IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON RESIDENT OR LOCATED IN THE UNITED STATES OF AMERICA OR TO ANY PERSON RESIDENT OR LOCATED IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DISTRIBUTE THIS DOCUMENT

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached exchange offer memorandum dated November 1, 2022 (the "Exchange Offer Memorandum"), whether received by e-mail or otherwise received as a result of electronic communication, and you are therefore advised to read this disclaimer page carefully before reading, accessing (including through the website of any stock exchange or any other website on which the Exchange Offer Memorandum may be made available) or making any other use of the Exchange Offer Memorandum. In accessing the Exchange Offer 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 Mandiri Securities Pte. Ltd. as dealer manager (the "Dealer Manager") or Morrow Sodali Ltd as the information and exchange agent (the "Information and Exchange Agent") as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S., EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE EXCHANGE OFFER MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE EXCHANGE OFFER 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.

Confirmation of Your Representation — You have accessed the attached document on the basis that you have confirmed your representation to the Dealer Manager that (1) that you are a holder of or are a custodian or intermediary acting on behalf of the beneficial owner of the 8.5% Senior Secured Notes due 2026 (the "Existing Notes") issued by Golden Energy and Resources Limited (the "Issuer") and unconditionally and irrevocably guaranteed by Golden Investments (Australia) Pte. Ltd. (the "Subsidiary Guarantor"), (2) you are outside the United States and to the extent you participate in the exchange offer as described in the attached Exchange Offer Memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (3) that you consent to delivery of the attached Exchange Offer Memorandum and any amendments or supplements thereto by electronic transmission.

Notice to Prospective Investors in the United Kingdom — The communications in the attached document and any other document or materials relating to the issue of the securities offered thereby is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the United Kingdom's Financial Services and Markets Act 2000, as amended (the "FSMA"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order")), or within Article 43(2) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, the securities offered thereby are only available to, and any investment or investment activity to which the attached document relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on the attached document or any of its contents.

Notice to Prospective Investors in the European Economic Area — The attached document is not a prospectus for the purposes of the Prospectus Regulation (as defined below). The attached document has been prepared on the basis that any offer of the New Notes (as defined below) in any Member State of the European Economic Area (the "EEA") will only be made to a legal entity which is a qualified investor under the Prospectus Regulation ("Qualified Investors"). Accordingly any person making or intending to make an offer in that Member State of New Notes which are the subject of the exchange contemplated in the attached document may only do so with respect to Qualified Investors. Neither the Issuer nor the Dealer Manager has authorized, nor do they authorize, the making of any offer of New Notes other than to Qualified Investors. The expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS — 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 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; or (iii) not a qualified investor as defined in the Prospectus Regulation. 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 them available to retail investors in the EEA has been prepared and therefore 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.

PROHIBITION OF SALES TO UK RETAIL INVESTORS — 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 ("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 of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended by the European Union (Withdrawal Agreement) Act 2020 ("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 the Insurance Distribution Directive, 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 of the United Kingdom by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law of the United Kingdom by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law of the United Kingdom 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 Exchange Offer Memorandum has been sent 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, the Subsidiary Guarantor, the Dealer Manager, The Bank of New York Mellon (the "Trustee") or the Information and Exchange Agent or any person who controls, or is a director, officer, employee, agent or affiliate of, any such person accepts any liability or responsibility whatsoever in respect of any difference between the Exchange Offer Memorandum distributed to you in electronic form and the hard copy version available to you on request from the Dealer Manager or the Information and Exchange Agent.

You are reminded that the Exchange Offer Memorandum has been sent to you on the basis that you are a person into whose possession the Exchange Offer Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are resident and/or located and you may not, nor are you authorized to, deliver the Exchange Offer Memorandum to any other person. If you have recently sold or otherwise transferred your entire holding(s) of the Existing Notes, you should immediately return the Exchange Offer Memorandum to the bank or other agent from whom your received it. The Exchange Offer Memorandum should not be distributed, published or reproduced (in whole or in part) or disclosed to any other persons and is, and its contents are, confidential.

