Indebtedness;”
- (18) Liens on (i) Capital Stock of a Finance Subsidiary and any intercompany loans or advances from such Finance Subsidiary to the Issuer or any Restricted Subsidiary, (ii) Capital Stock of a Wholly-Owned Subsidiary of a Finance Subsidiary and on any intercompany loans or advances made by such Wholly-Owned Subsidiary to the Issuer or any Restricted Subsidiary; and (iii) any interest reserve, debt service reserve, debt service accrual or similar account used to service interest payments or debt obligations with respect to such Indebtedness or any escrow account holding all or any part of the proceeds of such Indebtedness, in each case securing Indebtedness of such Finance Subsidiary (and guarantees by the Subsidiary Guarantors of such Indebtedness) permitted to be Incurred under the covenant described under the caption entitled “— Certain Covenants — Limitation on Indebtedness;”
- (19) Liens upon specific items of inventory or other goods and proceeds of any Person securing such Person’s obligations in respect of bankers’ acceptances issued or credited for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;
- (20) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by the Issuer or any Restricted Subsidiary in the ordinary course of business;
- (21) Liens Incurred in connection with any cash or treasury management program, or cash pooling, netting or set-off arrangements, in each case established in the ordinary course of business for the benefit of the Issuer or any Restricted Subsidiary;

- (22) Liens in favor of customs and revenue authorities arising by operation of law to secure payment of customs duties in connection with importation or exportation of goods in the ordinary course of business;
- (23) Liens on the Capital Stock of Unrestricted Subsidiaries or any Person that is not a Subsidiary of the Issuer solely to secure Indebtedness of such Unrestricted Subsidiaries or such Person, in each case that is non-recourse to the Issuer or any Restricted Subsidiary, unless the Issuer or such Restricted Subsidiary could have incurred such Indebtedness under the Indenture on the date of incurrence of such Lien;
- (24) Liens with respect to minor survey exceptions, minor encumbrances, easements or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or municipal ordinances, zoning ordinances or other restrictions as to the use of real property, not interfering in any material respect with the conduct of the business of the Issuer and its Restricted Subsidiaries;
- (25) licenses or leases or subleases as licensor, lessor or sublessor of any of the Issuer's or the Restricted Subsidiaries' property, including intellectual property, in the ordinary course of business;
- (26) Liens resulting from escrow arrangements entered into in connection with the disposition of assets;
- (27) Liens encumbering property or assets under construction arising from progress or partial payments by a customer of the Issuer or its Restricted Subsidiaries relating to such property or assets;
- (28) any encumbrance or restriction, including customary rights of first refusal and tag, drag and similar rights with respect to Capital Stock of any joint venture pursuant to joint venture agreements entered into in the ordinary course of business;
- (29) Liens on any interest reserve, debt service reserve, debt service accrual, sinking fund or similar account used to service interest payments or debt obligations with respect to Indebtedness permitted to be Incurred under the covenant described under the caption entitled "— Certain Covenants — Limitation on Indebtedness;"
- (30) Liens on inventories and accounts receivable to secure working capital facilities of the Issuer or any Restricted Subsidiary used for working capital;
- (31) Liens securing Permitted Priority Indebtedness;
- (32) Liens on Pari Passu Collateral securing Permitted Pari Passu Secured Indebtedness that complies with each of the requirements set forth under "— Permitted Pari Passu Secured Indebtedness;"
- (33) Liens on the assets of Stanmore and its Restricted Subsidiaries securing Indebtedness permitted to be Incurred under clause (b)(17) of the covenant described under the caption "— Certain Covenants — Limitation on Indebtedness;"
- (34) Liens on the assets of GEMS and its Restricted Subsidiaries securing Indebtedness permitted to be Incurred under clause (b)(18) of the covenant described under the caption "— Certain Covenants — Limitation on Indebtedness;" and
- (35) Liens incurred in the ordinary course of business of the Issuer or any Restricted Subsidiary with respect to obligations that do not exceed \$15.0 million at any one time outstanding,

provided that, the only Liens permitted on Notes Collateral are (1), (13) and (15) and the only Liens permitted on Pari Passu Collateral are (1), (13), (15) and (32).

“Permitted Pari Passu Secured Indebtedness” has the meaning set forth under *“— Security — Permitted Pari Passu Secured Indebtedness.”*

“Permitted Priority Indebtedness” means any Consolidated Priority Indebtedness, *provided that*, on the date of Incurrence of such Indebtedness, and after giving effect thereto and the application of the proceeds thereof, the Consolidated Priority Indebtedness would be no greater than 15.0% of Total Assets.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

“Preferred Stock” as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its terms is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over any other class of Capital Stock of such Person.

“Principals” means Mr. Franky Oesman Widjaja, Mr. Indra Widjaja and Mr. Muktar Widjaja.

“Rating Agencies” means (i) S&P, (ii) Moody’s and (iii) Fitch; *provided that* if S&P, Moody’s or Fitch shall not make a rating of the Notes publicly available, one or more “nationally recognized statistical rating organizations”, as the case may be, within the meaning of Section 3(a)(62) under the Exchange Act, as the Issuer may select, which will be substituted for any of S&P, Moody’s or Fitch, as the case may be.

“Rating Category” means (i) with respect to S&P and Fitch, any of the following categories: “BB”, “B”, “CCC”, “CC”, “C” and “D” (or equivalent successor categories), (ii) with respect to Moody’s, any of the following categories: “Ba”, “B”, “Caa”, “Ca”, “C” and “D” (or equivalent successor categories); and (iii) the equivalent of any such category of S&P, Fitch or Moody’s used by another Rating Agency. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories (“+” and “-” for S&P and Fitch; “1”, “2” and “3” for Moody’s; or the equivalent gradations for another Rating Agency) will be taken into account (e.g., with respect to S&P, a decline in a rating from “BB+” to “BB”, as well as from “BB-” to “B+”, will constitute a decrease of one gradation).

“Rating Date” means, in connection with actions contemplated under the caption *“— Consolidation, Merger and Sale of Assets”*, that date which is 90 days prior to the earlier of (x) the occurrence of any such actions as set forth therein and (y) a public notice of the occurrence of any such actions.

“Rating Decline” means, in connection with actions contemplated under the caption *“— Consolidation, Merger and Sale of Assets”*, the notification by any of the Rating Agencies that such proposed actions will result in any of the events listed below:

- (a) in the event the Notes are rated by all three Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by any two of the three or all three Rating Agencies shall be below Investment Grade;
- (b) in the event the Notes are rated by any two, but not all three, of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by either of such two Rating Agencies shall be below Investment Grade;
- (c) in the event the Notes are rated by only one of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by such Rating Agency will be below Investment Grade; or

- (d) in the event the Notes are rated below Investment Grade by all Rating Agencies on the Rating Date, the rating of the Notes by any Rating Agency will be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories),

provided that a Rating Agency will be deemed to have not changed its rating of the Notes to below Investment Grade or to have decreased its rating of the Notes if such Rating Agency states publicly in writing that (i) its change in rating of the Notes is the result of a rating downgrade applicable to the Government of Indonesia or generally applicable to companies in the Issuer's industry or companies located or operating in Indonesia and (ii) is not as a result of such proposed action contemplated under the caption "— Consolidation, Merger and Sale of Assets."

"Reference Period" means, as of any Transaction Date, the period commencing on and including the first day of the Four Quarter Period with respect to such Transaction Date and ending on and including the Transaction Date.

"Reference Treasury Dealer" means each of any three investment banks of recognized standing that is a primary U.S. Government securities dealer in The City of New York, selected by the Issuer in good faith and notified to the Trustee.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average as determined by an investment banking firm of recognized international standing, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing by such Reference Treasury Dealer at 5:00 p.m. New York City time on the third Business Day preceding such redemption date.

"Related Party" means (1) any spouse, child, adopted child, step-child and parents of any of the Principals or (2) any trust, corporation, partnership, joint venture, unincorporated organization, limited liability company or other entity, the beneficiaries, stockholders, partners, members, owners or persons beneficially holding a majority interest of which consist of one or more of the Principals or the persons referred to in clause (1) above.

"Replacement Assets" means, with respect to an Asset Sale, (1) properties and assets that replace the properties and assets that were the subject of such Asset Sale and properties or assets (other than current assets) that will be used in a Permitted Business, (2) acquiring all or substantially all of the assets of any Person that is primarily engaged in a Permitted Business or the Capital Stock of any Person that is primarily engaged in a Permitted Business holding such property or assets if such Person is or will become, upon the acquisition by the Issuer or any of its Restricted Subsidiaries of such Capital Stock, a Restricted Subsidiary or (3) any other capital expenditure relating to properties or assets that are used in a Permitted Business.

"Restricted Subsidiary" means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

"S&P" means Standard & Poor's Ratings Services and its affiliates.

"Sale and Leaseback Transaction" means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Issuer or any Restricted Subsidiary transfers such property to another Person and the Issuer or any Restricted Subsidiary leases it from such Person.

"Secured Indebtedness" means any Indebtedness of the Issuer or a Subsidiary Guarantor secured by a Lien.

"Securities Act" means the U.S. Securities Act of 1933, as amended.

“*Senior Indebtedness*” of the Issuer or any Restricted Subsidiary, as the case may be, means all Indebtedness of the Issuer or such Restricted Subsidiary, as relevant, whether outstanding on the Original Issue Date or thereafter created, except for Indebtedness which, in the instrument creating or evidencing the same, is expressly stated to be subordinated in right of payment to the Notes or, in respect of any Restricted Subsidiary that is a Subsidiary Guarantor, its Subsidiary Guarantee; *provided* that Senior Indebtedness does not include (a) any obligation to the Issuer or any Restricted Subsidiary, (b) trade payables or (c) Indebtedness Incurred in violation of the Indenture. “*SGX-ST*” means the Singapore Exchange Securities Trading Limited.

“*Significant Subsidiary*” means any Restricted Subsidiary that would be a “significant subsidiary” as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated under the Securities Act, as such regulation is in effect on the Original Issue Date.

“*Stated Maturity*” means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled installment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Indebtedness, and in each case, will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

“*Subordinated Indebtedness*” means any Indebtedness of the Issuer or any Subsidiary Guarantor which is contractually subordinated or junior in right of payment to the Notes or any Subsidiary Guarantee, as applicable, pursuant to a written agreement to such effect.

“*Subordinated Shareholder Loan*” means any unsecured Indebtedness for borrowed money Incurred by the Issuer or any Subsidiary Guarantor from any Principal or Related Party of a Principal (but only so long as such Indebtedness is owed to such Principal or Related Party of such Principal) which (i) is expressly made subordinate to the prior payment in full of the Notes or the Subsidiary Guarantee by its terms or by the terms of any agreement or instrument pursuant to which such Indebtedness is issued, created or remains outstanding, with respect to the payment of principal and any other payment obligations in respect of such Indebtedness, (ii) by its terms (and by the terms of any security into which it is convertible or for which it is exchangeable) does not mature and is not required to be repaid, redeemed, repurchased or otherwise retired, pursuant to a sinking fund obligation, event of default or otherwise, in whole or in part, on or prior to 366 days after the final Stated Maturity of the Notes, (iii) by its terms, does not provide for any cash payment of interest (or premium, if any) and (iv) by its terms, does not permit any payments of principal of (or premium, if any) or interest on or otherwise due in respect of such Indebtedness for so long as any Default exists.

“*Subsidiary*” means, with respect to any Person, any corporation, association or other business entity of which more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person.

“*Subsidiary Guarantee*” means any guarantee of the obligations of the Issuer under the Indenture and the Notes by any Subsidiary Guarantor.

“*Subsidiary Guarantor*” means each of the Initial Subsidiary Guarantors and any other Restricted Subsidiary which guarantees the payment of the Notes pursuant to the Indenture and the Notes; *provided* that Subsidiary Guarantor will not include any Person whose Subsidiary Guarantee has been released in accordance with the Indenture and the Notes.

“*Temporary Cash Investments*” means any of the following:

- (1) direct obligations of the United States of America, any state of the European Economic Area, the United Kingdom, Singapore or Hong Kong or any agency of any of the foregoing; *provided* that such country or state is rated “AA” (or such similar equivalent rating) or higher by at least two nationally recognized statistical rating organization (as defined in Section 3(a)(62) of the Exchange Act) (each such country or state a “Rated Country/State”), or obligations fully and unconditionally guaranteed by any Rated Country/State, in each case (unless such securities are deposited to defease or satisfy and discharge any Indebtedness) maturing within one year of the date of acquisition thereof;
- (2) demand or time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America or any state thereof, or any other Rated Country/State, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of \$500 million (or the Dollar Equivalent thereof) and has outstanding debt which is rated “A” (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Section 3(a)(62) of the Exchange Act) or any money market fund sponsored by a registered broker dealer or mutual fund distributor;
- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank or trust company meeting the qualifications described in clause (2) above;
- (4) commercial paper, maturing within one year of the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Issuer) organized and in existence under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of “P-1” (or higher) according to Moody’s or “A-1” (or higher) according to S&P;
- (5) securities maturing within one year of the date of acquisition thereof, issued or fully and unconditionally guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least “A” by S&P or Moody’s;
- (6) any mutual or money market fund that has at least 95% of its assets continuously invested in investments of the types described in clauses (1) through (5) above;
- (7) demand or time deposit accounts, certificates of deposit, overnight or call deposits and money market deposits with (i) BNP Paribas, Credit Suisse AG, Morgan Stanley & Co. International Plc, United Overseas Bank Limited, Standard Chartered Bank (Singapore) Limited, DBS Bank Ltd., PT Bank Mandiri (Persero), PT Bank CIMB Niaga Tbk and Bank Danamon; (ii) any other bank, financial institution or trust company organized under the laws of Singapore or the Republic of Indonesia or a jurisdiction where the principal place of business of a Restricted Subsidiary is located or to which the Issuer or a Restricted Subsidiary sells its products or services whose long-term debt rating by Moody’s or S&P is rated as high or higher than any of those banks listed in clause (i) of this paragraph or (iii) any other bank, financial institution or trust company organized under the laws of Singapore or the Republic of Indonesia or a jurisdiction where the principal place of business of a Restricted Subsidiary is located or to which the Issuer or a Restricted Subsidiary sells its products or services; *provided* that, in the case of clause (iii), such deposits do not exceed \$5.0 million (or the Dollar Equivalent thereof) with any single bank or \$15.0 million (or the Dollar Equivalent thereof) in the aggregate, at any date of determination thereafter;

- (8) direct obligations of the Republic of Indonesia or any agency thereof or obligations fully and unconditionally guaranteed by the Republic of Indonesia or any agency thereof, in each case maturing within one year; *provided* that the amount of such investments outstanding at any one time, together with the amount of investments in Bank Indonesia certificates made under clause (9) below, shall not exceed an aggregate amount of \$25.0 million (or the Dollar Equivalent thereof); and
- (9) Bank Indonesia certificates (“SBIs”) maturing within one year; *provided* that the amount of investments in SBIs outstanding at any one time, together with the amount of investments in Indonesian government obligations made under clause (8) above, shall not exceed an aggregate amount of \$25.0 million (or the Dollar Equivalent thereof).

“*Total Assets*” means, as of any date of determination, the total consolidated assets of the Issuer and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recently ended fiscal quarter prior to such date for which consolidated financial statements (which may be internal financial statements) of the Issuer are available; *provided* that “Total Assets” will be calculated after giving pro forma effect to reflect (without duplication) (a) the cumulative value of all assets, real or personal property, machinery, plant and equipment, the acquisition, development, installation, expansion, construction or improvement of which requires or required the Incurrence of Indebtedness, as measured by the purchase price or cost therefor or budgeted cost determined in good faith by the Issuer or any Restricted Subsidiary (but only to the extent that such cumulative value is not reflected in such total consolidated assets as of the last day of such fiscal quarter) and (b) any asset acquisitions and asset dispositions (including giving pro forma effect to the application of proceeds of any asset disposition) that have been made since the last day of such fiscal quarter and on or prior to such date of determination.

“*Trade Payables*” means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services and payable within 365 days.

“*Transaction Date*” means, with respect to (i) the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred, (ii) any Restricted Payment, the date such Restricted Payment is to be made, and (iii) the incurrence or assumption of any Lien, the date such Lien is to be incurred or assumed.

“*Unrestricted Subsidiary*” means (1) any Subsidiary of the Issuer that at the time of determination will be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided in the Indenture; and (2) any Subsidiary of an Unrestricted Subsidiary.

“*U.S. Government Obligations*” means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the holder thereof at any time prior to the Stated Maturity of the Notes, and will also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

“*Voting Stock*” means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

“*Wholly Owned*” means, with respect to any Subsidiary of any Person, the ownership of 100% of the outstanding Capital Stock of such Subsidiary (other than any director’s qualifying shares or Investments by foreign nationals mandated by applicable law) by such Person or one or more Wholly Owned Subsidiaries of such Person.

TAXATION

The statements below are general in nature and are based on current income tax laws in Singapore and Indonesia, administrative guidelines and circulars issued by the relevant tax authorities in effect as of the date of this Offering Memorandum, and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, including changes that could have retroactive effect. These laws, guidelines and circulars are also subject to various interpretations and no assurance can be given that the relevant tax authorities or the courts will agree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Offering Memorandum are intended or are to be regarded as advice on the tax position of any Noteholder or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes.

The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. The statements should not be regarded as advice on the tax position of any person and should be treated with appropriate caution. Prospective holders of the Notes in all jurisdictions are advised to consult their own tax advisers as to the tax consequences applicable to the subscription for, purchase, ownership and disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasized that none of the Issuer, the Subsidiary Guarantor, the Joint Global Coordinators, Bookrunners and Lead Managers and any other persons involved in the issuance of the Notes accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, ownership or disposal of the Notes.

Singapore Taxation

Taxation Relating to Payments on the Notes

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore); or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Where payments falling within Section 12(6) are made to a person not known to the paying party to be a resident in Singapore for tax purposes, such payments are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15% final withholding tax described below) to non-resident persons (other than non-resident individuals) is the prevailing corporate tax rate, currently 17%. The applicable rate for non-resident individuals is currently 22%. However, if the payment is derived by a person not resident in Singapore and such payment is (i) not derived from any trade, business, profession or vocation carried on or exercised by such person in Singapore and (ii) not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15%. The withholding tax rate may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- interest from debt securities derived on or after January 1, 2004;
- discount income (not including discount income arising from secondary trading) from debt securities derived on or after February 17, 2006; and
- prepayment fee, redemption premium and break cost from debt securities derived on or after February 15, 2007, except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

The terms “break cost,” “prepayment fee” and “redemption premium” are defined in the ITA as follows:

- “break cost,” in relation to debt securities, qualifying debt securities or qualifying project debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;
- “prepayment fee,” in relation to debt securities, qualifying debt securities or qualifying project debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and
- “redemption premium,” in relation to debt securities, qualifying debt securities or qualifying project debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to “break cost,” “prepayment fee” and “redemption premium” in this Singapore taxation disclosure have the same meaning as defined in the ITA.

In addition, as the Notes are issued by a Singapore-based issuer and arranged by Citigroup Global Markets Singapore Pte Ltd, CLSA Singapore Pte Ltd and Mandiri Securities Pte. Ltd., which are all Financial Sector Incentive (standard tier) companies (as defined in the ITA) at such time, the Notes would be, pursuant to the ITA and the Income Tax (Qualifying Debt Securities) Regulations (the “QDS Regulations”), “qualifying debt securities” (“QDS”) for the purposes of the ITA, to which the following treatment shall apply:

- (a) subject to certain prescribed conditions having been fulfilled (including the furnishing to the MAS by the Issuer, or such other person as the MAS may direct, of a return on debt securities for the Notes within such period as the MAS may specify and such other particulars in connection with the Notes as the MAS may require and the inclusion by the Issuer in all offering documents relating to the Notes of a statement to the effect that where interest, discount income, prepayment fees, redemption premiums and break costs are derived from the Notes by any Noteholder who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA shall not apply if such Noteholder acquires the Notes using the funds obtained from such Singapore operations), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium or break cost (collectively, “Qualifying Income”) from the Notes paid by the Issuer and derived by a Noteholder who is not resident in Singapore and who (i) does not have any permanent establishment in Singapore or (ii) carries on any operation in Singapore through a permanent

establishment in Singapore but the funds used by that person to acquire the Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore income tax;

- (b) subject to certain prescribed conditions having been fulfilled (including the furnishing to the MAS by the Issuer, or such other person as the MAS may direct, of a return on debt securities for the Notes within such period as the MAS may specify and such other particulars in connection with the Notes as the MAS may require), Qualifying Income from the Notes paid by the Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore, other than any non-resident who qualifies for the tax exemption as described in paragraph (a) above, is subject to income tax at a concessionary tax rate of 10% (except for holders who have been granted the relevant Financial Sector Incentive (standard tier) status (within the meaning of Section 43N of the ITA); and
- (c) subject to:
 - (i) the Issuer including in all offering documents relating to the Notes a statement to the effect that any person whose interest, discount income, prepayment fees, redemption premiums and break costs (i.e. Qualifying Income) derived from the Notes is not exempt from tax shall include such income in a return of income made under the ITA; and
 - (ii) the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Notes within such period as the MAS may specify and such other particulars in connection with the Notes as the MAS may require,

Qualifying Income derived from the Notes is not subject to withholding of tax by the Issuer.

The term "offering documents" means the prospectuses, offering memoranda, information memoranda, pricing supplements or other documents issued to investors in connection with an issue of securities.

Notwithstanding the foregoing:

- if during the primary launch of the Notes, the Notes are issued to fewer than four persons and 50% or more of the issue of the Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, the Notes would not (unless otherwise approved by the Minister or such person as he may appoint) qualify as QDS; and
- even though the Notes are QDS, if, at any time during the tenure of the Notes, 50% or more of the Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by related parties of the Issuer, Qualifying Income derived from the Notes held by:
 - o any related party of the Issuer; or
 - o any other person where the funds used by such person to acquire the Notes are obtained, directly or indirectly from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax of 10% as described above.

The term "related party," in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person directly or indirectly are under the control of a common person.

Where interest, discount income, prepayment fee, redemption premium and break cost (i.e. Qualifying Income) is derived from the Notes by any person who is not tax resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as described above) shall not apply if such person acquires the Notes using the funds of such person's operations through a permanent establishment in Singapore. Notwithstanding that the Issuer is permitted to make payments of Qualifying Income in respect of the Notes without deduction or withholding of tax under Section 45 or Section 45A of the ITA, any person whose Qualifying Income derived from such Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

Gains on Disposal of the Notes

Singapore does not impose tax on capital gains. Any gains considered to be in the nature of capital arising from the disposal of the Notes will not be taxable in Singapore. However, any gains derived by any Noteholder from the disposal of the Notes which are gains from any trade, business, profession or vocation carried on by that Noteholder, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

There are no specific laws or regulations which deal with the characterization of capital gains. The characterization of the gains arising from the disposal of the Notes will depend on the facts and circumstances of each Noteholder.

Noteholders who have adopted or are required to adopt Financial Reporting Standard 109 — Financial Instruments (“FRS 109”) or Singapore Financial Reporting Standard (International) 9 (Financial Instruments) (“SFRS(I) 9”) (as the case may be) may, for Singapore income tax purposes, be required to recognize gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 109 or SFRS(I) 9 (as the case may be). See “Adoption of FRS 109 or SFRS(I) 9 — Treatment for Singapore Income Tax Purposes” below.

Adoption of FRS 109 or SFRS(I) 9 — Treatment for Singapore Income Tax Purposes

The Inland Revenue Authority of Singapore has published an e-Tax Guide: Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 — Financial Instruments (Second Edition) on November 6, 2019 (the “FRS 109 e-Tax Guide”). Legislative amendments to give legislative effect to the tax treatment set out in the FRS 109 e-Tax Guide have been enacted in Section 34AA of the ITA.

Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 (as the case may be) for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions.

Noteholders and prospective Noteholders who may be subject to the tax treatment under the FRS 109 e-Tax Guide and Section 34AA of the ITA should consult their own accounting and tax advisers on the Singapore income tax treatment to understand the implications and consequences that may be applicable to them.

PLAN OF DISTRIBUTION

Subject to the terms and conditions stated in the purchase agreement dated the date of this Offering Memorandum (the “Purchase Agreement”), each Initial Purchaser named below has severally and not jointly agreed to purchase, and the Issuer has agreed to issue and sell to each such Initial Purchaser, the principal amount of the Notes set forth opposite the name of such Initial Purchaser.

Initial Purchaser	Principal Amount
Citigroup Global Markets Singapore Pte. Ltd.	\$ 95,000,000
CLSA Singapore Pte Ltd.....	\$ 95,000,000
Mandiri Securities Pte. Ltd.	\$ 95,000,000
Total	\$285,000,000

The Purchase Agreement provides that the several and not joint obligations of the Initial Purchasers to purchase the Notes are subject to approval of certain legal matters by counsel and to certain other conditions. The Initial Purchasers must purchase all of the Notes if they purchase any of the Notes. The initial offering price is set forth on the cover page of this Offering Memorandum. After the Notes are released for sale, the Initial Purchasers may change the offering price and other selling terms. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part. Delivery of the Notes to the Initial Purchasers is expected to occur on or about May 14, 2021.

The Issuer and the Subsidiary Guarantor have agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Initial Purchasers may be required to make in respect of any of such liabilities.

The Issuer and the Subsidiary Guarantor have agreed not to, for a period of 90 days after the date of this Offering Memorandum, (i) offer for sale, sell, or otherwise dispose of (or enter into any transaction or device that is designed to, or would be expected to, result in the disposition by any person at any time in the future of) any debt securities substantially similar to the Notes or securities convertible into or exchangeable for such debt securities, or sell or grant options, rights or warrants with respect to such debt securities or securities convertible into or exchangeable for such debt securities, (ii) enter into any swap or other derivatives transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of such debt securities, (iii) file or cause to be filed a registration statement, including any amendments, with respect to the registration of debt securities substantially similar to the Notes or securities convertible, exercisable or exchangeable into such debt securities or (iv) publicly announce an offering of any debt securities substantially similar to the Notes or securities convertible or exchangeable into such debt securities, in each case without the prior written consent of the Initial Purchasers.

The Notes have not been registered under the Securities Act and, unless so registered, may not be offered or sold within the United States except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. See “Transfer Restrictions.”

The Notes will constitute a new class of securities with no established trading market. Approval in-principle has been obtained for the listing and quotation of the Notes on the SGX-ST. However, there can be no assurance that the prices at which the Notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the Notes after the completion of this offering will develop and continue after this offering. The Initial Purchasers have advised us that they currently intend to make a market in the Notes. However, they are not obligated to do so and may discontinue any market-making activities with respect to the Notes at any time without notice. In addition, market-making activity will be subject to the limits imposed by applicable law. Accordingly, there can be no assurance that the trading market for the Notes will have any liquidity.

In connection with this offering of the Notes, Citigroup Global Markets Singapore Pte. Ltd., as stabilizing manager, or any person acting for it, may over-allot the Notes, purchase and sell Notes in the open market, or effect transactions with a view to supporting the market price of the Notes during the stabilization period at a level higher than that which might otherwise prevail. These transactions may, to the extent permitted by law, include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale of a greater amount of Notes than the Initial Purchasers are required to purchase in this offering. Stabilizing transactions consist of certain bids or purchases for the purpose of preventing or retarding a decline in the market price of the Notes while this offering is in progress. These activities, to the extent permitted by law, may stabilize, maintain or otherwise affect the market price of the Notes. These activities may be conducted in the over-the-counter market or otherwise. As a result, the price of the Notes may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time and must in any event be brought to an end after a limited time. These activities will be undertaken solely for the account of the stabilizing manager and not for and on behalf of the Issuer.

The Issuer has agreed with the Initial Purchasers that it will pay a commission to certain private banks in connection with the distribution of the Notes to their clients. This commission will be based on the principal amount of the Notes so distributed, and may be deducted from the purchase price for the Notes payable by such private banks upon settlement.

The Initial Purchasers and their respective affiliates have, from time to time, performed, and may in the future perform, certain commercial banking and lending, investment banking and advisory and other banking services for us, and/or our affiliates for which they have received or will receive customary fees and expenses. The Initial Purchasers and their respective affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. In the ordinary course of their various business activities, the Initial Purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and instruments of the Issuer or any of the Subsidiary Guarantor. In particular, an affiliate of Mandiri Securities Pte Ltd, one of the Initial Purchasers, is a lender under the CS/Mandiri Facility and the Mandiri Facility. We intend to use a portion of the net proceeds of this offering to repay all amounts outstanding under the CS/Mandiri Facility. For more details see “Description of Material Indebtedness.”

The Initial Purchasers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Notes or our other financial instruments, and may recommend to their clients that they acquire long and/or short positions in the Notes or other financial instruments. While each Initial Purchaser and its affiliates have policies and procedures to deal with conflicts of interests, any such transactions may cause an Initial Purchaser or its affiliates or its clients or counterparties to have economic interests and incentives which may conflict with those of an investor in the Notes. Each Initial Purchaser may receive returns on such transactions and has no obligation to take, refrain from taking or cease taking any action with respect to any such transactions based on the potential effect on a prospective investor in the Notes.

The Initial Purchasers and/or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution.

Selling Restrictions

General

No action has been taken or will be taken in any jurisdiction by the Issuer, the Subsidiary Guarantor or the Initial Purchasers that would permit a public offering of Notes, or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Notes or this offering, in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor such other material may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction. If a jurisdiction requires that this offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, this offering shall be deemed to be made by the underwriters or such affiliate on behalf of the issuer in such jurisdiction.

European Economic Area

This Offering Memorandum has been prepared on the basis that any offer of Notes in any Member State of the EEA will be made pursuant to an exemption under Regulation (EU) 2017/1129 (the “Prospectus Regulation”) from the obligation to publish a prospectus for offers of Notes. This Offering Memorandum is not a prospectus for the purposes of Prospectus Regulation.

The Notes are not intended to be offered or sold to and should not be offered or sold to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making the Notes available to retail investors in the EEA has been prepared. Offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

The Notes have not been offered, sold or otherwise made available and will not be offered, sold or otherwise made available any Notes to any retail investor in the EEA.

Each person in a member state of the EEA who receives any communication in respect of, or who acquires any Notes under, the offer to the public contemplated in this supplemental offering memorandum or to whom the Notes are otherwise made available, will be deemed to have represented, warranted and agreed to and with each Initial Purchaser and the Issuer that it and any person on whose behalf it acquires Notes is not a “retail investor” (as defined above).

Hong Kong

The Notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Indonesia

The Notes have not been, and will not be, registered with the OJK, and therefore, the Notes may not be offered or sold within Indonesia or to Indonesian citizens wherever they are domiciled in a manner which constitutes a public offer under Law No. 8 of 1995 on Capital Markets and the implementing regulations. Accordingly, the Joint Global Coordinators, Bookrunners and Lead Managers have represented and agreed that they will not, directly or indirectly, expressly or implicitly:

- offer the Notes to more than 100, or sell the Securities to more than 50, parties in Indonesia and/or Indonesian citizens wherever they are domiciled; and
- offer the Notes by way of mass media, including any newspaper, magazine, film, television, radio or other electronic media or any letter, brochure or other printed medium, distributed to more than 100 parties in Indonesia and/or to Indonesian citizens wherever they are domiciled.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and the Initial Purchasers have agreed that they will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

People's Republic of China

This Offering Memorandum does not constitute a public offer of the Notes, whether by way of sale or subscription, in China. Other than to qualified domestic institutional investors in China, the Notes are not being offered and may not be offered or sold, directly or indirectly, in China to or for the benefit of, legal or natural persons of China. According to the laws and regulatory requirements of China, with the exception of qualified domestic institutional investors in China, the Notes may, subject to the laws and regulations of the relevant jurisdictions, only be offered or sold to non-Chinese natural or legal persons in any country other than China.

Singapore

This Offering Memorandum has not been registered as a prospectus with the MAS. Accordingly, this Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor;

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law;
- as specified in Section 276(7) of the SFA; or
- as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Section 309B(1) Notification — the Company has determined, and hereby notifies all persons (including all relevant persons (as defined in Section 309A(1) of the SFA) that the notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Switzerland

The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or any other exchange or regulated trading facility in Switzerland. Neither this Offering Memorandum nor any other offering or marketing material relating to the Notes constitutes (i) a prospectus as such term is understood pursuant to Article 652a or 1156 of the Swiss Code of Obligations or (ii) a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this Offering Memorandum nor any other marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland. In addition, this Offering Memorandum and any other offering or marketing material relating to the Notes may not comply with the Directive for Notes of Foreign Borrowers of the Swiss Bankers Association. The Notes are being offered in Switzerland by way of private placement, without any public advertisement and only to investors who do not purchase the Notes with the intention to distribute them to the public. The investors will be individually approached directly from time to time. This Offering Memorandum, as well as any other offering or marketing material relating to the Notes, is personal and confidential and does not constitute an offer to any other person. This Offering Memorandum, as well as any other offering or marketing material relating to the Notes, may only be used by those investors to whom it has been handed out in connection with this offering and may neither directly nor indirectly be distributed or made available to other persons without GEAR's express consent.

United Kingdom

This Offering Memorandum has been prepared on the basis that any offer of the Notes in the UK will be made pursuant to exemptions under the Financial Services and Markets Act 2000 (the "FSMA") and Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the "UK Prospectus Regulation") from a requirement to publish a prospectus for offers of Notes. This Offering Memorandum is not a prospectus for the purpose of the UK Prospectus Regulation.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

The Notes have not been offered, sold or otherwise made available and will not be offered, sold or otherwise made available any Notes to any retail investor in the United Kingdom.

Each person in the UK who receives any communication in respect of, or who acquires any Notes under, the offer to the public contemplated in this supplemental offering memorandum or to whom the Notes are otherwise made available, will be deemed to have represented, warranted and agreed to and with each Initial Purchaser and the Issuer that it and any person on whose behalf it acquires Notes is not a “retail investor” (as defined above).

This Offering Memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Promotion Order, (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc”) of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (“FSMA”)) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

United States

The Notes and the Subsidiary Guarantee have not been and will not be registered under the Securities Act, and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes and the Subsidiary Guarantee are being offered and sold in offshore transactions in reliance on Regulation S under the Securities Act. Each Initial Purchaser has agreed that it has not offered or sold, and will not offer or sell, any notes except in offshore transactions pursuant to Regulation S. Terms used in this section have the meanings given to them by Regulation S. Resale of the Notes is restricted as described under “Transfer Restrictions.”

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Notes.

We have not registered the Notes or the Subsidiary Guarantee under the Securities Act and the Notes may only be offered or sold outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. Terms used above and otherwise in this section of this Offering Memorandum have the meanings given to them by Regulation S.

By its purchase of the Notes, each purchaser of the Notes will be deemed to:

- (1) represent that it is purchasing the Notes for its own account or an account with respect to which it exercises sole investment discretion and is purchasing the Notes in an offshore transaction in accordance with Regulation S;
- (2) acknowledge that the Notes and the Subsidiary Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except as set forth below;
- (3) agree that it will inform each person to whom it transfers Notes of any restrictions on transfer of such Notes;
- (4) acknowledge that we, the Initial Purchasers, the Trustee, the Agents and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements, and agree that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the Notes are no longer accurate, it shall promptly notify us, the Initial Purchasers, the Trustee, and the Agents. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and
- (5) acknowledge that no action has been taken in any jurisdiction (including the United States) by us or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where registration for that purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under “Plan of Distribution.”

Each person located in a Member State of the EEA to whom any offer of Notes is made, or who receives any communication in respect of an offer of Notes, or who initially acquires any Notes, or to whom the Notes are otherwise made available will be deemed to have represented, warranted, acknowledged and agreed to and with each Initial Purchaser and the Issuer that it is not a “retail investor.” For the purposes of this provision, a “retail investor” means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of the Insurance Mediation Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Australian foreign investment policy provides for government scrutiny of many proposed foreign purchases of Australian businesses and properties, including in some circumstances the granting and enforcement of security interests in such Australian business and property. The Australian federal government has the power under FATA to block proposals that are determined to be contrary to the national interest or national security interest. FATA also provides legislative backing for ensuring compliance with Australian foreign investment policy. In the majority of industry sections, small proposals are exempt from notification and larger proposals are approved unless judged contrary to the national interest or national security interest. The screening process is undertaken by the Foreign Investment Review Board. Purchasers of Notes should seek legal advice prior to making any offer, sale, resale, pledge or other transfer of the Notes to determine whether its purchase of Notes will require a prior application being made to the Foreign Investment Review Board.

LEGAL MATTERS

Certain legal matters with respect to the Notes will be passed upon for us by Latham & Watkins LLP as to matters of United States federal securities, New York and Singapore laws, Makes & Partners Law Firm as to matters of Indonesian law and Norton Rose Fulbright as to matters of Australian law. Certain legal matters will be passed upon for the Initial Purchasers by Shearman & Sterling LLP as to matters of United States federal securities and New York laws and Witara Cakra Advocates as to matters of Indonesian law.

INDEPENDENT PUBLIC ACCOUNTANTS

The Consolidated Financial Statements have been prepared and presented in accordance with SFRS(I). The Consolidated Financial Statements have been audited by Ernst & Young in accordance with Singapore Standards on Auditing, as stated in their audit reports appearing elsewhere in this Offering Memorandum.

The Stanmore Consolidated Financial Statements have been prepared and presented in accordance with Australian Accounting Standards and other authoritative pronouncements of the AASB and IFRS. The Stanmore Consolidated Financial Statements have been audited by BDO Audit Pty Ltd in accordance with the requirements of the Corporations Act 2001 and AUSB, as stated in their audit reports appearing elsewhere in this Offering Memorandum.

The GEMS Interim Consolidated Financial Statements, which have been prepared by GEMS' management in accordance with Indonesian Financial Accounting Standards and included in this Offering Memorandum, have been reviewed by PSS (a member firm of Ernst & Young Global Limited), independent auditors, in accordance with SRE 2410, established by the IICPA, as stated in their review report appearing elsewhere in this Offering Memorandum. A review conducted in accordance with SRE 2410 established by the IICPA is substantially less in scope than an audit conducted in accordance with Standards on Auditing established by the IICPA, and, consequently, does not enable PSS to obtain assurance that PSS would become aware of all significant matters that might be identified in an audit. Accordingly, PSS does not express an audit opinion on the GEMS Interim Consolidated Financial Statements.

INDEPENDENT MINING CONSULTANT AND MINING INDUSTRY EXPERT

Salva, independent industry expert, has given its written consent to the issue of this Offering Memorandum with the inclusion herein of its name and all references thereto and to the inclusion in this Offering Memorandum of certain data prepared by Salva, in the form and context in which it appears in this Offering Memorandum. Such data has not been updated since its preparation, and changes in the factors upon which such data are based could have materially affected the statements, estimates, forecasts and conclusions contained in the report.

Each of the following has given its written consent to the issue of this Offering Memorandum with the inclusion of: (i) its name, (ii) all references to it herein, (iii) certain data extracted or derived from its report (annexed hereto) in the form and context in which it appears in this Offering Memorandum:

- Salva, independent mining consultant, in respect of GEMS. Salva is a provider of consulting services for the mining industry, in particular providing key technical and commercial services for mining exploration and investment. Salva has provided, and is expected to continue provide, mining services to us;
- Measured Group, independent mining consultant, in respect of Isaac Downs, who is located at Level 14, 116 Adelaide Street, Brisbane QLD 4000;
- Palaris Australia Pty Ltd, independent mining consultant, in respect of Isaac Downs, who is located at Level 7, 500 Queen Street, Brisbane QLD 4000;
- Optimal Mining, independent mining consultant, in respect of Isaac Plains mine and Isaac Plains East, who is located at The GAP office, 90 Glenella St, The GAP QLD 4061;
- JB Mining, independent mining consultant, in respect of Isaac South, who is located at Level 2, 143 Charlotte Street, Brisbane QLD Australia;
- Xenith Consulting, independent mining consultant, in respect of Isaac Plains, Isaac Underground, Clifford, The Range, Mackenzie, Belview, Tennyson and Lilyvale, who is located at Level 6, 40 Creek Street, Brisbane QLD 4000;
- Dr. Bronwyn Leonard, Superintendent Mine Geology, Stanmore Coal Limited, in respect of Isaac Plains East, who is located at Level 15, 133 Mary Street, Brisbane QLD 4000;
- Minserve, independent mining consultant, in respect of The Range, who is located at HUB ANZAC SQUARE, Level 6, 200 Adelaide Street, Brisbane, QLD, 4000;
- SD2, independent mining consultant, in respect of the Ravenswood Gold Mine, who is located at 266 Parsons Road, Nanango QLD 4615; and
- AMDAD, independent mining consultant, in respect of the Ravenswood Gold Mine, who is located at Level 4, 46 Edward Street, Brisbane QLD, 4000.

RATINGS

The Notes are expected to be rated “B1” by Moody’s and “B+” by Fitch. The credit ratings accorded the Notes are not a recommendation to purchase, hold or sell the Notes inasmuch as such ratings do not comment as to market price or suitability for a particular investor. There can be no assurance that the ratings will remain in effect for any given period or that the ratings will not be revised by the rating agencies in the future if, in their judgment, circumstances so warrant. See “Risk Factors — Risks Relating to the Notes, the Subsidiary Guarantees and the Collateral — The ratings assigned to the Notes may be lowered or withdrawn.”

GLOSSARY OF TERMS

The following are definitions of certain technical or coal industry-specific terms used in this Offering Memorandum. The following explanations are not intended as technical definitions, but have been provided to assist the reader to understand such terms as used in this Offering Memorandum.

“2004 JORC Code”	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2004 Edition.
“2012 JORC Code”	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition.
“2P”	Proven and probable reserves.
“adb”	Air-dried basis. A basis on which coal quality is measured and which includes inherent moisture only.
“Anthracite”	The highest rank of coal, used primarily for residential and commercial space heating. It is a hard, brittle, and black lustrous coal, often referred to as hard coal, containing a high percentage of fixed carbon and a low percentage of volatile matter. The moisture content of fresh-mined anthracite generally is less than 15 per cent. The heat content of anthracite ranges from 22 to 28 million btu per tonne on a moist, mineral-matter-free basis.
“arb”	As-received basis.
“ash”	Impurities consisting of iron, alumina and other incombustible matter that are contained in coal. Since ash increases the weight of coal, it adds to the cost of handling and can affect the burning characteristics of coal.
“Au”	Gold.
“bank cubic meter”	A measure of the volume of overburden waste material.
“barge”	A long and large, usually flat-bottomed, boat that is towed by other boats or ships.
“bituminous energy coal”	A dense coal, usually black, sometimes dark brown, often with well-defined bands of bright and dull material, used primarily as fuel in steam-electric power generation, with substantial quantities also used for heat and power applications in manufacturing and to make coke. Its moisture content usually is less than 20 per cent. The heat content of bituminous energy coal ranges from 21 to 30 million btu per tonne on a moist, mineral-matter-free basis.
“blast furnace”	The receptacle for iron ore, coke and other raw materials used in the processing of iron ore into pig iron. Pig iron is subsequently processed into steel.
“blasting”	The process of causing explosions in the mine.

“borrow-use permit” or “ <i>Izin Pinjam Pakai</i> ”	Issued by the Ministry of Forestry and allow for mining operations to take place within certain protected forest areas.
“Calorific value” or “CV”	A coal sample’s energy content measured as the heat released on complete combustion in air or oxygen, usually expressed as the amount of heat (measured in kilo calories) per unit weight of coal (measured in kilograms) or (kcal/kg).
“captive power”	Power generation facilities that supply power directly to local users — typically industrial facilities, but also domestic and commercial users in remote communities — rather than to the grid system. Captive power in Indonesia ranges from large oil, gas and hydro units powering industrial complexes, to thousands of small diesel turbines used as back-up supply in the case of power outages.
“coal blending” or “blending”	Mixing coal in predetermined or controlled quantities to adjust the chemicals or burning characteristics of the resulting coal or to produce a more uniform product.
“coal crushing facilities”	Usually located on a mine site, although one plant may serve several mines. Coal crushing facilities are used for crushing and sizing to prepare it for use by a particular customer.
“coal processing”	The process of selectively removing valueless material from raw coal through beneficiation at a coal processing plant.
“coal reserve”	Defined in the 2012 JORC Code as the economically mineable part of a measured and/or indicated coal resource.
“coal resource”	A concentration or occurrence of coal of intrinsic economic interest in or on the earth’s crust in such form and quantity that there are reasonable prospects for eventual economic extraction.
“coal seam” or “seam”	Coal deposits occur in layers in a bed of coal lying between a roof and floor with each layer called a “seam.”
“coke”	A hard, dry carbon substance produced by heating coal to a very high temperature in the absence of air and used in the manufacture of iron and steel.
“coking coal”	The process of heating coal to a very high temperature in an airless furnace to produce coke.
“crusher”	A machine for crushing rocks to smaller grain size.
“deposit”	A body of mineralization containing a sufficient average grade of coal to warrant further exploration and/or development expenditure. If a deposit does not have a realistic expectation of being mined it may not be classified as a resource or a reserve.