Restrictions: Nothing in this electronic transmission constitutes an offer of securities for sale in the United States or in any other jurisdiction in which such offer or solicitation would be unlawful. The Existing Notes and the New Notes, which are the subject of the Exchange Offer Memorandum, have not been, and will not be, registered under the Securities Act, or the securities laws of any state or jurisdiction of the United States or in any other jurisdiction.

The distribution of the Exchange Offer Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession the Exchange Offer Memorandum comes are required by the Issuer, the Subsidiary Guarantor, the Dealer Manager, the Trustee and the Information and Exchange Agent to inform themselves about, and to observe, any such restrictions.

You are responsible for protecting against viruses and other destructive items: Your receipt of this electronic transmission 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.

INVESTOR REPRESENTATIONS

1. By accessing the attached Exchange Offer Memorandum, you are further deemed to have made the following representations, warranties, agreements, undertakings, confirmations and acknowledgments to the Issuer and the Dealer Manager. For the purposes of the below, "you" means the Issuer and/or the Dealer Manager as the context may indicate, and "we" means such holder participating in the Exchange Offer (as defined below) by submitting instructions and tendering the Exchange Notes for exchange pursuant to the Exchange Offer. We confirm and acknowledge that none of the Dealer Manager nor any of its affiliates:

   (a) has provided any information with respect to the Issuer, the Subsidiary Guarantor, the New Notes, the Subsidiary Guarantee (as defined in "*Description of the New Notes*") or this offering other than the information contained in this Exchange Offer Memorandum, which was prepared by the Issuer;

   (b) 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 Exchange Offer Memorandum or the assumptions on which it is based;

   (c) shall be under any obligation to update or correct any inaccuracy in any information in Exchange Offer Memorandum;

   (d) makes any representation or warranty, express or implied, as to the credit quality of the Issuer or the Subsidiary Guarantor or the merits of an investment in the New Notes or participation in the Exchange Offer; and

   (e) has provided any legal, business, tax or other advice in connection with the Exchange Offer.

2. We understand that the Exchange Offer involves a high degree of risk and that the New Notes are complex products.

3. We (a) have consulted with our own legal, regulatory, tax, business, investment, financial and accounting advisers in connection herewith to the extent we have deemed necessary, (b) have had a reasonable opportunity to ask questions of and receive answers from officers and representatives of the Issuer and the Subsidiary Guarantor concerning their respective financial condition and results of operations and the Exchange Offer, and any such questions have been answered to our satisfaction, (c) have requested from the Issuer and the Subsidiary Guarantor and reviewed all information that we believe is necessary or appropriate in connection with the Exchange Offer, (d) have made our own investment decisions based upon our own judgment, due diligence and advice from such advisers as we have deemed necessary and not upon any view expressed by or on behalf of you, and (e) have been and will continue to be solely responsible for making our own independent analysis of and investigations into the status, creditworthiness, prospects, business, operations, assets and condition of the Issuer and any of its subsidiaries or associates (collectively, the "Group"), the Subsidiary Guarantor and any other person referred to herein and for making its own decisions as to the purchase of, or the taking or not taking of any action in connection with, the Exchange Offer and the New Notes.

4. We understand and agree that we may not rely on any investigation that any person acting on your behalf has conducted with respect to the Exchange Offer, the New Notes, the Issuer and the Subsidiary Guarantor or any of their respective affiliates, and no other party has made any representation to us, express or implied, with respect to the Exchange Offer, the New Notes, the Issuer or the Subsidiary Guarantor. Neither the Dealer Manager nor any of its associates or affiliates have made, and we have not relied upon, any written or oral communication, representation, warranty or condition (express or implied) about, and the Dealer Manager shall have no liability or responsibility for (a) the effectiveness, validity or enforceability of any agreement or other document entered into by or provided to us in connection with the Exchange Offer; (b) any non-performance by any party to any such documents; (c) the Exchange Offer or the New Notes; or (d) the business, properties, prospects, condition (financial or otherwise) or results of operations of the Group, and the Dealer Manager neither owes nor shall owe any duty whatsoever in connection

with any of the foregoing. Any information or explanations related to the terms and conditions of the Exchange Offer and the New Notes and any public disclosure does not constitute investment advice or a recommendation in respect of the Exchange Offer and is not considered or deemed to be an assurance or guarantee as to the expected performance of the New Notes, the Issuer, and each other member of the Group.