“drilling”	A technique or process of making a circular hole in the ground with a drilling machine, which typically occurs to obtain a cylindrical cone as a sample of ore. Alternatively, blast hole drilling is a technique used to create a hole to house an explosive charge in preparation for blasting a zone of rock.
“Ecocoal”	A type of sub-bituminous coal produced by Adaro Energy marketed as economic coal (“Ecocoal”). Ecocoal coal has low impurities, in particular low ash (5.5% air dried) and low sulphur (0.3% air dried). Ecocoal allows power stations to SO _x and NO _x emission regulations without the need to install or to operate costly sulphur and nitrogen scrubber plants. Ecocoal is relatively softer, up to 50% less than other Indonesian low rank coals.
“economically mineable”	Implies that extraction of coal resource has been demonstrated to be viable under reasonable financial assumptions.
“energy adjusted”	Energy coal costs are adjusted for coal quality (calorific value or energy content of the coal), being referenced to the Australian export energy coal benchmark of 6,322 kcal/kg on a gross air received basis.
“free-on-board” or “FOB”	An agreed term of coal sale where the coal is delivered by the seller to the point of shipment, which include barge (i.e. Fob barge) or mother vessel (i.e. Fob mother vessel). The buyer arranges and pays for the transportation (and insurance thereof) of the coal. The responsibility of the seller ceases when the coal is delivered to the agreed point of shipment.
“grade”	The relative amount of valuable elements or minerals contained in a parcel of Ore material.
“Gross-as-received” or “GAR”	A calculation of calorific value of a coal with moisture as received or total moisture. The calculation is based on the conversion from the air-dried-basis value. The calculation pursuant to said conversion is dependent on the specific moisture content of the coal.
“GW”	Gigawatt.
“g/t”	Grams per tonne of milled ore.
“ <i>Harga Batubara Acuan</i> ” or “HBA”	A monthly reference price published by the Indonesian government, and is used to determine the minimum price of coal sales. The headline HBA for Newcastle benchmark quality coal is calculated based on the monthly average of a basket of spot price indices, comprising 25% on the Platts Kalimantan 5,900 kcal/kg GAR assessment, 25% on the Argus-Indonesia Coal Index 1 (6,500 kcal/kg GAR), 25% on the Newcastle Export Index (formerly the Barlow-Jonker index (6,322 kcal/kg GAR) of Energy Publishing) and 25% on the global COAL Newcastle (6,000 kcal/kg NAR) index. Minimum prices for Indonesian export brands are then calculated by applying various quality-based adjustments, with the adjustment formulae used published along with the monthly prices.

“indicated resources”	That part of a coal resource for which tonnage, densities, shape, physical characteristics, quality and mineral content can be estimated with a reasonable level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or quality, but are spaced closely enough for continuity to be assumed.
“inferred resources”	That part of a coal resource for which tonnage, densities, shape, physical characteristics, quality and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed, but not verified on geological and/or quality continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, puts, workings and drill holes which may be limited or of uncertain quality and reliability.
“Inherent Moisture”	The moisture that is stored within the pores of individual particles and can only be removed using thermal methods.
“IPPs”	Independent power producers.
“IUJP” or “ <i>Izin Usaha Jasa Pertambangan</i> ”	Mining Services Business License.
“IUP-E” or “ <i>Izin Usaha Pertambangan Eksplorasi</i> ”	Exploration Mining Business License.
“IUP-OP” or “ <i>Izin Usaha Pertambangan Operasi Produksi</i> ”	Production Operation Mining Business License.
“IUPK” or “ <i>Izin Usaha Pertambangan Khusus</i> ”	Special mining business permit.
“ <i>Izin Lingkungan</i> ”	Environmental License.
“JORC”	The Joint Ore Reserves Committee.
“JORC Code”	The 2004 JORC Code, together with the 2012 JORC Code.
“kcal/kg”	Kilocalorie per kilogram.
“koz”	Thousand ounces.
“kWh”	A kilowatt hour.

“lignite”	The lowest rank of coal, often referred to as brown coal, used almost exclusively as fuel for steam-electric power generation. It is brownish-black and has a high inherent moisture content, sometimes as high as 45 percent. The heat content of lignite ranges from 9 to 17 million btu per tonne on a moist, mineral- matter-free basis.
“low rank coal”	Coal which is low in carbon but high in hydrogen and oxygen content with an energy content of less than 4,500 kcal/kg gar.
“low sulfur coal”	Coal has a variety of definitions, but typically is used to describe coal consisting of 1.0% or less sulfur.
“Measured resources”	That part of a coal resource for which tonnage, densities, shape, physical characteristics, quality and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely to confirm geological quality and continuity.
“metric tonne” or “tonne”	A unit of mass equal to 1,000 kilograms, or approximately 2,204.6 pounds.
“metallurgical coal”	It is used either to produce coke, which is then fed into the top of the blast furnace along with the iron ore, or for pulverized coal injection, where the coal is injected directly into the base of the blast furnace.
“mineralization”	An area with discontinuous distribution belts of minerals, including the occurrence of deposits, mine sites and alteration of waste rock. It is a key indicator for further exploration of minerals.
“moisture content”	The amount of moisture in coal, expressed as a percentage of the weight of the coal. The moisture content of coal varies by the type of coal, the region where it is mined and the location of coal within a seam. In general, high moisture content decreases the calorific value and energy content and increases the weight of the coal. Two types of moisture can be found in coal, including (a) free or surface moisture, which can be removed by exposure to air, and (b) inherent moisture, which is trapped in the coal and can be removed by heating the coal.
“Mtpa”	Million tonnes per annum.
“MW”	Megawatt.
“Newcastle benchmark” or “Newcastle Index”	Australian export contracts for energy coal are based on coal meeting Newcastle benchmark quality specifications (6,322 kcal/kg gar). Lower energy coals are generally discounted on an energy adjusted basis from the Newcastle benchmark price. It is also common to receive additional premiums or discounts based on other quality specifications such as ash and sulfur content, or for rejection limits to apply based on these factors.

“nitrogen”	A gas formed in high-temperature environments, such as coal combustion, that is a harmful pollutant that contributes to acid rain.
“NO _x ”	Nitrogen oxides.
“oz”	Ounces.
“open-cut mining”	A form of mining designed to extract minerals that lie near the surface. Overburden is removed to expose the minerals for mining. Rock covering the minerals may be blasted and removed by large draglines or electric shovels and trucks.
“open pit mining”	A mining method which involves removing the overlying strata or overburden and extracting the coal.
“ore”	Mineral bearing rock which can be mined and treated profitably under current or immediately foreseeable economic conditions.
“overburden”	Any material, consolidated or unconsolidated, such as layers of earth and rock, that overlies a coal seam. In surface mining operations, overburden is removed prior to coal extraction.
“peat”	The initial stage in the transition of plant matter to coal. Peat is not a ‘coal’ but decomposing, damp organic matter that consists mainly of water. Peat can be burned as a low-grade fuel.
“probable coal reserves”	The economically mineable part of an indicated coal reserve, and in some circumstances, a measured coal resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.
“processing”	The process which in general refers to the extraction of usable portions of Ore by using physical and chemical methods.
“proved coal reserves”	The economically mineable part of a measured coal resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.
“rank”	Classification of coal based on the degree of transformation of the original plant material to carbon.

“reclamation”	The process of restoring the environment to a stable state following mining activities by restoring topsoil and planting vegetation. The process commonly includes “recontouring” or “reshaping” the land to its approximate original appearance, restoring topsoil and planting native grass and ground covers. Reclamation operations are usually underway before the mining of a particular site is completed. Reclamation is regulated by applicable local law.
“recovery rate”	The percentage of coal that can be recovered from the coal deposits at an existing mine.
“refining”	The final stage of the process of refining crude coal products to a pure or very pure end-product.
“rehabilitation”	Revegetation of mining disturbed areas by planting an appropriate mixture of trees, shrubs and ground covers.
“Relative density”	Coal mass per unit volume, excluding the pores in the coal. Relative density is an indicator for calculating average mass of a coal seam, which is needed to convert coal resources into coal reserves. Coal density is also necessary to determine the properties of coal composites and blends.
“reserve”	The economically mineable part of a measured and/or indicated coal resource. It includes diluting materials and allowances for some losses which may occur when the material is mined. Appropriate assessments have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Coal reserves are sub-divided in order of increasing confidence into probable coal reserves and proved coal reserves.
“RKL” or “Rencana Pengelolaan Lingkungan”	Environmental management plan.
“ROM”	Run-of-mine.
“RPL” or “Rencana Pemantauan Lingkungan”	Environmental monitoring plan.
“SOx”	Sulphur oxide.
“Special IUP-OP”	Mining license for entities that do not operate in the mining sector but intends to sell coal that has been extracted.
“specific energy” or “SE”	The energy in kilocalories released per kg of coal burned. SE is a key quality parameter for pricing purposes.

“strip,” “stripping,” “strip ratio” or “stripping ratio”	The strip ratio is the number of bank cubic meters of overburden needing removal to access one tonne of coal. A strip ratio of 4:1 means that four bank cubic meters of overburden must be stripped to produce one metric tonne of coal. Strip ratios vary based primarily on geological characteristics of the “in situ” coal and the depth at which deposits lie.
“sub-bituminous coal”	A coal whose properties range from those of lignite to those of bituminous coal and used primarily as fuel for steam-electric power generation. It may be dull, dark brown to black, soft and crumbly, at the lower end of the range, to bright, jetblack, hard, and relatively strong, at the upper end. Sub-bituminous coal contains 20 to 30 per cent inherent moisture by weight. The heat content of sub-bituminous coal ranges from 17 to 24 million btu per tonne on a moist, mineral-matter-free basis.
“sulfur”	One of the elements present, in varying quantities, in coal that contributes to environmental degradation when coal is burned. Sulfur dioxide is produced as a gaseous by-product of coal combustion.
“surface mining”	Extracting coal from a mine in which the coal lies near the surface and can be extracted by removing the overburden.
“t/m3”	Tonnes per cubic meter.
“energy coal”	Coal used in thermal plants to generate power.
“Total Moisture”	Refers to the entire amount of water stored within a porous medium.
“Total Sulfur”	Coal is commonly described by its sulfur content due to the importance of sulfur to customers concerned about compliance with environmental regulations.
“tph”	Tonnes per hour.
“underground mining”	The extraction of coal or its products from rock strata by underground mining methods such as room-and-pillar mining, shortwall (continuous mines) mining and longwall mining.
“Volatile Matter”	Those substances, other than water, that are given off as gas or vapor when coal is heated under certain prescribed conditions to produce coking coal.
“washing” or “washed”	The removal or reduction of impurities from coal.

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Company Registration No. 199508589E

**Golden Energy and Resources Limited
and its Subsidiaries**

**Annual Financial Statements
31 December 2020**



Golden Energy and Resources Limited and Its Subsidiaries

General information

Directors

Eugene Widjaja	Executive Chairman
Dwi Prastetyo Suseno	Executive Director, Group Chief Executive Officer
Mochtar Suhadi	Executive Director
Mark Zhou You Chuan	Executive Director
Lim Yu Neng Paul	Lead Independent Director
Lew Syn Pau	Independent Non-Executive Director
Irwandy Aulif	Independent Non-Executive Director
Djuangga Mangasi Mangunsong	Independent Non-Executive Director

Audit Committee

Lim Yu Neng Paul	Chairman
Lew Syn Pau	
Djuangga Mangasi Mangunsong	

Group Company Secretary

Pauline Lee

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Vincent Tsong Wung Sum (Partner-in-charge since financial year ended 31 December 2017)

Golden Energy and Resources Limited and its Subsidiaries

General information

Principal Bankers

PT Bank Danamon Indonesia Tbk
PT Bank Rakyat Indonesia (Persero) Tbk
PT Bank Central Asia Tbk
PT Bank Mandiri (Persero) Tbk
PT Bank Mandiri (Persero) Tbk, Singapore Branch
Credit Suisse AG, Singapore Branch
BNP Paribas Singapore Branch
RHB Bank Berhad, Singapore Branch
CIMB Bank Berhad, Singapore Branch
Narora Australia Bank

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Directors' statement

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of Golden Energy and Resources Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2020.

1. Opinion of the directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The Directors of the Company in office at the date of this statement or during the year are:

Eugenie Widjaja
Owi Prasetyo Suseno
Mochtar Sulisudi
Mark Zhou You Chuan (Appointed on 8 February 2021)
Lim Yu Neng Paul
Low Sui Pau
Inwandy Anif
Djuangga Mangasi Mangunsong
Lay Krishan Cahya (Resigned on 8 February 2021)

In accordance with Regulation 107 of the Company's Constitution, Messrs Owi Prasetyo Suseno and Lim Yu Neng Paul will retire and being eligible, offer themselves for re-election.

In accordance with Regulation 117 of the Company's Constitution, Mr Mark Zhou You Chuan will retire and being eligible, offer himself for re-election.

3. Arrangements to enable Directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' statement

4. Directors' interest in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50 (the "Act"), an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of Director	Direct interest		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
Euganto Widjaja *	-	-	-	-
Lim Yu Neng Paul **	-	-	320,000	320,000

* Mr Euganto Widjaja is the son of Mr Indra Widjaja and the nephew of Messrs Franky Oesman Widjaja and Muktar Widjaja.

** The 320,000 ordinary shares of the Company are held in the name of a nominee account.

Messrs Indra Widjaja, Franky Oesman Widjaja and Muktar Widjaja, by virtue that each of them has a direct interest in more than 20% of the voting shares in PT Sinarneo Gerbangmas, are deemed to be interested in the shares held by PT Dian Swastatika Sentosa Tbk, the immediate holding company of the Company pursuant to Section 7 of the Act.

There was no change in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2021.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in any shares, share options, warrants or debentures of the Company, or of any related corporations, either at the beginning of the financial year, or date of appointment (if later), or at the end of the financial year.

5. Options and Rights

There are no options granted by the Company to take up unissued shares in the Company.

Stanmore Coal Limited ("Stanmore"), an indirect subsidiary of the Company at the end of the financial year, there were 144,898 potential unissued ordinary shares of Stanmore under Rights as follow:

- 108,556 unlisted Rights vesting subject to various performance hurdles in 2021 or in the event that no vesting at all occurs, the Rights may be retested vesting in 2022 subject to escalated performance hurdles and other agreed conditions.
- 36,342 unlisted Rights vesting subject to various performance hurdles in 2022 or in the event that no vesting at all occurs, the Rights may be retested vesting in 2023 subject to escalated performance hurdles and other agreed conditions.

Details and terms of the Rights has been disclosed in the Directors' Report and financial statements of Stanmore Coal Limited.

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries at the end of the financial year.

Directors' statement

6. Audit committee

The Audit Committee ("AC") carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors;
- Reviewed the half yearly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors;
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- Reviewed the nature and extent of non-audit services provided by the external auditor;
- Recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- Reported actions and minutes of the AC to the Board of Directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened two meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Corporate Governance Report.

Golden Energy and Resources Limited and its Subsidiaries

Directors' statement

7. Auditor

Ernst & Young LLP have expressed their willingness to accept an appointment as auditor

On behalf of the Board of Directors,



Fuganto Widjaja
Director



Dwi Prasetyo Suseno
Director

26 MAR 2021

Golden Energy and Resources Limited and its Subsidiaries

**Independent auditor's report
For the financial year ended 31 December 2020**

Independent auditor's report to the Members of Golden Energy and Resources Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Golden Energy and Resources Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statement of financial position of the Group and the Company as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flow of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with those requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance to our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we did not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to those matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matters (cont'd)

1. Impairment assessment of goodwill and assets from the coal mining and coal trading segments and the cost of investment in a subsidiary (PT Golden Energy Mines Tbk)

The Group performed impairment assessments for 1) the goodwill attributable to the coal mining and coal trading cash-generating unit ("CGU") and 2) the mining properties and property, plant and equipment held by loss making subsidiaries. In addition to the above, the Company also performed an impairment assessment on the cost of investment in PT Golden Energy Mines Tbk, its Indonesian listed subsidiary.

Discounted cash flows analysis was prepared by the Group and the Company, to determine the recoverable amount of these assets using the value-in-use ("VIU") method. We have determined these to be key audit matters because the assessment process involves management exercising significant judgment and making assumptions of future market and economic conditions.

We have obtained the projected discounted cashflows prepared by management and, together with our internal valuation specialists, we reviewed them for appropriateness of the methodology used and reasonableness of the key assumptions used. The key assumptions include the discount rates, selling prices, production costs and growth rate. We agreed the coal reserves estimates to the independent qualified person's report and obtained an understanding on the reasons for change in estimates as compared to last year. We evaluated the robustness of management's forecasting process by comparing previous forecasts to actual results.

We also considered the adequacy of the disclosures made on these impairment assessments.

2. Impairment assessment of goodwill, intangible assets and an investment in a subsidiary other than coal mining and coal trading segments

The Group performed impairment assessments for the goodwill and intangible assets attributable to the forestry and pulp cash-generating unit ("CGU"). The Company also performed impairment assessment on the carrying amount of investment in Anrol Singapore Limited.

Discounted cash flows analysis was prepared by the Group and the Company, to determine the recoverable amount of these assets using the value-in-use ("VIU") method. We have determined these to be key audit matters because the assessment process involves management exercising significant judgment and making assumptions of future market and economic conditions.

We have obtained the projected discounted cashflows prepared by management and, together with our internal valuation specialists, we reviewed them for appropriateness of the methodology used and reasonableness of the key assumptions used. The key assumptions include the discount rates, selling price, production costs, planting areas and yield of trees. We evaluated the robustness of management's forecasting process by comparing previous forecasts to actual results.

We also considered the adequacy of the disclosures made on these impairment assessments.

Key Audit Matters (cont'd)

3. Accounting for business combinations

During the year, the Group established a joint venture company to jointly acquire and operate the Ravenswood gold mine ("Ravenswood"). The acquisition of the Ravenswood was completed on 31 March 2020. In a separate transaction, the Group made an unconditional on market takeover offer for all the shares in Stanmore Coal Limited ("Stanmore"). At the close of the offer on 18 May 2020, the Group held 75.33% of the issued shares over Stanmore.

The Stanmore and Ravenswood transactions were accounted for using the acquisition method. The Group engaged external valuation specialists to assist them with the allocation of the purchase consideration to the acquired assets and liabilities, and the measurement of the respective fair values at acquisition date. Given the significance of the acquisitions and significant management judgement required in accounting for the acquisitions, we considered this to be a key audit matter.

In auditing the accounting of the acquisitions, we assessed the appropriateness of the identifiable assets acquired and liabilities assumed at the acquisition date by reading and analysing the key terms in the sale and purchase agreements and making enquiries with the Group management on the reasons for the acquisitions. We also engaged our internal specialists to assist us in reviewing the valuation methodologies and certain key assumptions used by the external valuation specialist in the valuation of acquired assets and liabilities assumed, and considered the objectivity, independence and capabilities of the external valuation specialist.

Furthermore, we assessed the adequacy of the disclosures in Note 16(d) and 17 of the financial statements concerning the acquisition.

Key Audit Matters (cont'd)

4. Vendor royalties - contingent consideration

Upon obtaining control over Stanmore, the Group also acquired the Isaac Plains and Isaac Downs mines from the certain vendors. The Group agreement with these vendors requires the payment of additional consideration should the coal produced and sold from these mines exceed a certain set benchmark Hard Coking Coal price. The amounts payable by the Group to the vendors are capped at the level of cash and cash received from each of the vendors under the sale and purchase agreement for the Isaac Plains mine and capped at a fixed amount over the life of the production from the Isaac Downs mine. The Group recognised a contingent consideration of US\$10.6 million as at 31 December 2020 in relation to these arrangements.

The valuation of the contingent consideration is based on forecasts and assumptions within a cash flow model developed by the management. Given the significance of the contingent consideration and significant management judgement involved in estimating expected selling prices of coal in future periods, we considered this to be a key audit matter.

We have reviewed the cashflow model prepared by management and with the assistance of our internal valuation specialists, we evaluated the appropriateness of the methodology used and reasonableness of the key assumption applied in the cashflow model which is the estimated future selling prices of coal produced. We have checked the mathematical accuracy of the cashflow model and agreed the underlying inputs used within the cashflow model to external market data.

We have also assessed the adequacy of the disclosures in Note 32(d) of the financial statements concerning the contingent consideration.

5. Provision for rehabilitation

The Group has recognised a provision for rehabilitation of its mining sites as at 31 December 2020 for US\$25.5 million. The provision for rehabilitation relates to the estimated amount of work to be performed to reinstate mining sites once the mineral resources have been exhausted.

The provision for rehabilitation is based on the management's estimation of the amount of work to be performed and the expected costs to reinstate the mining sites. Given the significance of this provision and significant management judgement involved in estimating the expected timing and costs to rehabilitate the disturbed areas in the future periods, we considered this to be a key audit matter.

We have obtained the cashflow model prepared by management and with the assistance of our internal valuation specialists, we evaluated the appropriateness of the methodology used and reasonableness of management's key assumptions applied in the model, including the future costs to rehabilitate the disturbed areas. We have checked the mathematical accuracy of the cashflow model and agreed the underlying inputs used within the model to external market data.

We also considered the adequacy of the disclosures in Note 28 (ii) of the financial statements concerning the provision for rehabilitation.

Golden Energy and Resources Limited and Its Subsidiaries

**Independent auditor's report
For the financial year ended 31 December 2020**

Independent auditor's report to the Members of Golden Energy and Resources Limited

Other information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Consolidated Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, if applying, or, if applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Golden Energy and Resources Limited and its Subsidiaries

**Independent auditor's report
For the financial year ended 31 December 2020**

Independent auditor's report to the Members of Golden Energy and Resources Limited

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

As part of an audit in accordance with SSA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Golden Energy and Resources Limited and its Subsidiaries

**Independent auditor's report
For the financial year ended 31 December 2020**

Independent auditor's report to the Members of Golden Energy and Resources Limited

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Vincent Toong Weng Sim.

Ernst & Young LLP

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

26 March 2021

Golden Energy and Resources Limited and its Subsidiaries

**Consolidated statement of comprehensive income
For the financial year ended 31 December 2020**

(In United States Dollars)

	Note	2020 US\$'000	2019 US\$'000
Revenue	4	1,162,687	1,115,810
Cost of sales		(786,076)	(751,324)
Gross profit		376,611	364,486
Other income	5	20,297	16,717
Selling and distribution expenses		(201,383)	(185,416)
Administrative expenses		(79,337)	(74,055)
Fair value gains		7,683	2,543
Finance costs	6	(37,399)	(34,584)
Other operating expenses		(14,846)	(19,439)
Share of loss of a joint venture (net of tax)		(4,903)	—
Profit before tax	7	66,724	70,317
Income tax expense	8	(32,266)	(37,429)
Profit for the year		34,458	32,888
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Net actuarial gain(loss) on post-employment benefits	27	189	(339)
Net (loss)/gain on equity instruments fair value through other comprehensive income		(3,432)	35,837
		(3,243)	35,498
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		24,248	(1,103)
Other comprehensive income for the year, net of tax		21,005	34,395
Total comprehensive income for the year		55,473	67,283
Profit for the year attributable to:			
Owners of the Company		8,085	9,947
Non-controlling interests		26,383	22,941
		34,468	32,888
Total comprehensive income for the year attributable to:			
Owners of the Company		25,543	44,750
Non-controlling interests		29,930	22,533
		55,473	67,283
Earnings per share attributable to owners of the Company (cents per share)			
Basic and diluted	9	0.34	0.42

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Golden Energy and Resources Limited and its Subsidiaries

**Statements of financial position
As at 31 December 2020**

(In United States Dollars)

		Group		Company	
	Note	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Non-current assets					
Biological assets	10	6,587	6,059
Property, plant and equipment	11	140,677	92,114	85	153
Mining properties	12	402,845	231,908	-	-
Intangible assets	13	12,100	10,689	-	-
Right-of-use assets	14	2,763	3,285	505	62
Goodwill	15	98,198	106,751	-	-
Investment in subsidiaries	16	-	-	1,402,696	1,362,271
Investment in a joint venture	17	48,012	-	-	-
Deferred tax assets	18	5,867	7,133	-	-
Other receivables	19	2,072	8,976	290	5,583
Restricted funds	20	19,255	18,585	10,679	8,599
Other non-current assets	21	73,023	63,134	-	-
Investment securities	23	4,643	115,109	-	57,757
		217,950	663,742	1,413,255	1,424,415
Current assets					
Trade and other receivables	19	139,636	136,103	97,953	11,229
Other current assets	21	100,989	115,147	33,081	32,473
Inventories	22	71,186	23,279	-	-
Investment securities	23	1,925	-	1,825	-
Cash and cash equivalents	24	262,799	177,757	53,543	40,194
		576,535	452,286	186,502	83,896
Current liabilities					
Trade and other payables	25	278,227	237,608	19,763	7,272
Loans and borrowings	26	113,515	62,451	34,220	10,264
Provision for taxation		10,697	3,008	38	74
Provisions	28	1,896	-	-	-
		404,335	303,067	53,530	17,610
Net current assets		172,200	149,219	132,972	66,286

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Golden Energy and Resources Limited and its Subsidiaries

Statements of financial position (cont'd)
As at 31 December 2020

(In United States Dollars)

	Note	Group		Company	
		2020	2019	2020	2019
		US\$'000	US\$'000	US\$'000	US\$'000
Non-current liabilities					
Deferred tax liabilities	18	80,400	31,354		107
Other payables	25	32,561	25,707	-	-
Loans and borrowings	26	268,477	257,242	187,821	169,992
Post-employment benefits	27	5,029	4,437	-	-
Provisions	28	26,154	5,100	24	-
		<u>412,621</u>	<u>323,840</u>	<u>187,845</u>	<u>170,099</u>
Net assets		<u>577,529</u>	<u>479,121</u>	<u>1,419,382</u>	<u>1,350,607</u>
Equity attributable to equity holders of the Company					
Share capital	29	305,528	305,528	1,230,107	1,230,107
Reserves		<u>79,344</u>	<u>53,807</u>	<u>189,275</u>	<u>120,522</u>
		<u>384,872</u>	<u>359,335</u>	<u>1,419,382</u>	<u>1,350,607</u>
Non-controlling interests		<u>192,657</u>	<u>119,786</u>		
Total equity		<u>577,529</u>	<u>479,121</u>	<u>1,419,382</u>	<u>1,350,607</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

Golden Energy and Resources Limited and its Subsidiaries

Statements of changes in equity
For the financial year ended 31 December 2020
(In United States Dollars)

Group 2020	Attributable to owners of the Company					
	Share capital (Note 29) US\$'000	Foreign currency translation reserves ⁽¹⁾ US\$'000	Other reserves ⁽²⁾ US\$'000	Retained earnings US\$'000	Total reserves US\$'000	Non- controlling interests US\$'000
At 1 January 2020	305,528	(49,234)	14,805	88,235	53,807	119,768
Profit for the year	-	-	-	8,085	5,085	26,283
Other comprehensive income	-	-	-	-	-	-
Net loss on equity instruments fair value through other comprehensive income	-	-	(3,432)	-	(3,432)	-
Net actuarial loss on post-employment benefits	-	-	126	-	126	63
Foreign currency translation	-	20,764	-	-	20,764	3,434
Other comprehensive income for the year	-	20,764	(3,306)	-	17,458	3,547
Total comprehensive income for the year	-	20,764	(3,306)	8,085	25,943	29,930
Transfer of fair value reserves of equity instruments at FVOCI upon disposal	-	-	(4,226)	4,228	-	-
Capital contribution from non-controlling interest of a subsidiary	-	-	-	-	-	27,467
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	-	50,938
Dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	(25,561)
Dividends declared to non-controlling interests by subsidiaries	-	-	-	-	-	(9,900)
Share-based payment transactions	-	-	(6)	-	(6)	(3)
At 31 December 2020	305,528	(28,470)	7,265	100,549	79,344	192,657
						577,629

(1) Foreign currency translation reserves are used to record exchange differences arising from the translation of the financial statements of the Group's foreign operations whose functional currencies are different from that of the Group's presentation currency.

(2) Other reserves pertains to reserves that arise from movements in non-controlling interest (NCI) of certain subsidiaries not attributable to losses in post-employment benefits and net gain/loss on equity instruments fair value through other comprehensive income.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Golden Energy and Resources Limited and its Subsidiaries

**Statements of changes in equity (cont'd)
For the financial year ended 31 December 2020**

(in United States Dollars)

Group 2019	Attributable to owners of the Company						
	Share capital (Note 29) US\$'000	Foreign currency translation reserves ⁽¹⁾ US\$'000	Other reserves ⁽²⁾ US\$'000	Retained earnings US\$'000	Total reserves US\$'000	Non- controlling interests US\$'000	Total equity US\$'000
At 1 January 2019	305,520	(48,429)	(27,135)	83,297	7,727	105,020	418,275
Profit for the year	-	-	-	9,947	9,947	22,947	32,868
Other comprehensive income							
Net gain on equity instruments fair value through other comprehensive income	-	-	35,837	-	35,837	-	35,837
Net actuarial loss on post-employment benefits	-	-	(279)	-	(220)	(110)	(339)
Foreign currency translation	-	(805)	-	-	(805)	(293)	(1,103)
Other comprehensive income for the year	-	(805)	35,608	-	34,803	(403)	34,395
Total comprehensive income for the year	-	(805)	35,608	9,947	44,750	22,533	67,263
Deemed capital contribution from non-controlling interest of a subsidiary	-	-	6,332	-	6,332	-	6,332
Dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	17,767	(7,767)
Dividend paid (Note 35)	-	-	-	(5,002)	(5,002)	-	(5,002)
At 31 December 2019	305,520	(49,234)	14,605	88,236	53,807	119,786	479,171

Foreign currency translation reserves are used to record exchange differences arising from the translation of the financial statements of the Group's foreign subsidiaries whose functional currency is not identical to that of the Group's presentation currency.

(1) Other reserves pertains to reserves that arise from movements in non-controlling interests in subsidiaries during net acquisitions, losses in post-employment benefits and miscellaneous foreign currency movements for about 100,000,000 US dollars.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Golden Energy and Resources Limited and its Subsidiaries

**Statements of changes in equity (cont'd)
For the financial year ended 31 December 2020**

US\$ United States Dollars

Company 2020	Share capital (Note 28) US\$'000	Foreign currency translation reserves ⁽¹⁾ US\$'000	Other reserves ⁽²⁾ US\$'000	Retained earnings US\$'000	Total reserves US\$'000	Total equity US\$'000
At 1 January 2020	1 230,107	55 975	12,313	52,212	120,500	1,350,607
Profit for the year	-	-	-	45,635	45,635	45,635
Other comprehensive income	-	-	-	-	-	-
Net loss on equity instruments fair value through other comprehensive income	-	24,902	(1,662)	-	(1,662)	(1,662)
Foreign currency translation	-	24,902	-	-	24,902	24,902
Other comprehensive income for the year	-	24,902	(1,662)	-	23,240	23,240
Total comprehensive income for the year	-	24,902	(1,662)	45,635	68,775	68,775
Transfer of fair value reserves of equity instruments to FVOCI upon disposal	-	-	(4,825)	4,825	-	-
At 31 December 2020	1 230,107	80 877	5,875	102,572	189,275	1,419,382

⁽¹⁾ Foreign currency translation reserves are used to record exchange differences arising from the translation of the financial statements of the Company where functional currency is different from that of the Company's presentation currency.

⁽²⁾ Other reserves pertain to reserves that arise from acquisition of subsidiaries in 2007.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Golden Energy and Resources Limited and Its Subsidiaries

Statements of changes in equity (cont'd)
For the financial year ended 31 December 2020

(In United States Dollars)

Company 2019	Share capital (Note 28) US\$'000	Foreign currency translation reserves ⁽¹⁾ US\$'000	Other reserves ⁽²⁾ US\$'000	Retained earnings US\$'000	Total reserves US\$'000	Total equity US\$'000
At 1 January 2019	1,230,107	38,255	(22,735)	63,241	78,771	1,308,878
Loss for the year	-	-	-	(4,819)	(4,819)	(4,819)
Other comprehensive income	-	-	-	-	-	-
Net gain on equity instruments fair value through other comprehensive income	-	-	33,841	-	33,841	33,841
Foreign currency translation	-	17,709	-	-	17,709	17,709
Other comprehensive income for the year	-	17,709	33,841	-	51,550	51,550
Total comprehensive income for the year	-	17,709	33,841	(4,819)	46,731	46,731
Dividends paid	-	-	-	(5,002)	(5,002)	(5,002)
Transfer of fair value reserves of equity instruments at FVOCI to OCI transfer to a subsidiary	-	-	1,208	(1,208)	-	-
At 31 December 2019	1,230,107	55,975	12,313	52,212	120,502	1,350,607

Foreign currency translation reserves are used to record exchange differences arising from the translation of the financial statements of the Company's foreign subsidiaries whose functional currency is different from that of the Company's presentation currency.

Other reserves listed are to include other reserves of subsidiaries in 2019.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Golden Energy and Resources Limited and its Subsidiaries

**Consolidated cash flow statement
For the financial year ended 31 December 2020**

(In United States Dollars)

	2020 US\$'000	2019 US\$'000
Cash flows from operating activities		
Profit before tax	60,724	70,317
Adjustments for:		
(Reversal) of provision for mining activities	(5,962)	3,263
Depreciation of property, plant and equipment	15,701	8,357
Depreciation of right-of-use assets	2,420	2,531
Gain on disposal of short term investment	(105)	-
Defined post employment benefit expense	964	915
Fair value gain on biological assets	(321)	(2,643)
Fair value gain on remeasurement of contingent consideration	(6,846)	-
Fair value gain on other investment	(516)	-
Impairment loss on goodwill	8,553	6,933
Impairment loss on property, plant and equipment	-	965
Impairment loss on trade receivables	182	-
Amortisation of mining properties	14,988	4,888
Amortisation of land exploration	1,046	601
Amortisation of intangible assets	723	505
Amortisation of software	133	89
Amortisation of discounted loans and borrowings	442	441
Net financial interest on provisions and contingent consideration	1,557	-
Interest and other financial charges	34,463	32,975
Interest income	(8,618)	(9,775)
Dividend income from investment securities	(2,864)	(5,413)
Equity-settled share-based payment transactions	(6)	-
Share of loss of a joint venture, net of tax	4,903	-
Net exchange differences	2,993	(662)
Operating cash flows before changes in working capital	130,524	113,692
Changes in working capital:		
Increase in inventories	(5,182)	(7,634)
Decrease/(increase) in trade, other receivables and prepayments	38,310	12,920
(Decrease)/increase in trade and other payables	(10,770)	29,231
Increase in provisions	1,194	-
Cash flows generated from operations	154,076	151,509
Interest and other financial charges paid	(30,754)	(30,512)
Interest income received	8,600	9,011
Income taxes paid	(21,860)	(14,214)
Net cash flows generated from operating activities	110,062	85,794

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

Golden Energy and Resources Limited and its Subsidiaries

**Consolidated cash flow statement (cont'd)
For the financial year ended 31 December 2020**

(In United States Dollars)

	2020 US\$'000	2019 US\$'000
Cash flows from investing activities		
Proceeds from disposal of other investment	54,824	2,000
Net cash outflows on acquisition of subsidiaries	(50,159)	-
Investment in a joint venture	(53,450)	-
Additions to biological assets	(207)	(135)
Purchase of investment securities	(1,000)	(20,207)
Dividend received from investment securities	-	4,070
Proceeds from disposal of property, plant and equipment	1	-
Purchase of property, plant and equipment	(14,725)	(20,974)
Additions to mining properties	(5,433)	(8,914)
Increase in other non-current assets	(5,416)	(2,312)
Changes in restricted fund	(147)	(3,907)
Net cash flows used in investing activities	(75,715)	(50,374)
Cash flows from financing activities		
Payment of dividend	-	(5,002)
Payment of dividend to NCI of subsidiaries	(25,561)	(12,717)
Capital contribution from non-controlling interest of a subsidiary	27,467	-
Proceeds from loans and borrowings	128,846	185,539
Repayment of loans and borrowings	(83,445)	(134,613)
Principal payment of lease liability	(1,573)	(2,249)
Net cash flows generated from financing activities	45,734	30,958
Net increase in cash and cash equivalents	80,078	66,378
Effect of exchange rate changes on cash and cash equivalents	4,964	(1,734)
Cash and cash equivalents at 1 January	177,757	113,113
Cash and cash equivalents at 31 December (Note 24)	262,799	177,757

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

1. General

Golden Energy and Resources Limited ("GEAR" or the "Company") is a limited liability company, incorporated and domiciled in Singapore and it is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The immediate holding company of the Company is PT Dan Swastatika Sentosa Tbk ("DSS"), incorporated in Republic of Indonesia, and its ultimate holding company is PT Sinarindo Gebbangmas.

The registered office of the Company is located at 20 Cecil Street, #05-05 PI U5, Singapore 049705.

The principal activities of the Company are those of an investment holding company and provision of management services to unrelated entities and entities within the Group. The principal activities of the subsidiaries are set out in Note 16.

2. Summary of significant accounting policies

COVID-19 commentary

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, workplace closures, movement controls and other measures imposed by the various governments. The Group's significant operations are in Singapore, Indonesia and Australia, all of which have been affected by the spread of COVID-19 in 2020.

Set out below are the impact of COVID-19 on the Group's financial performance reflected in this set of financial statements for the year ended 31 December 2020.

- The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.
- The Group has considered the market conditions as at the reporting date, in making estimates and judgements on the recoverability of assets as at 31 December 2020. The significant estimates and judgement applied on impairment of assets are discussed in Note 3.

As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 December 2021. Management will continuously monitor and assess the impact of COVID-19 in the subsequent financial periods.

2. Summary of significant accounting policies (cont'd)**2.1 Basis of preparation**

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars ("USD" or "US\$") and all values in the tables are rounded to the nearest thousand (US\$'000), except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual periods beginning on or after 1 January 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
SFRS(I) 17 <i>Insurance Contracts</i>	1 January 2021*
Amendments to SFRS(I) 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to SFRS(I) 1-16 <i>Proceeds before Intended Use</i>	1 January 2022
Amendments to SFRS(I) 1-37 <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to SFRS(I) 1-1 <i>Classification of Liabilities as Current or Noncurrent</i>	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	Date to be determined

The directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combination

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle the holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquirer's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another SFRS(I).

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combination (cont'd)

(b) Business combinations and goodwill (cont'd)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquired identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

(c) Investment in joint venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its joint venture are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combination (cont'd)

(c) Investment in joint venture (cont'd)

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.5 Transactions with non-controlling interests

Non-controlling interests represent the equity in a subsidiary not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the Company.

2.6 Foreign currency

The financial statements are presented in United States Dollar ("USD"). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The Company's functional currency is Singapore Dollar ("SGD"), which reflects the economic substance of the underlying events and circumstances of the Company.

2. Summary of significant accounting policies (cont'd)

2.6 Foreign currency (cont'd)

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

For consolidation purposes, the assets and liabilities of local and foreign operations are translated into USD at the rate of exchange ruling at the end of the reporting date and their profit and loss are translated at the average exchange rate for the year. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a local and foreign operation, the proportionate share of the cumulative amount of the exchange differences are attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is recognised to profit or loss.

2.7 Biological assets

Biological assets mainly include trees in a timber plantation.

Trees in a timber plantation comprise Acacia, Jabon and Sengon trees, which are stated at fair value less estimated point-of-sale costs at harvest, with any resultant gain or loss recognised in the profit or loss. The valuation of the biological assets is calculated by the independent professional valuer based on the discounted cash flow model whereby the fair value is calculated using cash flows from continuous operations, assuming sustainable forest management plans, taking into account the growth potential from the forest plantations. The yearly harvest made from the forecasted tree growth is multiplied by the actual wood prices and the cost of fertilizer, before the deduction of harvesting. The fair value is measured as the present value of the harvest from one growth cycle based on the production forest lands.

Notes to the consolidated financial statements
For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful lives as follows:

Infrastructure and buildings	3 to 20 years
Plant and machinery	4 to 20 years or 1 of production
Motor vehicles	4 to 5 years
Computers and office equipment	3 to 5 years
Furniture and fittings	3 to 20 years
Bearer plants	25 years

Infrastructure and buildings include buildings, forestry and fire protection infrastructures. Plant and machinery includes field equipment. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Bearer plants comprise rubber trees and are classified as immature and mature. Immature bearer plants are stated at cost, which consist mainly of the accumulated cost of land clearing, planting, fertilizing and weeding/maintaining the plantations and allocations of indirect overhead costs up to the time the trees become mature and available for harvest. Mature bearer plants are stated at cost, and are amortised using the straight-line method over their estimated useful lives.

Constructions in-progress are stated at cost, including capitalised borrowing costs and other charges incurred in connection with the financing of the said asset constructions. The accumulated costs will be reclassified to the appropriate "Property and Equipment" account when the construction is completed. Assets under construction are not depreciated as these are not yet available for use.

The residual value, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2. Summary of significant accounting policies (cont'd)

2.9 Mining properties

Pre-license Costs

Pre-license costs relate to costs incurred before the Group has obtained legal rights to explore in a specific area. Such costs are expensed in the period in which they are incurred.

Exploration and Evaluation Expenditures

Exploration and evaluation expenditures are capitalised and recognised as "exploration and evaluation assets" for each area of interest when mining rights are obtained and still valid and;

- (i) the costs are expected to be recouped through successful development and exploration of the area of interest; or
- (ii) where activities in the area of interest have not reached the stage that allow a reasonable assessment of the existence of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing. These expenditures include materials and fuel used, surveying costs, drilling and stripping costs before the commencement of production stage and payments made to contractors.

Exploration and evaluation assets are subsequently measured using cost model and classified as tangible assets, unless they are qualified to be recognised as intangibles.

The ultimate recoupment of deferred exploration expenditure is dependent upon successful development and commercial exploitation of the related area of interest. Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. In such case, an entity shall measure, present and disclose any resulting impairment loss in profit or loss.

Exploration and evaluation assets are transferred to "Mines under construction" in the "Mining properties" account after the mines are determined to be economically viable to be developed.

Expenditures for Mines under Construction

Expenditures for mines under construction and incorporated costs in developing an area of interest subsequent to the transfer from exploration and evaluation assets but prior to the commencement of production stage in the respective area are capitalised to "Mines under construction" as long as they meet the capitalisation criteria.

Producing Mines

Upon completion of mine construction and the production stage is commenced, the "Mines under construction" are transferred into "Producing mines" in the "Mining properties" account, which are stated at cost less depletion and accumulated impairment losses.

Depletion of producing mines are based on using unit of production method from the date of commercial production of the respective area of interest over the lesser of the life of the mine and the remaining terms of the mining licenses.

2. Summary of significant accounting policies (cont'd)

2.9 Mining properties (cont'd)

Mining Tenements

Mining tenements have a finite useful life and are carried at cost less, where applicable, any accumulated amortisation and accumulated impairment losses. The carrying values of mining tenements are reviewed to ensure they are not in excess of their recoverable amounts. Amortisation of mining tenements commences from the date when commercial production commences or in the case of the acquisitions, from the date of acquisition and is charged to the profit or loss. Mining tenements are amortised over the life of the mine using units of production method.

The Group recognises the above intangibles in the "Producing mines" under "Mining properties" account.

Stripping Activity

Stripping activity relates to the costs of removing overburden from a mine. Stripping costs incurred in the development of a mine before production commences are capitalised as part of the cost of developing the mine, and are subsequently depreciated or amortised using a unit-of-production method on the basis of proven and probable reserves, once production starts.

Stripping activity conducted during the production phase may provide two benefits:

- (i) Ore that is processed into inventory in the current period; and
- (ii) Improved access to the ore body in future periods.

To the extent that benefit from the stripping activity is realised in the form of inventory produced, the Group accounts for the costs of that stripping activity to "Inventories" account.

To the extent the benefit is improved access to ore, the Group recognises these costs as a stripping activity asset in the "Mining properties" account, if and only if all the following criteria are met:

- it is probable that the future economic benefits (improved access to the ore body) associated with the stripping activity will flow to the entity;
- the entity can identify the component of the ore body for which access has been improved; and
- the costs relating to the stripping activity associated with that component can be measured reliably.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore body, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, the costs associated with these incidental operations are not included in the costs of the stripping activity asset.

2. Summary of significant accounting policies (cont'd)

2.9 Mining properties (cont'd)

Stripping Activity (cont'd)

When the costs of the stripping activity asset and the inventory produced are not separately identifiable, the Group allocates the production stripping asset by using an allocation basis that is based on a relevant production measure. This production measure is calculated for the identified component of the ore body, and is used as a benchmark to identify the extent to which the additional activity of creating a future benefill has taken place. The Group uses the actual versus expected volume of waste extracted.

Subsequently, the stripping activity asset is carried at cost less amortisation and any impairment losses, if any. The stripping activity asset is depreciated or amortised using the units of production method over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity unless another method is appropriate.

2.10 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Forest concession license

The forest concession license was acquired as a result of the Reverse Acquisition. The forest concession license has a finite useful life and is amortised on a straight line basis over the concession period until 2041.

2. Summary of significant accounting policies (cont'd)

2.10 *Intangible assets (cont'd)*

Rail Loop Benefit

The intangible asset relates to future rebates on the cost of coal railings based on an agreement with the below rail infrastructure owner. Receipts of coal railing rebates are recognised in profit or loss as a credit against the cost incurred. The estimated useful life of the asset is aligned with the term of the contractual agreement and is amortised on a straight-line basis over the life in accordance with the anticipated profile of benefits received.

2.11 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value-in-use ("VIU") and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit ("CGU") exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the VIU, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in consolidated statement of comprehensive income.

Except for goodwill, an assessment on the asset is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined (net of depreciation), had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.12 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.13 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

2. Summary of significant accounting policies (cont'd)

2.13 Financial Instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

Investments in debt instruments (cont'd)

(ii) Fair value through other comprehensive income ("FVOCI")

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) Fair value through profit or loss ("FVPL")

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income ("OCI"). Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.13 *Financial Instruments (cont'd)*

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.14 *Impairment of financial assets*

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a "12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a "lifetime ECL").

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2. Summary of significant accounting policies (cont'd)

2.14 Impairment of financial assets (cont'd)

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than 305 days past due.

The Group considers a financial asset in default when contractual payments are 305 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks and demand deposits that are readily convertible to known amount of cash and are subject to an insignificant risk of changes in value.

2.16 Inventories

The inventories comprise coal and logs.

(a) Coal inventories

Coal inventories are stated at the lower of cost and net realisable value. The cost of inventories is determined using the moving average method. Cost of mining inventories consists of blasting, overburden removal, material, labour, depreciation and overhead cost related to mining activities. Allowances for inventory obsolescence and decline in values of inventories are provided to reduce the carrying values of inventories to their net realisable values.