5. We acknowledge that the information provided to us with regard to the Issuer or the Subsidiary Guarantor and the New Notes has been prepared and supplied by the Issuer and the Subsidiary Guarantor (whether or not it was conveyed by you to us on the Issuer's behalf), and that no other party has verified such information or makes any representation or warranty as to its accuracy or completeness.

6. We are a sophisticated institutional investor and have such knowledge and experience in financial, business and international investment matters and we are capable of evaluating the merits and risks of the Exchange Offer, and we are aware that we may be required to bear, and are able to bear, the economic risk of an investment in the New Notes, including the possibility that it may lose all or a substantial portion of our investment.

7. We represent and acknowledge that (a) neither the Dealer Manager nor any of its affiliates have been requested to or has provided us with any information or advice with respect to the exchange offer or the New Notes nor is such information or advice necessary or desired, (b) neither the Dealer Manager nor any of its affiliates has made or makes any representation as to the Issuer, the Exchange Offer or the credit quality of the New Notes, (c) the Dealer Manager and its affiliates may have acquired, or during the term of the Exchange Offer and/or the New Notes may acquire, non-public information with respect to the Issuer, which we agree need not be provided to us, and (d) in connection with the Exchange Offer and the issuance of the New Notes, neither the Dealer Manager nor any of its affiliates have acted as our financial advisor or fiduciary.

8. We are acquiring the New Notes for our own account for investment purposes, and not with a view to any resale or distribution thereof within the meaning of the U.S. securities laws.

9. We understand that the New Notes and the guarantees to be provided by the Subsidiary Guarantor have not been, and will not be, registered under the Securities Act or with any state or other jurisdiction of the United States.

10. If we are acting as a fiduciary or agent for one or more investor accounts (a) we have investment discretion with respect to each such account, and (b) we have full power and authority to make the representations, warranties, agreements and acknowledgments in this letter on behalf of each such account.

11. We acknowledge and agree that we did not become aware of the Exchange Offer through any form of general solicitation or advertising within the meaning of Rule 502 under the Securities Act or otherwise through a "public offering" under Section 4(a)(2) of the Securities Act or as a result of any directed selling efforts (as that term is defined in Regulation S under the Securities Act) and we did not become aware of the Exchange Offer and was not otherwise solicited to enter into the Exchange Offer through solicitation of any party other than the Issuer and its affiliates.

12. The Exchange Offer is lawful under the securities laws of the jurisdiction in which we accept the exchange for the New Notes.

13. We confirm that, to the extent we are acting for the account of one or more persons (a) we have been duly authorized to make on their behalf the confirmations, acknowledgments and agreements set forth herein, and (b) these provisions constitute legal, valid and binding obligations of us and any other persons for whose account we are acting.

14. We understand that you and your affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, agreements, undertakings, confirmations and acknowledgments.

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EXCHANGE OFFER MEMORANDUM **STRICTLY CONFIDENTIAL**
DATED NOVEMBER 1, 2022

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Exchange Offer Memorandum contains important information which should be read carefully before any decision is made to participate in the Exchange Offer (as defined below). If you are in any doubt as to the action you should take, you are recommended to seek your own legal, regulatory, tax, business and investment advice immediately from your own advisers, and financial advice immediately from your stockbroker, bank manager, accountant or other independent financial adviser. Any individual or company whose Existing Notes (as defined below) are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee must contact such entity if they wish to participate in the Exchange Offer. None of Golden Energy and Resources Limited (the "Issuer"), Mandiri Securities Pte. Ltd. (the "Dealer Manager"), The Bank of New York Mellon (the "Trustee") or Morrow Sodali Ltd (the "Information and Exchange Agent") makes any recommendation as to whether or not eligible holders of Existing Notes (the "Noteholders") should participate in the Exchange Offer. This Exchange Offer Memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person. If you have recently sold or otherwise transferred your entire holding of Existing Notes, you should immediately return this Exchange Offer Memorandum to the bank or other agent from whom you received it.

The Exchange Offer is not being made within, and this Exchange Offer Memorandum is not for distribution into, the United States of America (the "United States") or to any person resident or located in any jurisdiction where it is unlawful to distribute this document. The distribution of this Exchange Offer Memorandum in certain jurisdictions may be restricted by the laws of those jurisdictions.

GOLDEN ENERGY AND RESOURCES LIMITED

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

Exchange Offer to the eligible holders of
8.5% Senior Secured Notes due 2026
(the "Existing Notes")
ISIN: XS2342227597
Common Code: 234222759

ISSUED BY
GOLDEN ENERGY AND RESOURCES LIMITED

UNCONDITIONALLY AND IRREVOCABLY GUARANTEED BY
Golden Investments (Australia) Pte. Ltd.
(Incorporated in the Republic of Singapore)

and listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**")
for
8.5% Senior Secured Notes due 2027
(the "New Notes")

to be issued by Golden Energy and Resources Limited
and to be unconditionally and irrevocably guaranteed initially by Golden Investments (Australia) Pte. Ltd. and secured by the Collateral (as defined herein)

- THE EXCHANGE OFFER WILL COMMENCE TODAY, NOVEMBER 1, 2022, AND WILL EXPIRE AT 5:00 P.M., CENTRAL EUROPEAN TIME ON NOVEMBER 21, 2022, UNLESS EXTENDED, RE-OPENED, TERMINATED OR WITHDRAWN BY US IN OUR SOLE DISCRETION (SUCH TIME, AS IT MAY BE EXTENDED, THE "EXPIRATION DEADLINE").
- HOLDERS OF THE EXISTING NOTES WHO VALIDLY TENDER THEIR EXISTING NOTES PRIOR TO THE EXPIRATION DEADLINE, UNLESS EXTENDED OR EARLIER TERMINATED BY US IN OUR SOLE DISCRETION, WILL BE ELIGIBLE TO RECEIVE THE EXCHANGE CONSIDERATION.
- ONLY DIRECT PARTICIPANTS MAY SUBMIT ELECTRONIC INSTRUCTIONS. IN RELATION TO THE TIMES AND DATES INDICATED HEREIN, HOLDERS OF THE EXISTING NOTES WHO ARE NOT DIRECT PARTICIPANTS MUST ARRANGE FOR THE DIRECT PARTICIPANT THROUGH WHICH THEY HOLD THEIR EXISTING NOTES TO SUBMIT AN ELECTRONIC INSTRUCTION ON THEIR BEHALF TO THE RELEVANT CLEARING SYSTEM PRIOR TO THE DEADLINES SPECIFIED BY THE RELEVANT CLEARING SYSTEM (UNLESS THE EXCHANGE OFFER IS TERMINATED EARLIER).
- INSTRUCTIONS IN CONNECTION WITH THE EXCHANGE OFFER ARE IRREVOCABLE. ONCE A HOLDER TENDERS EXISTING NOTES IN THE EXCHANGE OFFER, THEY MAY NOT WITHDRAW FROM THE EXCHANGE OFFER.

Upon the terms and subject to the conditions set forth in this exchange offer memorandum (this "Exchange Offer Memorandum"), we, Golden Energy and Resources Limited (the "Issuer," and as the context may require, words of similar import, including "we," "us," or "our"), are offering eligible Noteholders (subject to offer restrictions, see "*Offer Restrictions*") to exchange (the "Exchange Offer") the Existing Notes, as more fully described herein.

Subject to all conditions to the Exchange Offer having been satisfied or waived by the Issuer, on the Settlement Date (as defined below), each Noteholder who has validly participated in the Exchange Offer will receive the Exchange Consideration (as defined below). The "Exchange Consideration" is the sum of (i) an amount of New Notes offered in exchange for Existing Notes, which is US$1,000 of New Notes for each US$1,000 of Existing Notes, subject to adjustment as further described herein, in each case validly submitted for exchange by such Noteholder and accepted for exchange by the Issuer (the "New Notes Consideration") and (ii) an amount in cash equal to interest accrued and unpaid on the Existing Notes validly submitted for exchange by such Noteholder and accepted for exchange by the Issuer, from and including the immediately preceding interest payment date in respect of such Existing Notes (being November 14, 2022) up to (but excluding) the Settlement Date, rounded to two decimal places with US$0.005 rounded upwards (the "Accrued Interest").