(b) Logs and plywood inventories

Logs and plywood inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present locations and conditions are accounted for as follows:

- Raw materials refer to purchase cost.
- Agricultural produce comprises logs. Agricultural produce at the point of harvest is measured on initial recognition at its fair value less estimated point of sale costs. Thereafter, the inventory is carried at the lower of cost and net realisable value. Cost is determined using weighted average method.

2. Summary of significant accounting policies (cont'd)

2.16 Inventories (cont'd)

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they incur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.19 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2. Summary of significant accounting policies (cont'd)

2.19 Employee benefits (cont'd)

(b) Post-employment benefits

The post-employment pension benefit obligation is the present value of the defined benefit obligation at end of the reporting period less the fair value of plan assets, together with the adjustments for unrecognised past service costs. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are directly recognised in other comprehensive income and reported in other reserves.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the yield at the end of the reporting period of long term government bonds denominated in Indonesian Rupiah in which the benefits will be paid and that have terms to maturity similar to the related pension obligation.

2.20 Leases – as lessee

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the following:

- the amount of the initial measurement of lease liability variable lease payment that are based on an index or a rate
- any lease payments made at or before the commencement date less any lease incentives
- any initial direct costs, and
- restoration costs

The right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Properties	3 to 5 years
Vehicle	1 to 3 years
Other Equipment	5 years

If the ownership of the leased assets transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.11.

2. Summary of significant accounting policies (cont'd)

2.20 Leases – as lessee (cont'd)

(b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at net present value of the lease payments to be made over the lease term. The lease payments includes the following:

- fixed payments (including in substance fixed payments), less any lease incentives receivables
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payment of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2.21 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

2. Summary of significant accounting policies (cont'd)

2.21 Revenue (cont'd)

(a) Sales of coal

Revenue is recognised when the customer obtains control of the good and all criteria for acceptance have been satisfied. Sales of coal are usually made on a "Free on Board" ("FOB") basis. Under FOB, the customer obtains control of the goods once the goods have been passed over the ship rail. The amount of revenue recognised is based on the selling price agreed and stated in the agreement.

(b) Sales of plywood and logs

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied.

(c) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(d) Management fee income

Revenue from consulting services is recognised in the accounting period in which the services are rendered.

(e) Interest income

Interest income is accrued on a time proportion basis using the effective interest method.

2.22 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. Summary of significant accounting policies (cont'd)

2.22 Taxes (cont'd)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2. Summary of significant accounting policies (cont'd)

2.22 Taxes (cont'd)

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- (i) Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense (as applicable); and
- (ii) Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.23 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.24 Contingencies

A contingent liability is

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management is of the opinion that the instances of application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimates.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of goodwill and intangible assets

The recoverable amounts of the CGUs to which goodwill and intangible assets have been allocated to are determined based on VIU calculations. The VIU calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the VIU including a sensitivity analysis, are disclosed and further explained in Note 15 to the financial statement.

(b) Impairment of investment in subsidiaries

The Company assesses at each reporting date whether there is an indication that the investment in subsidiaries may be impaired. This requires an estimation of the VIU of the CGU. Estimating the VIU requires the Company to make an estimate of the expected future cash flows from the cash generating units and also to choose a suitable discount rates in order to calculate the present value of those cash flows. The recoverable amount of the investment in subsidiaries is sensitive to the valuation inputs such as log price, coal price and discount rate. The key assumptions applied in the determination of the VIU including a sensitivity analysis, are disclosed and further explained in Note 16 to the financial statement.

(c) Impairment of mining properties and property, plant and equipment

The Group assesses at the end of each reporting period whether there is any objective evidence that non-financial assets are impaired. Impairment review is performed when certain impairment indicators are present. Determining the fair value of assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. Any significant changes in the assumptions used in determining the fair value may materially affect the assessment of recoverable values and any resulting impairment loss could have a material impact on results of operations.

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(d) Coal reserves and resources estimates

Coal reserves and resources estimates are estimates of the amount of coal that can be economically and legally extracted from the Group's mining properties. Such reserves and resources estimates and changes to these may impact the Group's reported financial position and results, in the following way:

- The carrying value of mining properties, property, plant and equipment, and goodwill may be affected due to changes in estimated future cash flows
- Amortisation charges in the statement of comprehensive income may change where such charges are determined using the Unit of Production ("UOP") method
- Capitalised stripping costs recognised in the statement of financial position as either part of mine properties or inventory or charged to profit or loss may change due to changes in stripping ratios

The Group estimates its coal reserves and resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the coal body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the coal body.

The Group determines and reports its coal reserves under the principles incorporated in the Code for Reporting of Mineral Resources and Ore Reserves of the Joint Ore Reserves Committee (the "JORC Code"), which is sponsored by the Australian mining industry and its professional organisations.

Consequently, management will form a view of forecast sales prices based on current and long-term historical average price trends. For example, if current prices remain above long-term historical averages for an extended period of time management may assume that lower prices will prevail in the future. As a result, those lower prices would be used to estimate coal reserves and resources under the JORC Code. Lower price assumptions generally result in lower estimates of reserves.

The coal reserves and resources estimate may change as a result of changes in the economic assumptions used and as additional geological information is produced during the mining operations.

(e) Acquisition of subsidiaries

The fair value measurement of assets and liabilities acquired with business combinations is determined by the Directors at the date of acquisition using the acquisition method whereby identifiable assets acquired and liabilities assumed are measured at fair value at the date on which control is gained (Note 16d). Management has engaged an external valuation specialist to assist them with the allocation of purchase consideration to the identified acquired assets and liabilities, and the measurement of their respective fair values at acquisition date.

Notes to the consolidated financial statements
For the financial year ended 31 December 2020

4. Revenue

	Group	
	2020	2019
	US\$'000	US\$'000
Energy Coal	1,064,230	1,114,284
Metallurgical Coal	97,234	-
Non-coal business	1,223	1,531
	<u>1,162,687</u>	<u>1,115,815</u>

5. Other income

	Group	
	2020	2019
	US\$'000	US\$'000
Interest income	8,618	9,775
Dividend income	2,864	5,413
Compensation income	-	13
Others	8,815	1,540
	<u>20,297</u>	<u>16,747</u>

6. Finance costs

	Group	
	2020	2019
	US\$'000	US\$'000
Interest expense on bank loans and trade financing (including amortisation of transactions costs)	34,263	32,050
Interest expense on lease liabilities	190	475
Amortisation of discounted loans and borrowings	442	441
Notional interest on provisions (Note 28) and contingent consideration (Note 25)	1,557	-
Others	947	1,168
	<u>37,399</u>	<u>34,564</u>

Notes to the consolidated financial statements
For the financial year ended 31 December 2020

7. Profit before tax

Profit before tax is derived after charging/(crediting) the following:

	Group	
	2020	2019
	US\$'000	US\$'000
Mining services and overheads	489,120	445,361
Freight and stockpile	276,170	264,817
Inventories recognised as an expense in cost of sales	23,699	45,003
Royalty fees	139,147	145,903
Legal and professional fees	13,453	12,428
Land exploration expenses	12,571	8,707
(Reversal of)/provision for mining activities	(5,907)	3,083
Depreciation of property, plant and equipment	15,701	8,307
Depreciation of right-of-use assets	2,420	2,531
Amortisation of:		
- mining properties	14,900	4,688
- land exploration	1,046	501
- intangible assets	723	505
- software	133	69
Audit fees:		
- Auditors of the Company	149	134
- Other auditors	461	316
Non-audit fees		
- Auditors of the Company	26	11
Directors' fees	238	241
Staff costs:		
- Salaries, wages, bonuses and other costs	31,159	26,314
- Contributions to defined contribution plans	334	232
Post-employment benefits expenses	964	916
Gain on disposal of short term investment	(105)	-
Fair value gain on biological assets	(321)	(2,543)
Fair value gain on remeasurement of contingent consideration	(6,846)	-
Fair value gain on other investment	(516)	-
Impairment loss on goodwill	8,553	6,988
Impairment loss on property, plant and equipment	-	965
Foreign exchange loss - net	5,608	2,311

Golden Energy and Resources Limited and its Subsidiaries

Notes to the consolidated financial statements For the financial year ended 31 December 2020

B. Income tax expense

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December are:

	Group	
	2020 US\$'000	2019 US\$'000
Consolidated statement of comprehensive income		
Current income tax		
- Current year's income tax	(19,861)	(29,727)
- Under provision in respect of previous years	(1,260)	(4,600)
Deferred income tax (Note 18)		
- Current year	(4,007)	(965)
Withholding tax expense	(7,138)	(2,137)
Income tax expense	(32,256)	(37,429)
Other comprehensive income		
Deferred tax relate to other comprehensive income:		
- Net actuarial (gain)/loss on post-employment benefits	(64)	113

Relationship between tax expense and accounting profit

A reconciliation between the income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 December is as follows:

Profit before tax	66,724	70,317
Less: Share of results of joint venture	(4,903)	-
	71,627	70,317
Tax expenses at the domestic rates applicable in the countries where the Group operates	(14,336)	(20,274)
Adjustments		
Income not subject to tax	5,512	1,385
Expenses not deductible for tax purposes	(11,836)	(8,931)
Deferred tax assets not recognised	(3,322)	(1,612)
Under provision in respect of previous years	(1,260)	(4,600)
Deferred tax on undistributed profits of foreign subsidiaries		(1,773)
Withholding tax expense	(7,138)	(2,137)
Others	124	513
Income tax expense	(32,256)	(37,429)

The corporate income tax rate applicable to the entities in Singapore is 17% (2019: 17%). The corporate income tax rate applicable to the subsidiaries in Indonesia is 22% (2019: 25%). The corporate income tax rate applicable to the subsidiaries in Australia is 30% (2019: NA).

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

Golden Energy and Resources Limited and its Subsidiaries

Notes to the consolidated financial statements

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9. Earnings per share

Basic and diluted earnings per share are calculated by dividing the profit for the financial year, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The following reflects the earnings and share data used in the computation of basic and diluted earnings per share for the financial years ended 31 December:

	Group	
	2020 US\$'000	2019 US\$'000
Profit for the year attributable to owners of the Company	8,085	9,047
Weighted average number of ordinary shares for basic and diluted earnings per share ('000)	2,353,100	2,353,100
Basic and diluted earnings per share attributable to owners of the Company (cents per share)	0.34	0.42

10. Biological assets

	Group	
	2020 US\$'000	2019 US\$'000
Movement in biological assets:		
At 1 January	6,059	3,381
Costs incurred during the year	207	135
	6,266	3,516
Net change in fair value less estimated costs to sell	321	2,543
At 31 December	6,587	6,059

	Group			
	2020		2019	
	Hectares	US\$'000	Hectares	US\$'000
Existing Plantation Forest	9,253	5,321	7,721	5,646
Utilisable Natural Forest	2,046	266	2,313	413
	11,301	6,587	10,034	6,059

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10. Biological assets (cont'd)

Biological assets relate to timber plantation, majority of which are *Acacia Mangium* and *Singam* trees, which when mature will be harvested for timber and further processed into products such as sawn logs and pulpwood. The trees have an average lifespan of up to 15 years, and take up to 6 to 7 years to reach the maturity for harvesting. During the financial year, the Group harvested approximately 7,372 m³ (2019: 13,064 m³) of logs.

Fair value measurement

The fair value of biological assets is estimated with reference to an independent professional valuation using discounted cash flows of biological assets. The expected cash flows from the biological assets are determined using the market price and the estimated yield of the trees, net of maintenance and harvesting costs, and any costs required to bring the plantations to maturity. The estimated yield of the trees is dependent on the age of the trees, the location of the plantations and infrastructure. The market price of the produce is largely dependent on the prevailing market price. Port-of-sale costs include all costs that would be necessary to sell the assets.

The following table shows the key unobservable inputs used in the valuation models:

Key unobservable inputs	Range of unobservable inputs (weighted average)	Inter-relationship between key unobservable inputs and fair value measurement
Discount rate per annum	10% (2019: 10%)	The higher the discount rate, the lower the fair value
Average plantations yield, in metric tonne (m ³ /ha)	16.8 m ³ /ha to 175.5 m ³ /ha (2019: 16.6 m ³ /ha to 175.5 m ³ /ha)	The higher the plantation yields, the higher the fair value
Selling price of: - Sawn logs	US\$39.9/m ³ to US\$64.9/m ³ (2019: US\$39.3/m ³ to US\$55.3/m ³)	The higher the selling price, the higher the fair value
Pulpwood	US\$48.5/m ³ (2019: US\$51.0/m ³)	

Financial risk management strategies related to agricultural activities

The Group is exposed to financial risk in respect of its agricultural activities, which primarily arises due to length of time between expending cash planting trees, through the maintenance of the trees until maturity, harvesting of the trees, and ultimately receiving cash from the sale of the product. The Group plans for cash flow requirements for such activities and manage its debts actively.

Golden Energy and Resources Limited and its Subsidiaries

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11. Property, plant and equipment

Group	Infrastructure and buildings US\$'000	Plant and machinery US\$'000	Motor vehicles US\$'000	Computers, office equipment, furniture and fittings US\$'000	Bearer Plants US\$'000	Construction in progress US\$'000	Total US\$'000
Cost							
At 1 January 2019	52,630	29,043	2,182	5,154	2,844	21,793	113,646
Reclassification	2,606	17,621	612	744	-	(21,643)	-
Additions	352	113	367	1,673	87	18,982	20,574
Written off	-	-	-	(6)	-	-	(6)
Exchange differences	62	1	-	19	-	1	93
At 31 December 2019 and 1 January 2020	55,650	46,778	3,161	7,584	2,931	18,593	134,697
Reclassification	7,326	21,141	117	592	-	(29,176)	-
Additions	110	130	233	1,412	65	12,769	14,725
Disposals	-	-	(2)	-	-	-	(2)
Acquisition of subsidiaries (Note 16a)	1,206	36,058	-	167	-	2,176	41,609
Exchange differences	665	7,600	-	44	-	256	8,567
At 31 December 2020	64,957	111,713	3,500	9,799	2,996	4,622	189,596
Accumulated depreciation							
At 1 January 2019	17,581	10,228	1,506	3,406	-	-	32,721
Charge for the year	3,942	2,321	277	1,767	-	-	8,307
Impairment loss written off	-	965	-	-	-	-	965
Exchange differences	37	1	-	(6)	-	-	(2)
At 31 December 2019 and 1 January 2020	21,560	13,515	1,673	5,635	-	-	42,883
Charge for the year	4,583	8,734	414	1,923	43	-	15,707
Reclassification	-	(57)	-	57	-	-	-
Disposals	-	-	(1)	-	-	-	(1)
Exchange differences	64	657	-	75	-	-	896
At 31 December 2020	26,207	22,755	2,086	7,630	43	-	58,619
Net carrying amount							
At 31 December 2019	34,090	33,263	1,488	1,949	2,931	18,593	92,114
At 31 December 2020	41,750	88,958	1,414	2,169	2,953	4,622	140,877

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11. Property, plant and equipment (cont'd)

Included in property, plant and equipment is a wood chip mill valued at scrap value of US\$2,579,000 (31 December 2019: US\$2,579,000) as at 31 December 2020.

Bearer plants comprise of immature rubber plantations. The rubber plantation presently consists of trees aged between 4 to 8 years as at 31 December 2020, the Group's total plantation area is approximately 93' (2019: 925) hectares.

(a) Assets pledged as security

Certain property and equipment of the Group with carrying value of US\$18,628,000 (2019: US\$10,791,000) as at 31 December 2020 have been pledged as collateral for bank borrowings (Note 26).

(b) Depreciation charge

Details of the depreciation charge for the financial year ended are as follows:

	Group	
	2020 US\$'000	2019 US\$'000
Charged to profit or loss		
- cost of sales	8,818	3,343
- selling and distribution expenses	2,623	1,363
- administrative expenses	3,666	2,668
- other operating expenses	595	928
Depreciation for the financial year	15,701	8,302

Company	Computers, office equipment, furniture and fittings	
	2020 US\$'000	2019 US\$'000
Cost		
At 1 January	389	381
Additions	6	2
Written off	-	(1)
Net exchange differences	6	5
At 31 December	401	389
Accumulated depreciation		
At 1 January	236	156
Charge for the financial year	73	78
Written off	-	(1)
Net exchange differences	7	3
At 31 December	316	236
Net carrying amount		
At 31 December	85	153

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12. Mining properties

	Mines under construction US\$'000	Producing mines US\$'000	Stripping activity US\$'000	Total US\$'000
Cost				
At 1 January 2019	9,030	220,838	91,834	321,702
Additions	8	-	8,906	8,914
Net exchange differences	102	125	7	234
At 31 December 2019 and 1 January 2020	9,140	221,013	100,747	330,900
Additions	4,300	1,135	-	5,435
Acquisition of subsidiaries (Note 11(c))	58,084	94,901	-	152,985
Net exchange differences	11,723	20,042	(3)	31,762
At 31 December 2020	82,727	337,089	100,744	520,560
Accumulated amortisation				
At 1 January 2019	-	35,846	58,248	94,094
Charge for the year	-	677	4,211	4,888
Net exchange differences	-	5	5	10
At 31 December 2019 and 1 January 2020	-	36,528	62,464	98,992
Charge for the year	-	11,075	3,013	14,088
Net exchange differences	-	3,735	-	3,735
At 31 December 2020	-	51,338	65,377	117,715
Net carrying amount				
At 31 December 2019	9,140	184,485	38,283	231,908
At 31 December 2020	82,727	285,751	34,367	402,845

Details of the amortisation expenses for the financial year ended are as follows:

	Group	
	2020 US\$'000	2019 US\$'000
Charged to profit or loss		
- cost of sales	14,518	4,522
- other operating expenses	470	366
Amortisation expenses for the financial year	14,988	4,888

Includes in mining property is mining tenements arose from acquisition of subsidiaries amounting to US\$78,744,000 as of acquisition date (Note 16 (d)).

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13. Intangible assets

	Group	
	2020 US\$'000	2019 US\$'000
Forest concession license (Note a)	10,184	10,689
Rail loop benefit (Note b)	1,924	-
Net carrying amount	12,108	10,689

(a) Forest concession license

	2020 US\$'000	2019 US\$'000
Cost:		
At 1 January and 31 December	13,046	13,046
Accumulated amortisation:		
At 1 January	2,357	1,852
Amortisation	505	505
At 31 December	2,862	2,357
Net carrying amount		
At 31 December	10,184	10,689

Forest concession license was acquired as a result of the Reverse Acquisition. Forest concession license has remaining period of 21 (2019: 22) years.

The Group owns forestry concession rights of 265,095 hectares, which includes 14,227 hectares of land rent-use rights.

Land rent-use rights represent the areas of overlapping mining permits with third parties, who have encroached onto the Group's forestry concession land to carry out mining activities. Based on the regulation issued by Indonesia Ministry of Forestry, the Group is allowed to be compensated for the estimated loss of existing plantations, infrastructure, increase in operational costs and loss of income from plantations over the remaining concession license period (opportunity costs) due to overlapping mining permits on the same forestry concession plantable area.

The Group has entered into an agreement with third parties, to compensate the Group based on their future mining production. As at reporting date, the compensation income was recognised as part of other income in the statement of comprehensive income.

13. Intangible assets (cont'd)

(b) Rail loop benefit

	2020 US\$'000	2019 US\$'000
Cost:		
At 1 January	-	-
Acquisition of subsidiaries (Note 16d)	1,830	-
Net exchange difference	336	-
At 31 December	2,166	-
Accumulated amortisation:		
At 1 January	-	-
Amortisation	218	-
Net exchange difference	24	-
At 31 December	242	-
Net carrying amount		
At 31 December	1,924	-

The rail loop benefit relates to future rebates on the cost of coal railings based on an agreement with the below rail infrastructure owner. Receipts of coal railing rebates are recognised in profit or loss as a credit against the cost incurred. The estimated useful life of the asset is aligned with the term of the contractual agreement and is amortised on a straight-line basis over the life in accordance with the anticipated profile of benefits received. The rail loop benefit has remaining period of 5 (2019: Nil) years.

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14. Leases – as lessee

The Group has lease contracts for various items of properties, vehicles and other equipment used in its operations. Leases of properties, vehicles and other equipment generally have lease terms between 3 and 6 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios.

The Group also has certain leases of other equipment with low value. The Group applies the 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amount of right-of-use assets recognised and the movement during the year

Group	Properties US\$'000	Vehicles US\$'000	Other equipment US\$'000	Total US\$'000
Cost				
At 1 January 2020	2,508	3,203	15	5,816
Additions	2,028	443	–	2,471
Disposals	–	(751) ²	–	(751)
Exchange difference	64	(45)	–	19
At 31 December 2020	4,600	2,850	15	7,555
Accumulated depreciation				
At 1 January 2020	1,222	1,306	3	2,531
Charge for the year	1,311	1,106	3	2,420
Disposals	–	(211)	–	(211)
Exchange difference	35	17	–	52
At 31 December 2020	2,568	2,218	6	4,792
Net carrying amount				
At 31 December 2020	2,122	632	9	2,763

The disposal relates to re-measurement against the Lease Liabilities

Group	Properties US\$'000	Vehicles US\$'000	Other equipment US\$'000	Total US\$'000
Cost				
Upon adoption of SFRS(I) 16, under modified retrospective approach	394	1,666	–	2,060
Additions	2,204	1,537	15	3,756
At 31 December 2019	2,598	3,203	15	5,816
Accumulated depreciation				
At 1 January 2019	–	–	–	–
Charge for the year	1,222	1,306	3	2,531
At 31 December 2019	1,222	1,306	3	2,531
Net carrying amount				
At 31 December 2019	1,376	1,897	12	3,285

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14. Leases – as lessee (cont'd)

	Properties US\$'000	Other equipment US\$'000	Total US\$'000
Company			
Cost			
At 1 January 2020	220	9	229
Additions	642		642
Exchange difference	30	–	30
At 31 December 2020	892	9	901
Accumulated depreciation			
At 1 January 2020	176	2	177
Charge for the year	205	2	207
Exchange difference	12	–	12
At 31 December 2020	392	4	396
Net carrying amount At 31 December 2020	500	5	505
	Properties US\$'000	Other equipment US\$'000	Total US\$'000
Company			
Cost			
Upon adoption of SFRS(I) 16, under modified retrospective approach	220		220
Additions	–	9	9
At 31 December 2019	220	9	229
Accumulated depreciation			
At 1 January 2019	–	–	–
Charge for the year	175	2	177
At 31 December 2019	175	2	177
Net carrying amount At 31 December 2019	45	7	52

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14. Leases - as lessee (cont'd)

Set out below are the carrying amount of lease liabilities (included under loans and borrowings) and movement during the year:

	2020 Group US\$'000	2020 Company US\$'000
At 1 January 2020	3,353	52
Additions	2,137	619
Adjustment	(1,092)	-
Accretion of interest	190	21
Payments	(1,743)	(213)
Exchange difference	(18)	19
At 31 December 2020	2,827	498
Current (Note 26)	1,600	214
Non-current (Note 26)	1,227	284
	2019 Group US\$'000	2019 Company US\$'000
Upon adoption of SFFRS(I) 16, under modified retrospective approach	2,050	220
Additions	3,542	9
Accretion of interest	425	6
Payments	(2,674)	(183)
At 31 December 2019	3,353	52
Current (Note 26)	2,085	47
Non-current (Note 26)	1,267	5

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14. Leases – as lessee (cont'd)

Set out below are the carrying amount of lease liabilities (included under loans and borrowings) and movement during the year.