Title of Existing Notes to be Exchanged	**Common Code/ISIN**	**Principal Amount Outstanding**	**Exchange Consideration per US$1,000 in principal amount of Existing Notes accepted for exchange**	
			New Notes Consideration of: US$1,000 of New Notes	**Cash Payment** Accrued Interest
8.5% Senior Secured Notes due 2026	234222759/XS2342227597	US$375,000,000		

Title of New Notes	**Common Code/ISIN**
8.5% Senior Secured Notes due 2027	255181165/XS2551811651

In addition to the General Conditions relating to the Exchange Offer set forth herein, the Exchange Offer is conditional on the satisfaction or waiver of, *inter alia*, valid offers for exchange in the Exchange Offer in an amount representing at least 75% of the Existing Notes (the "Minimum Participation Condition"). See "*General Conditions relating to the Exchange Offer.*"

As soon as reasonably practicable after the Expiration Deadline, the Issuer will announce the results of the Exchange Offer and the Settlement Date. See "*Expected Timetable of Events.*"

Eligible Noteholders wishing to participate in the Exchange Offer must submit, or arrange to have submitted on their behalf, an Electronic Instruction in accordance with the requirements of the relevant Clearing System and in the manner specified in this Exchange Offer Memorandum under "*Procedures relating to Participation in the Exchange Offer — Participation in the Exchange Offer.*"

The New Notes to be issued by the Issuer are U.S. dollar denominated 8.5% senior secured notes due 2027 unconditionally and irrevocably guaranteed by Golden Investments (Australia) Pte. Ltd. (the "Subsidiary Guarantor"). The New Notes will be secured by the Collateral (as defined herein). The New Notes may be redeemed at the option of the Issuer at any time and from time to time on or after November 28, 2024 at 100% of the principal amount of the New Notes (plus accrued and unpaid interest, if any). See "*Description of the New Notes — Optional Redemption.*" In addition, the New Notes are redeemable by the Issuer at its option at a redemption price equal to 100% of the principal amount of the New Notes (plus accrued and unpaid interest, if any), prior to the first scheduled call date in certain circumstances. See "*Risk Factors — Risks Relating to the New Notes, the Subsidiary Guarantees and the Collateral — The Issuer may at its option redeem the New Notes at par prior to the first scheduled call date in certain circumstances.*"

The Issuer is undertaking the Exchange Offer with a view to loosening certain covenants currently in the indenture governing the Existing Notes (the "Existing Notes Indenture"). These relaxations include changes in the financial ratios in the debt covenant and significant exceptions to certain covenants, including amendments to permit the Issuer to undertake the Potential Segregation (as defined herein), such as the ability to make any investments or other Restricted Payments (as defined herein) in connection with the Potential Segregation. See "*Risk Factors — Risks Relating to the New Notes, the Subsidiary Guarantees and the Collateral — The Issuer may at its option redeem the New Notes at par prior to the first scheduled call date in certain circumstances,*" "*Risk Factors — Risks Relating to the New Notes, the Subsidiary Guarantees and the Collateral — The covenants in the terms of the New Notes are subject to a number of significant exceptions to permit the Issuer to undertake the Potential Segregation, including the ability to make any Restricted Payments in connection with the Potential Segregation*" and "*Description of the New Notes — Certain Covenants.*"

Following the Exchange Offer, the Issuer intends to exercise its option to redeem any Existing Notes which are not tendered in exchange for New Notes in the Exchange Offer at the Make-Whole Price in accordance with the terms of the Existing Notes Indenture. The Issuer expects to use its own internal resources, including any available credit facilities, to fund the redemption.

Approval in-principle has been obtained from the SGX-ST for the listing of the New Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the New Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Group (as defined below), the Exchange Offer or the New Notes.

Questions and requests for assistance in connection with the Exchange Offer may be directed to the Dealer Manager and questions and requests for assistance in connection with the delivery of the Electronic Instruction (as defined below) may be directed to the Information and Exchange Agent whose contact details appear on the last page of this Exchange Offer Memorandum. This Exchange Offer Memorandum contains important information which should be read carefully before any decision is made with respect to the Exchange Offer.

The Issuer may, in its sole discretion, amend (subject to applicable law or as otherwise provided herein), extend, re-open, terminate or withdraw the Exchange Offer at any time prior to the conditions of the Exchange Offer being satisfied or waived in full. Details of any amendment, extension, re-opening, termination, withdrawal or waiver will be notified to Noteholders as soon as possible after it takes place. We reserve the right, in our sole and absolute discretion, to amend any term of, or waive any condition (including the Minimum Participation Condition) to, the Exchange Offer prior to the Expiration Deadline.

Prior to making a decision as to whether to participate in the Exchange Offer, Noteholders should carefully consider all of the information in this Exchange Offer Memorandum and, in particular, the risk factors described under "*Risks Relating to the Exchange Offer*" and "*Risk Factors*" herein.

Noteholders who wish to participate in the Exchange Offer must submit their Existing Notes in an aggregate principal amount equal to US$200,000 and integral multiples of US$1,000 in excess thereof. In addition to the General Conditions relating to the Exchange Offer set forth herein, the Exchange Offer is conditional upon the Minimum Participation Condition being satisfied or waived. Any New Notes to be issued to any eligible Noteholders in the Exchange Offer will be in a minimum principal amount of US$200,000 and integral multiples of US$1,000 in excess thereof. Any tendering eligible holder of Existing Notes must tender its entire holding of Existing Notes for exchange. We reserve our right not to accept any partial tender of Existing Notes by any eligible holder of Existing Notes.

Dealer Manager
Mandiri Securities

EXPECTED TIMETABLE OF EVENTS

Set out in this section is the proposed timetable applicable to the Exchange Offer. Noteholders should note that the Existing Notes for which an Electronic Instruction has been delivered will remain blocked in the relevant Clearing System until the relevant Settlement Date. In addition, the times and dates below are for indicative purposes only and subject to any amendment (subject to applicable law) or extension, see "General Conditions relating to the Exchange Offer — Condition 2."

Events	**Expected Dates and (if relevant) Times** *Unless otherwise stated, all times are Central European Time*
Commencement of the Offer Period	November 1, 2022
— Exchange Offer announced and notice of the Exchange Offer made available on the exchange website (the "Exchange Website"): https://projects.morrowsodali.com/gear, submitted to the Clearing Systems and submitted for release via SGXNET.	
— Exchange Offer Memorandum available on the Exchange Website and via the Information and Exchange Agent.	
Exchange Offer Expiration Deadline	5:00 P.M., November 21, 2022
— Deadline for receipt of all Electronic Instructions.	
— End of Offer Period.	
— Last date and time for Noteholders to participate in the Exchange Offer. Noteholders should note that the Clearing Systems may impose an earlier deadline on Noteholders for submitting such offers to exchange.	
Results Announcement Date	As soon as practicable after the Expiration Deadline
— Announcement of the final aggregate principal amount of the Existing Notes accepted for exchange pursuant to the Exchange Offer and the final aggregate principal amount of New Notes to be issued.	
— Announcement made available on the Exchange Website, submitted to the Clearing Systems and submitted for release via SGXNET.	
Settlement	On or about November 28, 2022 (the "Settlement Date")
— Settlement Date for the Exchange Offer and cancellation of the Existing Notes accepted for exchange pursuant to the Exchange Offer.	
— Announcement made available on the Exchange Website, submitted to the Clearing Systems and submitted for release via SGXNET after the cancellation of the Existing Notes has been confirmed by the Existing Notes Registrar.	
— Issuance of the New Notes.	
— New Notes are listed on the SGX-ST.	

Noteholders are advised to check with the bank, securities broker or other intermediary through which they hold their Existing Notes whether such intermediary would require receiving instructions to participate in the Exchange Offer prior to the deadlines set out above.