The following are the amounts recognised in profit or loss.

	2020 Group US\$'000	2020 Company US\$'000
Amortisation expense of right-of-use assets (included in administrative expenses and other operating expenses)	2,420	207
Interest expense on lease liabilities (included in finance costs)	190	21
Expenses relating to lease of low-value assets (included in other operating expenses)	193	3
Total amount recognised in profit or loss	2,803	231
	2019 Group US\$'000	2019 Company US\$'000
Amortisation expense of right-of-use assets (included in administrative expenses and other operating expenses)	2,531	177
Interest expense on lease liabilities (included in finance costs)	425	6
Expenses relating to lease of low-value assets (included in other operating expenses)	161	23
Total amount recognised in profit or loss	3,117	206

In 2019, the Group's lease contracts on property include extension option for the period of 3 years. Management exercise significant judgement in determining whether this extension option are reasonably certain to be exercise. There was no extension option as at 31 December 2020.

The undiscounted potential future rental payments relating to periods following the exercise date of extension option that are not included in the lease term.

	2020 Within 5 years US\$000	2019 Within 5 years US\$000
Extension option expected not to be exercised	-	1,059

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15. Goodwill

	2020 US\$'000	2019 US\$'000
Group		
At 1 January	106,751	113,709
Impairment loss	(8,553)	(6,948)
At 31 December	98,198	106,761

Impairment testing of goodwill and forest concession license

Goodwill acquired through business combinations and other intangible assets have been allocated to the following CGUs for impairment testing as follows:

	Forestry and pulp CGU		Coal mining CGUs	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Goodwill	75,822	84,375	22,376	22,376
Forest concession license	10,184	10,688	-	-

The recoverable amount of the forestry and pulp CGU and coal mining CGUs have been determined based on value-in-use ("VIU") calculation using cash flow projections from financial budgets approved by management covering their concession tenure for forestry and coal mining operations.

Key assumptions used in the value-in-use calculations

	Forestry and pulp CGU		Coal mining CGUs	
	2020	2019	2020	2019
Projected logs / coal prices	US\$44 US\$90/m ³	US\$43 US\$90/m ³	US\$11 US\$62/tonne	US\$12 US\$74/tonne
Discount rates	13.2%	13.3%	11.1%	13.0%

Sensitivity to changes in assumptions

Projected logs/coal prices -- prices are based on industry research and the Group's historical data.

A reduction by 0.5% in the logs prices in forestry and pulp CGU would result in further impairment. A reduction by 0.5% in the coal prices in coal mining CGUs would not result in impairment.

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15. Goodwill (cont'd)

Sensitivity to changes in assumptions (cont'd)

Discount rates - Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating CGU and is derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group obliged to service. CGU's specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

A rise in pre-tax discount rate to 13.7% (i.e., +0.5%) in forestry and pulp CGU would result in a further impairment. A rise in pre-tax discount rate to 11.6% (i.e., +0.5%) in coal mining CGUs would not result in impairment.

16. Investment in subsidiaries

Company	2020 US\$'000	2019 US\$'000
Shares, at cost	1,529,733	1,448,226
Impairment loss	(67,037)	(65,955)
	<u>1,462,696</u>	<u>1,382,271</u>

As at 31 December 2020, certain investment in subsidiaries were tested for impairment as the subsidiaries were making losses or the carrying amount of the investment in subsidiaries exceeds the carrying amounts of the investor's net assets. An impairment loss is the amount by which the carrying amount of an asset or a CGU exceeds its recoverable amounts. The recoverable amounts of the subsidiaries have been determined based on a value-in-use calculation using cash flow projections based on a financial budget approved by management covering up to the end of the mining concession, licenses or forest concession tenure. The VIU is measured by management using key assumptions which are similar to those disclosed in Note 15, and no impairment losses required to be recognised during the year (2019: Nil).

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15. Investments in subsidiaries (cont'd)

(a) Composition of the Group

Details of the subsidiaries are as follows:

Name	Country of Incorporation	Principal business activities	Proportion (%) of ownership interest	
			2020	2019
Held by the Company				
Anraf Singapore Limited ¹	Malaysia	Investment holding	100.0000	100.0000
Poh Lan (Cambodia) Ltd ²	Cambodia	Dormant	100.0000	100.0000
Abe Advance Limited ³	British Virgin Islands	Dormant	100.0000	100.0000
PT Golden Energy Mines Tbk ⁴	Indonesia	Investment holding	66.9998	66.9998
GEAR Trading Enterprise Pte Ltd ⁵	Singapore	General commodities trading	100.0000	100.0000
GEAR Innovation Network Pte Ltd ⁶	Singapore	R&D on engineering, software & programming for coal mining industry	100.0000	100.0000
Golden Investments (Australia) Pte Ltd ⁷	Singapore	Investment holding	74.1877	88.4878
Golden Investments (Australia) II Pte Ltd ⁸	Singapore	Investment holding	100.0000	-
GEAR Renewables Pte Ltd ⁹	Singapore	Generation of electricity by other sources	100.0000	100.0000
PT Marga Bumi Bumi Maha ¹⁰	Indonesia	Dormant	100.0000	100.0000
PT Hutani Bendang Baruan ¹¹	Indonesia	Forestry operation	35.6467	-
¹ The shareholding of the Company was diluted as a result of changes in the subscription of shares in its subsidiary by non-controlling interest.				
Held through Anraf Singapore Ltd				
PT Hutani Bendang Baruan ¹²	Indonesia	Forestry operation	46.1513	100.0000
PT Mangun Anugrah Lestari ¹³	Indonesia	Dormant	99.9976	99.9976
Factwood Investment Ltd ¹⁴	Malaysia	Investment holding and trading	100.0000	100.0000
Shining Spring Resources Limited ¹⁵	British Virgin Islands	Investment holding	100.0000	100.0000
Held through PT Golden Energy Mines Tbk				
PT Roundhill Capital Indonesia ¹⁶	Indonesia	Holding company and trading	98.0156	98.0156
PT Kuensing Inti Makmur ¹⁷	Indonesia	Coal mining	98.9998	98.9998
PT Telsa Kencana Sukir ¹⁸	Indonesia	Coal mining	70.0000	70.0000

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15. Investments in subsidiaries (cont'd)

(a) Composition of the Group (cont'd)

Name	Country of incorporation	Principal business activities	Proportion (%) of ownership interest	
			2020	2019
<u>Held through PT Golden Energy Mines Tbk (cont'd)</u>				
GE/MS Trading Resources Pte. Ltd. ¹	Singapore	Trading	100.0000	100.0000
PT Karya Mining Solution ²	Indonesia	Mining Services	99.9999	99.9999
PT Bumi Indobara ³	Indonesia	Coal mining	98.0951	98.0951
PT Karya Cemerlang Persada ⁴	Indonesia	Coal mining	99.9998	99.9998
PT Bango Bara Utama ⁵	Indonesia	Coal mining	99.9998	99.9998
PT Bara Harmonis Batang Asam ⁶	Indonesia	Coal mining	99.9998	99.9998
PT Bekkal Nusantara Permai ⁷	Indonesia	Coal mining	99.9998	99.9998
PT Tanjung Belit Bara Utama ⁸	Indonesia	Coal mining	99.9998	99.9998
PT GE/MS Energy Indonesia ⁹	Indonesia	Trading	99.9902	99.9902
PT Era Mitra Selaras ¹⁰	Indonesia	Holding company	100.0000	100.0000
PT Wahana Rimba Lestari ¹¹	Indonesia	Coal mining	100.0000	100.0000
PT Bukit Satria Abadi ¹²	Indonesia	Coal mining	100.0000	100.0000
PT Kuansing Int. Sejahtera ¹³	Indonesia	Coal mining	99.9998	99.9998
PT Bango Bara Makmur ¹⁴	Indonesia	Coal mining	99.9998	99.9998
PT Jawaya Sept. Utama ¹⁵	Indonesia	Management consulting	100.0000	100.0000
PT Duta Sarana Internasional ¹⁶	Indonesia	Management consulting	100.0000	100.0000
PT Eka Sentosa Lestari ¹⁷	Indonesia	Coal mining and developing a mine-mouth power plant	100.0000	100.0000
PT Unswest ¹⁸	Indonesia	Management consulting	99.9999	99.9999
<u>Held through Golden Investments (Australia) Pte. Ltd.</u>				
Stannore Coal Limited ¹⁹	Australia	Investment holding	75.3300	—
<u>Held through Stannore Coal Limited</u>				
Mackenzie Coal Pty Limited ²⁰	Australia	Coal exploration	100.0000	—
Corral Coal & Coke Pty Limited ²¹	Australia	Coal exploration	100.0000	—
Balview Coal Pty Ltd ²²	Australia	Coal exploration	100.0000	—

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15. Investments in subsidiaries (cont'd)

(a) Composition of the Group (cont'd)

Name	Country of incorporation	Principal business activities	Proportion (%) of ownership interest	
			2020	2019
Belview Expansion Pty Ltd ⁽¹⁾	Australia	Coal exploration	100.0000	–
Stannore Coal Custodians Pty Ltd ⁽²⁾	Australia	Trustee of Stannore Employee Share Trust	100.0000	–
Emerald Coal Pty Ltd ⁽³⁾	Australia	Coal exploration	100.0000	–
New Carthra Pty Ltd ⁽⁴⁾	Australia	Coal exploration	100.0000	–
Kedong Coking Coal Pty Ltd ⁽⁵⁾	Australia	Coal exploration	100.0000	–
Stannore Sural Coal Pty Ltd ⁽⁶⁾	Australia	Coal exploration	100.0000	–
Theresa Creek Coal Pty Ltd ⁽⁷⁾	Australia	Coal exploration	100.0000	–
Stannore Wotonga Pty Ltd ⁽⁸⁾	Australia	Coal exploration & mining	100.0000	–
Stannore P Coal Pty Ltd ⁽⁹⁾	Australia	Coal mining	100.0000	–
Stannore P South Pty Ltd ⁽⁹⁾	Australia	Coal exploration	100.0000	–
Stannore Bowen Coal Pty Ltd ⁽⁹⁾	Australia	Coal exploration & mining	100.0000	–
Isaac Plains Coal Management Pty Ltd ⁽⁹⁾	Australia	Coal exploration & mining	100.0000	–
Isaac Plains Sains & Mackenzie Pty Ltd ⁽⁹⁾	Australia	Coal exploration & mining	100.0000	–

⁽¹⁾ Audited by Ernst & Young LLP, Singapore

⁽²⁾ Audited by member firms of Ernst & Young Global in the respective countries.

⁽³⁾ Exempted/not required to be audited by the law of its country of incorporation

⁽⁴⁾ Not audited since its incorporation as deemed not material to the Group.

⁽⁵⁾ Audited by KAP Kosasih, Nurdyanan, Mulyati, Tjohji & Rekan

⁽⁶⁾ The shares were pledged to secure bank borrowings (Note 26)

During the year, the Company had subscribed ordinary shares of PT Hulu Rindang Baraja, an indirect subsidiary of the Company held through Anrol Singapore Ltd.

In accordance to Rule 716 of the Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and the Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiary corporations would not compromise the standard and effectiveness of the audit of the consolidated financial statements.

15. Investment in subsidiaries (cont'd)

(b) Interest in subsidiaries with material non-controlling interests ("NCI")

The Group has the following subsidiaries that has NCI that are material to the Group

Name	Principal place of business	Proportion (%) of ownership interest held by NCI	Profit(loss) allocated to NCI during the reporting period US\$'000	Accumulated NCI at the end of reporting period US\$'000	Dividends paid to NCI US\$'000
2020					
PT Golden Energy Mines Tbk	Indonesia	33.0002%	32,923	117,243	25,561
Golden Investments (Australia) Pte Ltd	Singapore	20.3300%	(6,540)	75,414	-
2019					
PT Golden Energy Mines Tbk	Indonesia	33.0002%	22,942	119,796	12,717
Golden Investments (Australia) Pte Ltd	Singapore	0.0001%	-	(10)	-

(c) Summarised financial information about subsidiaries with material NCI

Summarised financial information including consolidation adjustments but before company eliminations of subsidiaries are as follows:

Summarised statement of financial position

	PT Golden Energy Mines Tbk		Golden Investments (Australia) Pte Ltd	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Current				
Assets	410,025	367,509	80,532	462
Liabilities	(331,222)	(279,009)	(62,769)	(3,324)
Net current assets/(liabilities)	78,803	88,500	17,763	(2,862)
Non-current				
Assets	453,644	416,054	245,887	53,548
Liabilities	(133,660)	(145,636)	(82,803)	-
Net non-current assets	269,984	270,418	163,084	53,548
Net assets	349,387	357,986	180,767	50,686

Golden Energy and Resources Limited and its Subsidiaries

**Notes to the consolidated financial statements
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16. Investment in subsidiaries (cont'd)

(c) Summarised financial information about subsidiaries with material NCI (cont'd)

Summarised statement of comprehensive income

	PT Golden Energy Mines Tbk		Golden Investments (Australia) Pty Ltd	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Revenue	1,051,410	1,107,464	97,234	
Profit/(loss) before tax	127,133	93,727	(21,958)	5,189
Income tax expense	(31,275)	(33,574)	6,012	(1)
Profit/(loss) after tax	95,858	60,153	(15,946)	5,188
Other comprehensive income	(267)	(1,134)	1,343	2,610
Total comprehensive income	95,591	59,019	(14,603)	7,797

Other summarised information

	PT Golden Energy Mines Tbk		Golden Investments (Australia) Pty Ltd	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Cash flows generated from operating activities	142,830	105,413	(10,863)	(253)
Acquisition of significant property, plant and equipment	(5,983)	(20,517)	(8,591)	-

15. Investment in subsidiaries (cont'd)

(d) Acquisition of subsidiaries

Acquisition of Stanmore Coal Limited and its subsidiaries (collectively "Stanmore")

On 18 May 2020, the Group's 79.6697% subsidiary company, Golden Investments (Australia) Pty Ltd ("GIA") acquired additional 46.91% equity interest to 75.33% in Stanmore Coal Limited and its subsidiaries (collectively "Stanmore").

The fair values of identifiable assets and liabilities as of acquisition date were as follows:

	Fair value recognised on acquisition US\$'000
Mining properties	162,965
Property, plant and equipment	41,609
Intangible assets	1,830
Inventories	35,295
Trade and other receivables	26,317
Other assets	4,322
Restricted funds	262
Cash and cash equivalents	29,134
Trade and other payables	(31,545)
Contingent liability	(14,503)
Provisions	(23,512)
Borrowings	(8,130)
Provision for taxation	(2,237)
Deferred tax liabilities	(37,357)
Total identifiable net assets at fair value	174,450
Less: Non-controlling interest at fair value	(43,034)
Less: Fair value of pre-existing interest in Stanmore	(52,123)
Total consideration transferred	79,293
<u>Effect of the acquisition of Stanmore</u>	
Consideration settled in cash	79,293
Less: Cash and cash equivalents of subsidiary acquired	(29,134)
Net cash outflow on acquisition	50,159

Revenue and profit contribution

From the Completion date up to the end of current year, Stanmore contributed revenue of US\$97,234,000 and loss of US\$15,726,000 to the Group's results. If the acquisition had occurred on 1 January 2020, management estimates that consolidated revenue would have been US\$1,270,920,000 and consolidated profit for the year would have been US\$42,939,000.

Notes to the consolidated financial statements
For the financial year ended 31 December 2020

17. Investment in a joint venture

	Group 2020 US\$'000
Redeemable Preference Shares in a joint venture	17,430
Interest in a joint venture	30,587
	<u>48,012</u>

<u>Name of entity</u>	<u>Place of business/country of incorporation</u>	<u>Proportion (%) of ownership interest 31 December 2020</u>
<u>Held through Golden Investments</u>		
<u>Australia (H) Pty Ltd</u>		
Ravenswood Gold Group Pty Ltd*	Australia	<u>50</u>

* Audited by Ernst & Young, Brisbane

On 14 January 2020, the Company entered into a joint venture with Haven Gold Nominee Pty Ltd to establish a joint venture company, Ravenswood Gold Group Pty Ltd (RWG) (previously known as Mining Gold Group Pty Ltd), to acquire the Ravenswood gold mine. The Company has representation on the board of directors and has significant influence over the policy-making processes, including participation on decisions about dividends or other distributions of RWG. RWG is accounted for using the equity method in the financial statements.

Terms and conditions of the Redeemable Preference Shares ('RPS')

1. Each RPS shall confer on the holder the right to receive dividends that are declared by the Board (in its absolute discretion) in respect of such class from time to time (any such dividend being an RPS dividend).
2. Each RPS have an aggregated redemption Premium calculated daily at 10% per annum of the issue price payable as if it had compounded on a quarterly basis from start of issue date.
3. Upon Redemption, RWG must pay to the RPS holder the Outstanding Amount. Outstanding Amount in relation to a RPS means (a) the Issue Price of the RPS; plus (b) the Redemption Premium, less (c) any amount paid by RWG in respect of the RPS from time to time, including RPS Dividends.
4. In the events of liquidation of RWG, the holder has priority in the repayment of capital together with any outstanding amount. In addition, the holder have no rights to participate in any further or other distribution of profits or assets of the RWG;
5. The RPS does not entitle its holders to vote at a general meeting of RWG except on any resolution to vary the rights attached to the RPS. RPS holders do not have the rights to participate in the RWG's business operations or management.
6. The RPS is denominated in Australia dollar.

The Group's exposure to credit risks for RPS in a joint venture, are disclosed in Note 33c.

Notes to the consolidated financial statements
For the financial year ended 31 December 2020

17. Investment in a joint venture (cont'd)

Set out below is the summarised financial information for Ravenswood Gold Group Pty Ltd.

Summarised statement of financial position of Ravenswood Gold Group Pty Ltd:

	2020 US\$'000
Current assets, including cash and cash equivalents US\$30,757	59,110
Non-current assets	212,064
Current liabilities, including trade and other payables and provisions US\$34,373	(56,293)
Non-current liabilities, including trade and other payables and provisions US\$28,424	(154,648)
Equity	61,163
Group's share in equity - 50%	30,592
Group's share in redeemable preference shares - 50%	17,430
Group's carrying amount of the investment	48,012

Summarised statement of profit or loss of Ravenswood Gold Group Pty Ltd:

	2020 US\$'000
Revenue	82,043
Interest income	31
Expenses, including depreciation and amortisation US\$2,812 and interest expense US\$4,800	(93,376)
Loss before tax	(11,302)
Income tax expense	1,497
Loss for the year (continuing operations)	(9,805)
Total comprehensive income for the year (continuing operations)	(9,805)
Group's share of loss for the year	(4,903)

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16. Deferred tax

The deferred tax as at 31 December relates to the following:

	Group				Company	
	Statement of financial position		Consolidated comprehensive income		Statement of financial position	
	2020	2019	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Deferred tax assets:						
Utilised tax losses	3,831	4,362	(522)	311	-	-
Shipping activity asset	688	731	52	(44)	-	-
Post-employment benefits liability	934	1,033	65	159	-	-
Provisions	1,002	905	439	275	-	-
Others	434	200	330	54	-	-
	<u>6,867</u>	<u>7,133</u>			<u>-</u>	<u>-</u>
Deferred tax liabilities:						
Mining properties	(71,816)	(28,740)	(705)	91	-	-
Property, plant and equipment	(5,866)	-	113	-	-	-
Biological assets	(974)	(903)	(70)	359	-	-
Intangible assets	(3,304)	(1,817)	155	(550)	-	-
Undistributed profit of foreign subsidiaries	(1,773)	(1,773)	-	(1,773)	-	-
Inventory – overburden in advance	(9,213)	-	(1,763)	-	-	-
Contingent liability vendor royalties	3,175	-	(1,779)	-	-	-
Provisions	7,578	-	(695)	-	-	-
Others	595	(121)	407	15	-	(502)
	<u>(62,400)</u>	<u>(31,354)</u>			<u>-</u>	<u>(502)</u>
			<u>(4,037)</u>	<u>(961)</u>		

Unutilised tax losses

At the end of reporting year, the Group has tax losses of approximately US\$358,000 (2019 US\$1,690,000) for which no deferred tax asset is recognised due to uncertainty of its recoverability. These tax losses are available to offset future taxable income generated by the Group's subsidiaries over a maximum 5 year period allowed under Indonesian tax regulation and subject to the approval by the Indonesia tax authorities.

Notes to the consolidated financial statements
For the financial year ended 31 December 2020

18. Deferred tax (cont'd)

Unrecognised temporary differences relating to investment in subsidiaries

At the end of the reporting year, the Group recognised deferred tax liability of US\$1,773,000 (31 December 2019: US\$1,773,000) for taxes that would potentially be payable on the undistributed earnings of the certain Group's subsidiaries if these are to be distributed in the future.

Temporary differences for which no deferred tax liability had been recognised was US\$66,584,000 (2019: US\$73,330,000) and the deferred tax liability was estimated to be US\$6,658,400 (2019: US\$7,333,000). The management is of the view that no deferred tax liabilities should be recognised as the Group has no intention to distribute these earnings as dividend to the Company in the foreseeable future.

19. Trade and other receivables

	Group		Company	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Current				
Trade receivables				
Related parties	10,854	10,816		
- Third parties	106,326	107,742		164
Amount due from subsidiaries		-	77,572	10,272
Other receivables				
- Related parties	-	-	20,353	-
- Third parties	22,456	17,543	26	773
	139,636	136,103	97,953	11,229
Non-current				
Other receivables				
- Related parties	1,390			-
- Third parties	682	8,975		-
Amount due from subsidiaries			290	5,583
	2,072	8,975	290	5,583
Total trade and other receivables	141,708	145,078	98,243	16,812
Add:				
Cash and cash equivalents (Note 24)	262,709	177,757	53,543	40,194
Deposits (Note 21)	59,398	8,670	32,914	70
Redeemable Preference Shares in a joint venture (Note 17)	17,430	-	-	-
Total financial assets carried at amortised cost	481,335	331,505	184,697	57,076

Notes to the consolidated financial statements
For the financial year ended 31 December 2020

19. Trade and other receivables (cont'd)

Trade and other receivables dominated in foreign currencies as at year end are as follows:

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
IDR	64,377	76,051	5	3,568
USD		-	15,409	8,199
AUD	7,319		61,881	3,313
GBP	190	-	190	184

Trade receivables are non-interest bearing and are generally on 30 to 60 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The trade receivables of certain subsidiaries are used as fiduciary collateral to guarantee the payment of Omnibus Trade Non Cash Backed loan facility from PT Bank Danamon Indonesia Tbk and collateral as loan from PT Bank Mandiri (Persero) Tbk (note 26).

Amount due from subsidiaries (current) are non-trade related, unsecured, non-interest bearing, repayable upon demand.

Amount due from subsidiaries (non-current) are non-trade related, unsecured, non-interest bearing, and not expected to be repaid within the next twelve months. In 2019, included in the amount due from a subsidiary amounting to US\$0.314,000, bear interest ranging from 5.28% to 10.00% and amount denominated in Indonesian Rupiah, Singapore dollars and United States dollars were US\$3,563,000, US\$1,311,000 and US\$440,000 respectively.

Included in other receivables is a US\$8,750,000 (2019: US\$16,580,000) loan granted to Asia Coal Energy Ventures Limited ("ACEV") by the Group. The loan bears interest 7.5% + LIBOR per annum and to be settled in two half-yearly instalments from 16 February 2021. The loan is secured by a share charge over 10.0% of the entire issued shares in ACEV. On 16 February 2021, ACEV repaid US\$4,130,000.

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	2020 US\$'000	2019 US\$'000
Movement in allowance accounts:		
At 1 January	88	88
Charged to profit or loss	182	
Exchange differences	8	-
At 31 December	278	88

Notes to the consolidated financial statements
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20. Restricted funds

Restricted funds pertain to the collateral for river rehabilitation, landfill, transportation and reclamation guarantee, and an interest reserve account held in a bank for the Group's Senior Secured bonds (Note 26).

Restricted funds denominated in foreign currencies as at year end are as follows:

	Group	
	2020 US\$'000	2019 US\$'000
IDR	7,948	7,390
AUD	3,816	1,573

21. Other current and non-current assets

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Current				
Advances ¹	60,385	103,600		31,955
Prepayments	7,248	11,234	170	448
Deposits	33,356	113	32,911	70
	100,989	115,147	33,081	32,473
Non-current				
Land exploration ²	31,735	30,990	-	-
Estimated tax refund	10,456	11,448	-	-
Deposits ³	26,343	8,557	-	-
Prepayment	664	703	-	-
Advances	3,913	653	-	-
Software	107	80	-	-
Others	1,005	714	-	-
	73,923	53,134	-	-

¹ Advances mainly consist of advance paid to suppliers for the purchase of coal.

² Land exploration mainly consist of payment to third parties for the clearance of the mine concession areas.

³ Deposits mainly consist deposits paid to third parties to secure reclamation guarantee and mining services, and deposits for the holding of exploration and mining leases in connection with the Group's mining activities. Deposits are refundable.

Notes to the consolidated financial statements
For the financial year ended 31 December 2020

21. Other current and non-current assets (cont'd)

The movement in the software and land exploitation are as follows:

Group	Software		Land exploitation	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Cost:				
At beginning of the year	2,425	2,370	43,106	40,643
Addition	174	55	2,057	2,388
Exchange difference	–	–	(339)	(123)
At end of the year	2,599	2,425	44,824	43,108
Accumulated amortisation:				
At beginning of the year	2,356	2,265	12,116	11,648
Amortisation	133	89	1,046	501
Exchange difference	3	2	(73)	(33)
At end of the year	2,492	2,356	13,069	12,116
Net carrying amount				
At 31 December	107	69	31,735	30,990

Other current and non-current assets denominated in foreign currencies as at year end are as follows:

	Group	
	2020 US\$'000	2019 US\$'000
IDR	36,770	41,627
AUD	48,996	–

22. Inventories

	Group	
	2020 US\$'000	2019 US\$'000
Statement of financial position:		
Coal	32,493	22,373
Coal in transit	322	78
Overbunker in advance	37,612	–
Spare parts	268	101
Others	491	727
Total inventories at lower of cost and net realisable value	71,186	23,279
Consolidated Statement of Comprehensive Income:		
Inventories recognised as an expense in cost of sales	23,699	45,003

Notes to the consolidated financial statements
For the financial year ended 31 December 2020

22. Inventories (cont'd)

Coal inventories owned by the Group was used as fiduciary collateral to guarantee the payment of Omnibus Trade Non Cash Backed loan facility obtained by the Group from a bank (Note 26).

As at 31 December 2020, the coal inventory at our Group's port and concession mine was insured to third parties insurance companies, for a total of US\$27,125,000 (2019: US\$26,498,000). Management believes that the inventory is adequately insured to cover the risk of loss and damage.

23. Investment securities

	Group		Company	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Current				
At fair value through profit or loss				
- Equity securities (quoted)	1,925		1,925	
Non-current				
At fair value through other comprehensive income				
- Equity securities (quoted)		111,305		57,757
- Equity securities (unquoted)	1,030	30	-	-
- Redeemable Preference Shares	3,613	3,774		
	4,643	115,109	-	57,757

The Group has elected to measure these non-current equity instruments at FVOCI due to the Group's intention to hold these equity instruments for long-term strategic purpose.

The Group has elected to measure current equity instruments at FVTPL due to the Group's intention to hold for trading purpose.

24. Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Cash on hand	104	154	-	1
Cash at banks	205,054	157,031	1,300	20,273
Short-term deposits	57,641	19,972	52,243	13,920
	262,799	177,157	53,543	40,194

Notes to the consolidated financial statements
For the financial year ended 31 December 2020

24. Cash and cash equivalents (cont'd)

Cash and cash equivalents denominated in foreign currencies as at year ended are as follows:

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
IDR	3,073	9,947	17	17
AUD	1,565	4,334	633	4,334

Short term deposits are made for varying periods of between one and six months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The effective interest rates, per annum, as at 31 December for the Group, are as follows:

	Group		Company	
	2020 %	2019 %	2020 %	2019 %
USD	0.18% to 6.10%	1.00% to 10.87%	0.18% to 6.10%	1.53% to 10.87%
AUD	0.25% to 0.97%	0.80% to 10.16%	0.25% to 0.97%	0.80% to 10.16%

Notes to the consolidated financial statements
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25. Trade and other payables

	Group		Company	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Current				
Trade payables ⁽¹⁾				
- Related parties	1,247	965	-	-
- Third parties	167,467	189,972	-	-
Other payables ⁽²⁾				
- Dividend payable ⁽³⁾	9,678	-	-	-
- Related parties	2,164	4,406	-	-
- Subsidiaries ⁽⁴⁾	-	-	9,510	998
- Third parties ⁽⁴⁾	1,307	1,434	274	59
Accrued expenses ⁽⁵⁾	87,901	49,755	6,805	5,847
Non-trade payables ⁽⁴⁾	6,552	2,693	2,612	424
Advances received ⁽⁶⁾	3,121	8,317	-	-
Contingent consideration – vendor royalties (Note 32c)	5,356	-	-	-
Others	64	6	64	0
	274,227	237,608	19,263	7,272
Non-current				
Guarantee deposits	106	100	-	-
Other payables – related parties ⁽⁷⁾	27,183	25,589	-	-
Contingent consideration – vendor royalties (Note 32c)	5,227	-	-	-
Others	45	-	-	-
	32,561	25,789	-	-
Total trade and other payables	310,788	263,316	19,263	7,272
Less:				
Advances received	(3,121)	(8,317)	-	-
Contingent consideration – vendor royalties (Note 32c)	(10,583)	-	-	-
Add:				
Loans and borrowings (Note 26)	387,992	319,693	222,050	180,266
Total financial liabilities carried at amortised costs	679,076	574,691	241,313	187,526

⁽¹⁾ Trade payables are non-interest bearing and normally settled on 30 to 120 days' terms.

⁽²⁾ Dividend payable to non-controlling interests.

⁽³⁾ Other payables to subsidiaries are unsecured, non-interest bearing and repayable on demand.

⁽⁴⁾ Other payables and non-trade payables to third parties are generally non-interest bearing and repayable on demand.

⁽⁵⁾ Accrued expenses from third parties relate to bond and loan interest, professional fees, rental and loyalty.

⁽⁶⁾ Advances received from third parties relate to plywood, logs and coal sales.

⁽⁷⁾ Other payables to related parties are non-interest bearing and repayable on the agreed term for working capital purpose.

Notes to the consolidated financial statements
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25. Trade and other payables (cont'd)

Trade and other payables denominated in foreign currencies as at year ended are as follows:

	Group		Company	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
INR	167,792	165,837	2,051	17
AUD	56,149	301	1,022	301

26. Loans and borrowings

		Group		Company	
	Maturity	2020	2019	2020	2019
		US\$'000	US\$'000	US\$'000	US\$'000
Current:					
Lease liabilities					
5.25% - 9.59% p.a Lease liabilities (Note 14)	2021	1,500	2,086	214	47
Bank borrowings					
5.5% p.a fixed rate USD loan (2019: 5.5%)	2021	1,164	1,531	-	-
5.25% p.a fixed rate USD loan (2019: 6.5%)	2021	57,400	35,000	-	-
4.3% p.a + 3 months LIBOR USD loan	2020	-	1,600	-	-
5.25% + 6.25% p.a fixed rate USD loan (2019: 6.25% + 7.0%)	2021	11,592	5,231	-	-
4.25% p.a + 3 months LIBOR USD loan	2021	5,000	4,000	-	-
2.11% p.a + 7.0% margin AUD loan	2021	15,273	10,500	15,273	10,500
0.08% p.a + 7.0% margin AUD loan	2021	19,549	-	19,549	-
4.55% p.a fixed rate AUD loan	2021	1,732	-	-	-
2.30% p.a fixed rate AUD loan	2021	1,126	-	-	-
Unamortised transaction costs		(921)	(406)	(607)	(292)
Total bank borrowings (current)		111,915	60,365	34,015	10,217
Total loans and borrowings (current)		113,515	62,451	34,229	10,264

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26. Loans and borrowings (cont'd)

		Group		Company	
	Maturity	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Non-Current:					
Lease liabilities					
5.25% - 9.59% p.a. Lease liabilities (Note 14)	2022 - 2025	1,227	1,267	284	5
Bank borrowings					
5.25% - 6.25% p.a. fixed rate USD loan (2019 6.25% - 7.0%)	2022 - 2024	50,604	58,945	-	-
4.25% p.a. + 3 months LIBOR USD loan	2022 - 2024	22,500	27,500	-	-
2.11% p.a. + 7.0% margin AUD loan	2022	11,455	24,521	11,455	24,521
0.08% p.a. + 7.0% margin AUD loan	2022	29,325	-	29,325	-
4.55% p.a. fixed rate AUD loan	2022 - 2024	6,953	-	-	-
9.0% p.a. Senior Secured Notes (2019: 9.0%)	2023	150,000	149,999	150,000	149,999
Unamortised discount on Senior Secured Notes		(919)	(1,360)	(919)	(1,360)
Unamortised transaction costs		(2,658)	(3,630)	(2,324)	(3,173)
Total bank borrowings (non-current)		257,250	255,975	187,531	169,987
Total loans and borrowings (non-current)		266,477	257,242	187,821	169,992
Total loans and borrowings		361,992	319,003	222,050	180,266

5.5% p.a. fixed rate USD loan

This loan has been drawn down under Omnibus Trade Non Cash Backed loan facility which is used as Open Account Financing ("OAF"). The repayment period for this facility is maximum 90 days.

This loan facility is secured by trade receivable balances and/or inventories for a minimum amount of US\$11,000,000 and margin deposit of US\$1,750,000. The loan includes financial covenants which requires GEMS Group to maintain a minimum debt service coverage ratio of 1.2x and a minimum interest coverage ratio of 2x.

5.25% p.a. fixed rate USD loan

This loan is secured by trade receivables, property and equipment of GEMS Group and pledge of a subsidiary's shares. GEMS Group is required to comply with certain covenants relating to its Articles of Association, the nature of the business, dividends, corporate actions, financing activities and other matters and need to maintain a debt to equity ratio not exceeding 150%, and a minimum debt service coverage ratio of 1.50%.

26. Loans and borrowings (cont'd)

5.25% - 6.25% p.a fixed rate USD loan

This loan is secured by trade receivables, property and equipment of GEMS Group and pledge of a subsidiary's shares and is repayable on quarterly instalments due on 23 December 2024. The loan includes financial covenants which requires GEMS Group to maintain a debt to equity ratio not exceeding 150%, and a minimum debt service coverage ratio of 150%.

The net carrying amount of the Loan was stated net of transaction costs totalling US\$601,000. Such costs were amortised over the life of the Loan by charging the expenses to profit or loss and increasing the net carrying amount of the Loan with the corresponding amount. As of 31 December 2020, accumulated amortisation of transaction costs amounted to US\$343,000 (2019: US\$229,000).

4.25% p.a + 3 months LIBOR USD loan

This loan facility has cross collateral and cross default with the loan facility of 5.25% p.a fixed rate USD loan and 5.25% - 6.25% p.a fixed rate USD loan.

2.11% p.a + 7.0% margin AUD loan

This loan secured by pledge of a subsidiary's shares and an interest reserve account. This loan includes financial covenants that restricts the Group amongst other things to incur additional indebtedness and declare dividends subject to certain conditions and financial ratios. Subsequent to the end of the reporting period, the Group had repaid US\$7,761,000.

The net carrying amount of the Loan was stated net of transaction costs totalling US\$955,000 (2019: US\$870,000). Such costs were amortised over the life of the Loan by charging the expenses to profit or loss and increasing the net carrying amount of the Loan with the corresponding amount. As of 31 December 2020, accumulated amortisation of transaction costs amounted to US\$610,000 (2019: US\$268,000).

5.08% p.a + 7.0% margin AUD loan

This loan secured by pledge of a subsidiary's shares and an interest reserve account. This loan includes financial covenants that restricts the Group amongst other things to incur additional indebtedness and declare dividends subject to certain conditions and financial ratios.

The net carrying amount of the Loan was stated net of transaction costs totalling US\$1,227,000. Such costs were amortised over the life of the Loan by charging the expenses to profit or loss and increasing the net carrying amount of the Loan with the corresponding amount. As of 31 December 2020, accumulated amortisation of transaction costs amounted to US\$366,000 (2019: Nil).

4.55% p.a fixed rate AUD loan

This loan is secured by equipment of Stanmore and is repayable on monthly instalments due on 10 November 2024.

2.30% p.a fixed rate AUD loan

This loan has been drawn down under short term facility.

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26. Loans and borrowings (cont'd)

9.0% p.a. Senior Secured Notes

The Notes are secured by pledge of a subsidiary's shares and an interest reserve account. The Notes include financial covenants that restricts the Group amongst other things to incur additional indebtedness and declare dividends subject to certain conditions and financial ratios.

The net carrying amount of the Notes was stated net of discounts and transaction costs totalling US\$2,705,000 and US\$4,633,000 respectively. Such discount and costs were amortised over the life of the Notes by charging the expenses to profit or loss and increasing the net carrying amount of the Notes with the corresponding amount. As of 31 December 2020, accumulated amortisation of discount and transaction costs amounted to US\$1,286,000 and US\$2,793,000 respectively (2019: US\$845,000 and US\$1,776,000 respectively).

A reconciliation of liabilities arising from financing activities is as follows:

	At beginning of the year US\$'000	Cash inflows US\$'000	Cash outflows US\$'000	Non-cash changes Others* US\$'000	At end of the year US\$'000
2020					
Current					
- Bank borrowings	60,365	81,331	(56,306)	28,526	111,915
- Lease liabilities	2,086	-	(1,743)	1,257	1,600
	62,451	81,331	(60,049)	29,782	113,515
Non-current					
- Bank borrowings	255,975	47,515	(25,139)	(11,101)	267,250
- Lease liabilities	1,267	-	-	(40)	1,227
	257,242	47,515	(25,139)	(11,141)	268,477
				Non-cash changes	
	At beginning of the year US\$'000	Cash inflows US\$'000	Cash outflows US\$'000	Others* US\$'000	At end of the year US\$'000
2019					
Current					
- Bank borrowings	46,167	97,795	(96,815)	13,218	60,365
- Lease liabilities	-	-	-	2,086	2,086
	46,167	97,795	(96,815)	15,304	62,451
Non-current					
- Bank borrowings	219,076	67,744	(37,798)	(13,047)	255,975
- Lease liabilities	5,602	-	(2,674)	(1,661)	1,267
	224,678	67,744	(40,472)	(14,708)	257,242

* Others pertain to reclassification of non-current portion of bank borrowings and lease liabilities, acquisition of subsidiaries, foreign exchange from translation, if any, and transaction costs.

Notes to the consolidated financial statements
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27. Post-employment benefits

The Group recognised liabilities for post-employment benefits based on the actuarial calculation by an independent actuary. The post-employment benefits arise from subsidiaries domiciled in Indonesia.

The present value of the defined post-employment benefit obligations, and the related current service cost and past service cost, were measured using the projected unit credit method. No funding has been made to this defined benefit scheme.

The principal assumptions used in determining post-employment benefits as at reporting date were as follows:

	Group	
	2020	2019
Normal retirement age	55 years	55 years
Salary increment rate per annum	7.00%	7.00%
Discount rate per annum	7.50%	7.50%
Mortality rate *	TMI 2011	TMI 2011
Disability level	10.0% of TMI 2011*	10.0% of TMI 2011
Resignation level per annum	10.0% up to age 25 reducing linearly to 1.0% at age 45 and thereafter	10.0% up to age 25 reducing linearly to 1.0% at age 45 and thereafter

* Standard Ordinary Mortality table in Indonesia ("TMI").

The amount recognised in the statement of financial position is determined as follows:

	Group	
	2020 US\$'000	2019 US\$'000
Present value of defined benefit obligations and total post-employment benefits	5,029	4,437
Movements in the account are as follows:		
At 1 January	4,437	2,979
Remeasurement recognised in other comprehensive income	(243)	452
Post-employment benefits expenses recognised in profit or loss	984	915
Benefits paid during the year	(33)	(129)
Transferred liability for transferred employees	(26)	(13)
Exchange difference	(71)	233
At 31 December	5,029	4,437

27. Post-employment benefits (cont'd)

The components of post-employment benefits expenses recognised in profit or loss:

	Group	
	2020	2019
	US\$'000	US\$'000
Current service cost	664	644
Interest cost on defined benefit obligations	300	264
Employment benefit directly paid during the year	-	(3)
Transferred liability for transferred employees	-	10
Post-employment benefits expenses	964	915

Post-employment benefits expenses is recognised in the "Administrative expenses" line item in the consolidated statement of comprehensive income.

The following table summarises the components of post-employment benefits expenses recognised in other comprehensive income:

	Group	
	2020	2019
	US\$'000	US\$'000
Before tax	243	(452)
Tax charge	(54)	113
After tax	189	(339)

The sensitivity analysis below has been determined based on reasonably possible changes of significant assumption on the post-employment benefits as of the end of the reporting period, assuming all other assumptions were held constant:

	Increase/(decrease)	
	2020	2019
	US\$'000	US\$'000
Increase by 100 basis points	(644)	(359)
Decrease by 100 basis points	226	435

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28. Provisions

	Group	
	2020 US\$'000	2019 US\$'000
Provision for mine rehabilitation and closure (Note a)	25,492	5,079
Provision for onerous contracts (Note b)	2,513	-
Provision for reinstatement costs (Note c)	45	21
	<hr/> 28,050	<hr/> 5,100

(a) Provision for mine rehabilitation and closure

This includes the net present value of the costs expected to be incurred for restoration and rehabilitation of mining areas.

	Group	
	2020 US\$'000	2019 US\$'000
At 1 January	5,079	1,000
Acquisition of subsidiaries (Note 16d)	20,053	-
Additions	1,171	3,063
Unwinding of discount	176	-
Reversal	(4,325)	-
Exchange difference	3,339	-
At 31 December	<hr/> 25,492	<hr/> 5,079
Current	1,426	-
Non-current	<hr/> 24,066	<hr/> 5,079

(b) Provision for onerous contracts

This represents the net present value relates to the transaction to acquire the Isaac Plains Coal Mine which completed in November 2016 by a subsidiary. The Group acquired various long-term contracts necessary for mining activities at Isaac Plains including rail haulage, port allocations, water supply, electricity supply and accommodation. In the period from acquisition through to 31 December 2020, a number of onerous contracts have been settled through the ordinary course of business.

28. Provisions (cont'd)

(b) Provision for onerous contracts (cont'd)

	Group	
	2020 US\$'000	2019 US\$'000
At 1 January	-	-
Acquisition of subsidiaries (Note 16d)	3,459	-
Unwinding of discount	232	-
Reversal	(1,666)	-
Exchange difference	478	-
At 31 December	2,513	-
Current	470	-
Non-current	2,043	-

(c) Provision for reinstatement costs

This represents net present value of the costs expected to be incurred for restoring the leased office premises.

	Group	
	2020 US\$'000	2019 US\$'000
At 1 January	21	-
Additions	23	21
Exchange differences	1	-
At 31 December	45	21
Current	-	-
Non-current	45	21

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29. Share capital

	Group		Company	
	Number of shares '000	US\$'000	Number of shares '000	US\$'000
Issued and fully paid:				
At 31 December 2019 and 31 December 2020	2,353,100	306,626	2,353,100	1,230,167

The ordinary shares of the Company have no par value. The holders are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. All issued ordinary shares are fully paid.

30. Commitments and contingent liabilities

Commitments

The Group is committed to invest up to a maximum of US\$7,400,000 in Redeemable Preference Shares of an investee company. During the reporting year, an investment of N (2019: US\$4,000,000) was made, leaving a balance of US\$3,400,000 (2019: US\$3,400,000) to be invested subsequent to the year end.

Financial support

The Company has agreed to provide financial support to subsidiaries having current liabilities in excess of its current assets by US\$57,024,000 (2019: US\$10,516,000).

31. Related party disclosures

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2020 US\$'000	2019 US\$'000
Sales to related parties	169,354	141,425
Interest income from related parties	18	4
Purchases paid to related parties	(592)	(145)
Rental expenses paid to related parties	(447)	(507)
Insurance expenses paid to related parties	(6,079)	(5,997)
Telecommunication expenses paid to related parties	(11)	(10)
Office expenses paid to related parties	(11)	(10)
Freight & Demurrage paid to related parties	(1,030)	(1,030)
Dividend income from related parties		20
Bank charges	(1)	

Related parties are subsidiaries and associated companies of Sinarmas Group and other related parties, excluding entities within the Group.

31. Related party disclosures (cont'd)

(b) Compensation of key management personnel

	Group	
	2020 US\$'000	2019 US\$'000
Short-term employee benefits	6,400	6,134
Central Provident Fund contributions	49	50
Other short-term benefits	545	601
	<u>6,994</u>	<u>6,785</u>
Comprises amounts paid and payable to:		
- directors of the Company	4,052	4,022
- other key management personnel	2,941	2,763
	<u>6,994</u>	<u>6,785</u>

Included in the compensation paid or payable to key management personnel are contributions to defined contribution plan amounted to US\$49,000 (2019: US\$50,000).

32. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (but not prices) or indirectly (i.e. derived from prices) and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Fair value measurement that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Notes to the consolidated financial statements
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32. Fair value of assets and liabilities (cont'd)

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities carried at fair value at the end of the reporting period

	Group		
	Fair value measurements at the end of the reporting period		
	Quoted prices in active markets for identical instruments (Level 1) US\$'000	Significant observable inputs other than quoted prices (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000
2020	Total US\$'000		
Assets			
Non-financial assets			
Biological assets (Note 10)		-	6,567
			6,567
Financial assets			
<u>Equity securities at fair value</u>			
<u>through profit or loss</u>			
Equity securities			
- Quoted (Note 23)	1,925	-	
			1,925
<u>Equity securities at FVOCI</u>			
Equity securities			
- Quoted (Note 23)	-	-	-
- Unquoted (Note 23)	-	-	1,000
			1,000
Redeemable Preference Shares at FVOCI (Note 23)			3,613
			3,613
Financial liabilities			
Contingent consideration - vendor royalties			(10,583)
			(10,583)

32. Fair value of assets and liabilities (cont'd)

(b) Assets and liabilities measured at fair value (cont'd)

	Group			
	Fair value measurements at the end of the reporting period as follows			
	Quoted prices in active markets for identical instruments (Level 1) US\$'000	Significant observable inputs other than quoted prices (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	Total US\$'000
2019				
Assets				
<i>Non-financial assets</i>				
Biological assets (Note 10)			6,059	6,059
<i>Financial assets</i>				
<u>Equity securities at FVOCI</u>				
Equity securities				
- Quoted (Note 23)	111,305	-	-	111,305
- Unquoted (Note 23)	-	-	30	30
<u>Redeemable Preference Shares at FVOCI (Note 23)</u>			3,774	3,774

There has been no transfer from Level 1 and Level 2 and Level 3 for the financial years ended 31 December 2020 and 2019 respectively.

Methods and assumptions used to determine fair value

Fair value of biological assets has been determined based on valuations by an independent professional valuer using discounted cash flows of the underlying biological assets.

Valuation policies and procedures

The Group's Head of Finance and Reporting who reports to the Group's Audit Committee oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 fair value measurement guidance to perform the valuation.

32. Fair value of assets and liabilities (cont'd)

(b) Assets and liabilities measured at fair value (cont'd)

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations. These are reviewed by the Audit Committee for submission to the Board of Directors for approval. Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

(c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Trade and other receivables (Note 19), cash and cash equivalents (Note 24), trade and other payables (Note 25), and loans and borrowings (Note 26).

The carrying amounts of these financial assets and liabilities are reasonable approximations of fair values due to the short-term nature.

(d) Level 3 fair value measurements

The following table presents the changes in Level 3 instruments.

	Unquoted equity securities (Note 23) US\$'000	Redeemable preference shares (Note 23) US\$'000	Contingent consideration – vendor royalties (Note 25) US\$'000
2020			
At 1 January	30	3,774	
Acquisition of subsidiaries	–	–	(14,503)
Additions	1,000		–
Unwinding of discounts			(1,149)
Utilisation			233
Fair value (losses)/gains recognised in other comprehensive income	–	(161)	–
- profit or loss	–	–	6,846
Exchange differences	–	–	(2,010)
	–	–	–
At 31 December	1,030	3,613	(10,563)

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32. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements (cont'd)

	Unquoted equity securities (Note 23) US\$'000	Redeemable preference shares (Note 23) US\$'000	Contingent consideration - vendor royalties (Note 25) US\$'000
2019			
At 1 January	30	-	-
Additions		4,000	
Fair value (losses/gains) recognised in:			
- other comprehensive income	-	(226)	
- profit or loss		-	-
At 31 December	30	3,774	-

Determination of fair value

Investments in an unquoted ordinary shares of US\$30,000 (2019: US\$35,000) representing equity ownership interest of below 20% are carried at cost as their fair values cannot be reliably measured.

Investments in an unquoted ordinary shares of US\$1,000,000 (2019: Nil) and investment in redeemable preference shares of US\$3,613,000 (2019: US\$3,774,000) which were valued using significant unobservable inputs, where the Group used net assets value report obtained from external party which is reviewed and approved by the Board of Directors.

Contingent consideration relates to a royalty stream payable to the vendors which arises from business combination of Isaac Plains by Stanmore in 2015. Fair value of the contingent consideration payable has been determined based on valuation which performed using discounted cash flows methodology. The following key unobservable inputs are used in its calculation:

- Hard Coking Coal forward price curve based on a compilation of short term (12 months) prices
- A\$/US\$ Foreign exchange forward curve estimates are based on market consensus curves.
- Coal sales based on the current mining plans of the Isaac Plains Complex, including the Isaac Plains mine, the Isaac Plains East Mine (commenced July 2018), the Isaac Downs Mine and the Isaac Plains Underground.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate. The Group does not intend to dispose these investments in the foreseeable future.

33. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, liquidity risk, credit risk, foreign currency risk and commodity price risk. The Board of Directors reviews and approves policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. The Group does not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks except as described below.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from its floating interest rate loans and borrowings.

Currently the Group does not have an interest rate policy. At the reporting date, the Group and the Company has loans and borrowings of which majority of the loans carried fixed interest rate. The floating interest rate does not vary significantly with the movements in the market interest rates.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if the interest rates had been 75 (2019: 75) basis points lower/higher with all other variables held constant, the Group's profit after tax would have been approximately US\$3,141,000 (2019: US\$3,304,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. This assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility in prior years.

Information relating to the Group's interest rate exposure is also disclosed in various notes to the financial statements.

(b) Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the Group and the Company will encounter difficulty in meeting financial obligation due to shortage of funds. The Group and the Company is exposed to liquidity risk in respect of its cash flow management to fund its ongoing operations as well as settlement of its short-term loans and borrowings and all of its current liabilities. The Group's and the Company's objective is to maintain an appropriate level of liquid assets to meet its liquidity requirements in the short term.

The Group and the Company manage its liquidity needs by monitoring its forecasted cash inflows and outflows from its day to day operations. Liquidity needs are then monitored in various time bands such as daily, weekly as well as on a rolling of 30 days rolling projection. Net cash requirements are then compared to available cash and cash equivalents in order to determine the cash shortfalls.

33. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets used for managing liquidity risk and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Group			
2020	1 year or less US\$'000	2 to 5 years US\$'000	More than 5 years US\$'000	Total US\$'000
Financial assets:				
Trade and other receivables	139,636	652	1,390	141,708
Cash and cash equivalents	262,799			262,799
Redeemable Preference Shares (Note 17, Note 23)			48,864	48,864
Other current assets	33,355	-	-	33,355
Other non-current assets		26,043	-	26,043
Total undiscounted financial assets	435,790	26,725	50,254	512,769
Financial liabilities:				
Trade and other payables	275,389	35,413	335	311,137
Lease liabilities	1,745	1,338		3,084
Bank borrowings	137,272	298,693	-	435,965
Total undiscounted financial liabilities	414,407	335,444	335	750,186
Total net undiscounted financial assets/liabilities	21,383	(308,619)	49,919	(237,317)

33. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

2019	Group			Total US\$'000
	1 year or less US\$'000	2 to 5 years US\$'000	More than 5 years US\$'000	
Financial assets:				
Trade and other receivables	135,103	5,975	–	141,078
Cash and cash equivalent	177,757	–	–	177,757
Responsible Preference Shares (Note 23)	–	–	3,774	3,774
Other current assets	113	–	–	113
Other non-current assets	–	8,557	–	8,557
Total undiscounted financial assets	313,973	14,532	3,774	332,279
Financial liabilities:				
Trade and other payables	229,291	29,821	–	259,112
Lease liabilities	2,310	1,318	–	3,628
Bank borrowings	84,138	311,765	–	395,903
Total undiscounted financial liabilities	315,739	342,904	–	658,643
Total net undiscounted financial (liabilities)/assets	(11,766)	(328,372)	3,774	(336,364)

2020	Company		
	1 year or less US\$'000	2 to 5 years US\$'000	Total US\$'000
Financial assets:			
Trade and other receivables	20,381	–	20,381
Cash and cash equivalent	53,543	–	53,543
Other current assets	32,911	–	32,911
Amounts due from subsidiaries	77,572	200	77,772
Total undiscounted financial assets	184,407	200	184,607
Financial liabilities:			
Trade and other payables	19,263	–	19,263
Lease liabilities	233	293	526
Bank borrowings	53,121	207,445	260,566
Total undiscounted financial liabilities	72,617	207,738	280,355
Total net undiscounted financial assets: (liabilities)	111,790	(207,538)	(95,748)

33. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	1 year or less US\$'000	Company 2 to 5 years US\$'000	Total US\$'000
2019			
Financial assets:			
Trade and other receivables	957	—	957
Cash and cash equivalent	40,194	—	40,194
Other current assets	70	—	70
Amounts due from subsidiaries	10,272	5,583	15,855
Total undiscounted financial assets	51,493	5,583	57,076
Financial liabilities:			
Trade and other payables	1,212	—	1,212
Lease liabilities	48	5	54
Bank borrowings	26,721	204,829	231,550
Total undiscounted financial liabilities	34,041	204,835	238,876
Total net undiscounted financial assets/ (liabilities)	17,452	(199,252)	(181,600)

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables and compensation income expected to be receivable from mining licensees.

Credit risk is limited to the risk arising from the inability of a debtor to make payments when due. It is the Group's policy to provide credit terms to creditworthy customers. These debts are continually monitored and therefore the Group does not expect to incur material credit losses.

The Group's objective is to seek continual revenue growth while minimizing losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties and are generally backed by Letter of credit (L/C), with a reputable local and international financial institution with high credit ratings.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments when they fall due which are derived based on the Group's historical information.

33. Financial risk management objectives and policies (cont'd)

(c) Credit risk (cont'd)

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the counterparty
- A breach of contract, such as a default or past due event
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation

Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on best available facts and circumstances, including but not limited to, the length of its relationship with the customer and the customer's current credit status based on third party credit reports and known market factors. The loss allowance provision as at 31 December 2020 is determined as follows. The expected credit losses below also incorporate forward looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

Summarised below is the information about the credit risk exposure on the Group's trade receivables using provision matrix:

	Current US\$'000	More than 30 days past due US\$'000	More than 60 days past due US\$'000	More than 90 days past due US\$'000	Total US\$'000
2020					
Gross carrying amount	114,183	2,156	554	555	117,448
Loss allowance provision	-	-	-	(276)	(276)
2019					
Gross carrying amount	118,134	6	173	375	118,688
Loss allowance provision	-	-	-	(88)	(88)

Exposure to credit risk

The carrying amount of trade and other receivables and cash and bank balances represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

33. Financial risk management objectives and policies (cont'd)

(c) Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade and other receivables and deposits on an on-going basis. The credit risk concentration profile of the Group's trade and other receivables, deposits and Redeemable Preference Shares (Note 17, Note 23) at the reporting date is as follows.

	2020		2019	
	US\$'000	% of total	US\$'000	% of total
By country				
Singapore	90,216	32%	27,525	16%
Indonesia	136,538	49%	149,969	84%
Australia	53,234	19%	-	0%
Total	279,790		177,494	
By industry sector				
Coal	182,990	65%	149,680	84%
Non-coal business	96,800	35%	27,814	16%
Total	279,790		177,494	

As at 31 December 2020 and 31 December 2019, there were no significant concentration of credit risk with any single customer.

Cash and cash equivalents that are neither past due nor impaired are placed with reputable local or international banks with high credit ratings.

Other receivables and Redeemable Preference Shares are due from creditworthy counterparty which are reviewed annually, and may be updated throughout the year subject to approval of the Group's finance committee.

The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2020 and 2019 is the carrying amounts presented in Note 19.

(d) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily IDR. Approximately 37% (2019: 31%) of the Group's sales are denominated in foreign currency. The Group's cash and cash equivalents (Note 24), trade and other receivables (Note 19), trade and other payable (Note 25) and loans and borrowings (Note 26) balances at the reporting date have similar exposure. The foreign currency in which these transactions are denominated is mainly in IDR. Currently, there is no policy to reduce currency exposure through forward currency contracts, derivatives transactions or other arrangements. However, the Group relies on its operational cash flow to hedge against the foreign currency exposure.

33. Financial risk management objectives and policies (cont'd)**(d) Foreign currency risk (cont'd)**

The Group is also exposed to currency translation risk arising from its net investments in foreign operations in countries such as Indonesia, Australia and Singapore. The Group does not hedge this currency exposure.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the IDR and AUD against USD with all other variables held constant.

		Group Profit net of tax	
		2020	2019
		US\$'000	US\$'000
IDR:USD	strengthened 7% (2019: 7%)	4,198	2,526
	- weakened 7% (2019: 7%)	(4,830)	(2,006)
AUD:USD	strengthened 7% (2019: 7%)	7,712	1,875
	- weakened 7% (2019: 7%)	(9,873)	(2,157)

(e) Commodity price risk

The Group is exposed to the risk of fluctuations in prevailing market commodity prices arising from changes in market value of coal.

The Group has mitigating controls in place to monitor the trend of coal price, mine plans and performance of coal production in addition to strategic decision and implementation plans.

Sensitivity analysis for commodity price risk

At the reporting date, if the coal price had been 5% (2019: 5%) higher/lower with all other variables held constant, the Group's profit before tax would have been US\$58,081,000 (2019: US\$55,714,000) lower/higher.

34. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. The Group is required to comply with financial covenants, if any, imposed by financial institutions. No changes were made in the objectives, policies or processes between the years ended 31 December 2020 and 2019 respectively.

The Group monitors its capital using gearing ratios.

Notes to the consolidated financial statements
For the financial year ended 31 December 2020

34. Capital management (cont'd)

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as loans and borrowings, trade and other payables, less cash and cash equivalents. Total capital includes equity attributable to the equity holders of the parent, capital reserves and other reserves plus net debt.

	2020 US\$'000	2019 US\$'000
Loans and borrowings	381,897	319,693
Trade and other payables	307,667	254,993
Less: Cash and cash equivalents	(282,799)	(177,757)
Net debts	406,765	396,933
Equity attributable to equity holders of the Company	384,872	359,335
Capital and net debts	791,637	756,268
Gearing ratio	51.39%	52.49%

35. Segment information

For management purposes, the Group is organised into operating segments based on the products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are disclosed below including the factors used to identify the reportable segments and the measurement basis of segment information.

The following summary describes the operations in each of the Group's reportable segments:

- **Energy coal:** Includes exploration, mining, processing and marketing of energy coal from its coal mining concession areas, and procuring sales orders from customers and sourcing for domestic suppliers.
- **Metallurgical coal:** Includes exploration, mining, processing and marketing of metallurgical coal from its coal mining concession areas.
- **Non-coal Business:** Includes forestry, investment holding company and provision of management services.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group's income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis, in a manner similar to transactions with third parties.

Golden Energy and Resources Limited and its Subsidiaries

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35. Segment information (cont'd)

	Energy Coal			Metallurgical Coal			Noncoal Business			Adjustments and Eliminations		Note	Consolidated	
	2020 US\$'000	2019 US\$'000	2018 US\$'000	2020 US\$'000	2019 US\$'000	2018 US\$'000	2020 US\$'000	2019 US\$'000	2018 US\$'000	2020 US\$'000	2019 US\$'000		2020 US\$'000	2019 US\$'000
Revenue														
Revenue from external customers	1,064,236	1,116,202	972,234	97,234	-	1,531	1,273	1,531	-	-	51,214	A	1,162,507	1,115,815
Inter-segment revenue	-	4,214	-	-	-	-	-	-	-	-	-		-	-
	1,064,236	1,118,408	972,234	97,234	-	1,531	1,273	1,531	-	-	51,214		1,162,507	1,115,815
Results														
Segment results	144,222	102,941	(19,038)	(19,038)	-	12,331	(18,942)	12,331	(11,749)	120,140	180	B,C	24,575	95,126
Interest income	1,122	20,255	32	32	-	9,149	1,662	9,149	34,007	113,183	0	C	2,454	9,174
Finance costs	(16,943)	(21,540)	(2,754)	(2,754)	-	(1,742)	(2,643)	(1,742)	6,031	7,187	0	C	(12,122)	(31,951)
Profit before tax	128,401	101,656	(19,760)	(19,760)	-	20,738	(19,923)	20,738	28,408	137,400	0		10,907	73,149
Income tax expense	-	-	-	-	-	-	-	-	-	-	-		-	-
Profit for the year	128,401	101,656	(19,760)	(19,760)	-	20,738	(19,923)	20,738	28,408	137,400	0		10,907	73,149
Comprehensive income	110,917	79,161	(5,741)	(5,741)	-	14,937	(17,841)	14,937	(3,067)	104,333	0		11,121	72,830
Depreciation expenses	15,700	15,416	(10,459)	(10,459)	-	(611)	(513)	(513)	-	-	-		15,890	(5,997)
Amortisation expenses	-	-	-	-	-	(4,477)	-	-	-	-	-		(4,477)	-
Write off of a plant asset	-	-	-	-	-	321	(2,515)	(2,515)	-	-	-		321	(2,543)
Financial gain on biological assets	-	-	-	-	-	(316)	-	-	-	-	-		(316)	-
Financial gain on other assets	-	-	-	-	-	-	-	-	-	-	-		-	-
Financial gain on remeasurement of contingent liability	-	-	6,846	6,846	-	-	-	-	-	-	-		6,846	-
Assets and Liabilities														
Segment assets	547,586	696,475	326,770	326,770	-	242,476	207,566	242,476	(372,917)	1,264,054	-		1,334,455	1,101,628
Segment liabilities	-	-	-	-	-	(48,912)	-	-	-	-	-	D	(48,912)	-
Investment in a joint venture	5,261	20,774	8,002	8,002	-	246	246	246	-	-	-		54,800	21,638
Additional for current assets	-	-	-	-	-	-	-	-	-	-	-		-	-
Segment liabilities	475,647	465,853	136,770	136,770	-	314,970	177,962	314,970	(112,917)	1,264,054	-		1,400,056	1,123,266

35. Segment information (cont'd)

- A Inter-segment revenues are eliminated on consolidation.
- B The following items are added to/deducted from segmental results net of inter-segment elimination to arrive at "Profit before tax" present in the consolidated statement of comprehensive income:

	Energy Coal US\$'000	Metallurgical Coal US\$'000	Non-coal Business US\$'000	Total US\$'000
2020				
Other income	14,521	429	5,347	20,297
Selling and distribution expenses	(187,131)	(12,648)	(604)	(200,383)
Administrative expenses	(82,070)	(7,054)	(10,183)	(99,307)
Other operating (expenses)/income	(2,244)	(114)	(12,087)	(14,445)
2019				
Other income	11,101	-	5,040	16,141
Selling and distribution expenses	(184,401)	-	(945)	(185,346)
Administrative expenses	(56,055)	-	(15,820)	(71,875)
Other operating (expenses)/income	(12,692)	-	(6,717)	(19,409)

- C Elimination is relating to intra-group transactions which are eliminated on consolidation.
- D Additions to non-current assets consist of additions to property, plant and equipment, deferred exploration and development costs and software.

Notes to the consolidated financial statements
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35. Segment Information (cont'd)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows.

	Revenue		Non-current assets	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Indonesia	428,572	353,624	499,085	519,072
China	347,393	438,606		
India	235,787	250,554	-	-
Japan	49,479	-		
Philippines	21,776	13,380		
Malaysia	15,072	-	-	-
Cambodia	15,026	12,207		
South Korea	14,799	39,522		
Australia	-	-	240,667	-
Others	25,805	19,922	13,455	11,528
	<u>1,162,687</u>	<u>1,115,815</u>	<u>758,427</u>	<u>531,600</u>

Non-current assets information presented above excludes deferred tax assets, investment securities and investment in a joint venture.

Major customer information

The Group's revenue derived from customers who individually account for 10% (2019: 10%) or more of the Group's revenue is detailed below.

<u>Customer</u>	Energy Coal		Metallurgical Coal	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Top 1%	180,567	193,691	-	-
Top 2%		116,074		

36. Dividends

Group and Company	
2020	2019
US\$'000	US\$'000

Declared and paid during the financial year:

Dividends on ordinary shares:

- 1st interim dividend for 2019 of S\$0.0029 per share

- 5,002

37. Reclassification of accounts

Certain accounts in the consolidated statement of comprehensive income and statement of financial position as of 31 December 2019 have been reclassified to conform with the 31 December 2020 consolidated statement of comprehensive income and statement of financial position presentation. A summary of such accounts follows:

	Group	
	Before Reclassification US\$'000	After Reclassification US\$'000
Revenue	1,121,208	1,115,815
Other income	11,354	16,747
Administrative expenses	(74,951)	(74,955)
Finance costs	(33,558)	(34,584)

	Group		Company	
	Before Reclassification US\$'000	After Reclassification US\$'000	Before Reclassification US\$'000	After Reclassification US\$'000
Non-current assets:				
Other non-current assets	58,588	54,134	3,465	
Current liabilities:				
Trade and other payables	237,629	237,636	7,272	7,272
Loans and borrowings	62,743	62,451	13,656	10,264
Non-current liabilities:				
Loans and borrowings	263,415	267,242	173,185	169,992
Provisions	5,079	5,100	—	—

38. Subsequent events

On 12 March 2021, the Company entered into a share purchase agreement ("Agreement") with Ascend Global Investment Fund SPC - AUSA ("Ascend Global"). Pursuant to the terms of the Agreement, GFAR has agreed to sell and Ascend Global has agreed to purchase 264,705,885 shares in PT Golden Energy Mines Tbk ("GEMS"), representing an approximately 4.5% shareholding in GEMS, for a total cash consideration of US\$50,000,000 ("Proposed Transaction"). Completion of the Proposed Transaction is subject to the receipt of the requisite consents of the holders of the 9.5% senior secured notes issued by the Company ("Notes") for the amendments to the indenture in relation to the issue of the Notes to permit the implementation of the Proposed Transaction, pursuant to the Company's consent solicitation statement dated 12 March 2021. The Company has been advised that, as of 5:00 p.m., Central European Time, on March 26, 2021 (the "Consent Expiration Deadline"), holders of not less than a majority of the aggregate principal amount of outstanding Notes, have validly consented to the amendments and the Company announced its acceptance of the consents and its intention to enter into a supplemental indenture to amend and supplement the indenture to effect the amendments. Settlement of the consent solicitation is expected to take place on or about 29 March 2021. Completion of the Proposed Transaction is expected to take place on 30 March 2021 (or such other date as may be deferred or otherwise agreed by the Company and Ascend Global). Following the completion of the Proposed Transaction, Company's shareholding in GEMS will decrease from approximately 67.0% to approximately 62.5%.

On 23 March 2021, the Company entered into a facility agreement with PT Bank Mandiri (Persero) Tbk, Singapore Branch for a term loan facility amounting to US\$15,000,000. This facility is secured by pledge of certain subsidiaries' shares on a pari passu basis and an interest reserve account. As of 26 March 2021, the Company had fully drawn the facility.

On 24 March 2021, shareholders' approval had been obtained during the Extraordinary General Meeting for an additional investment of up to A\$75,000,000 into Ravenswood Gold Group Pty Ltd for the development of the Ravenswood gold mine.

39. Other matters

Pursuant to the Financial Reporting Supervision Programme ("FRSP") conducted by Accounting & Corporate Regulatory Authority ("ACRA"), the Financial Statements of the Group for the year ended 31 December 2016 ("FY2016 FS") are in the process of being reviewed by ACRA for compliance with the Singapore Financial Reporting Standards (International) ("Review"). The Review has yet to be concluded by ACRA and any further action is subject to its finalisation.

40. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Directors dated on 26 March 2021.