TABLE OF CONTENTS

	Page
INVESTOR REPRESENTATIONS	I
EXPECTED TIMETABLE OF EVENTS	i
IMPORTANT NOTICE	iv
OFFER RESTRICTIONS	viii
CERTAIN DEFINED TERMS AND CONVENTIONS	xii
COAL AND ORE RESOURCE/RESERVE STATEMENTS	xvi
INDUSTRY AND MARKET DATA	xviii
PRESENTATION OF FINANCIAL INFORMATION	xix
NON-GAAP FINANCIAL MEASURES	xxi
FORWARD-LOOKING STATEMENTS AND ASSOCIATED RISKS	xxii
ENFORCEABILITY OF CIVIL LIABILITIES	xxiv
SUMMARY	1
SUMMARY OF THE EXCHANGE OFFER	11
SUMMARY OF THE NEW NOTES	13
SUMMARY CONSOLIDATED FINANCIAL INFORMATION AND OPERATING DATA OF GEAR	21
SUMMARY STANDALONE FINANCIAL INFORMATION OF SMC	29
RISKS RELATING TO THE EXCHANGE OFFER	30
RISK FACTORS	34
USE OF PROCEEDS	84
CAPITALIZATION AND INDEBTEDNESS	85
SELECTED CONSOLIDATED FINANCIAL INFORMATION AND OPERATING DATA OF GEAR	86
SELECTED STANDALONE FINANCIAL INFORMATION OF SMC	93
MANAGEMENT'S DISCUSSION AND ANALYSIS OF GEAR'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS	94
INDUSTRY OVERVIEW	129

BUSINESS 156
DESCRIPTION OF MATERIAL INDEBTEDNESS 197
DESCRIPTION OF MATERIAL AGREEMENTS 201
RELATED PARTY TRANSACTIONS 203
MANAGEMENT 205
PRINCIPAL SHAREHOLDERS 210
REGULATION 211
DESCRIPTION OF THE NEW NOTES 232
TAXATION 305
TERMS OF THE EXCHANGE OFFER 309
PROCEDURES RELATING TO PARTICIPATION IN THE EXCHANGE OFFER 311
GENERAL CONDITIONS RELATING TO THE EXCHANGE OFFER 316
TRANSFER RESTRICTIONS 320
LEGAL MATTERS 322
INDEPENDENT PUBLIC ACCOUNTANTS 323
INDEPENDENT MINING CONSULTANT AND MINING INDUSTRY EXPERT 324
RATINGS 325
GENERAL INFORMATION 326
GLOSSARY OF TERMS 327
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS F-1
APPENDIX A — SELECTED JORC REPORTS A-1

IMPORTANT NOTICE

This exchange offer memorandum (the "Exchange Offer Memorandum") does not constitute an offer to sell to, or a solicitation of an offer to buy from, any person in any jurisdiction to whom it is unlawful to make the offer or solicitation in such jurisdiction. Neither the delivery of this Exchange Offer Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this Exchange Offer Memorandum or that the information contained in this Exchange Offer Memorandum is correct as of any time after that date. This Exchange Offer Memorandum is not a prospectus for the purposes of the European Union's Regulation (EU) 2017/1129. The communication of this Exchange Offer Memorandum and any other document or materials relating to the issue of the New Notes offered hereby is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the United Kingdom's Financial Services and Markets Act 2000, as amended (the "FSMA"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order")), or within Article 43(2) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, the New Notes offered hereby are only available to, and any investment or investment activity to which this Exchange Offer Memorandum relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this Exchange Offer Memorandum or any of its contents. This document is not a prospectus for the purposes of the Prospectus Regulation (as defined below). This document has been prepared on the basis that any offer of the New Notes in any Member State of the European Economic Area (the "EEA") will only be made to a legal entity which is a qualified investor under the Prospectus Regulation ("Qualified Investors"). Accordingly, any person making or intending to make an offer in that Member State of New Notes which are the subject of the exchange contemplated in this document may only do so with respect to Qualified Investors. Neither the Issuer nor the Dealer Manager has authorized, nor do they authorize, the making of any offer of New Notes other than to Qualified Investors. The expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS — 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 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; or (iii) not a qualified investor as defined in the Prospectus Regulation. 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 them available to retail investors in the EEA has been prepared and therefore 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.

PROHIBITION OF SALES TO UK RETAIL INVESTORS — 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 ("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 of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended by the European Union (Withdrawal Agreement) Act 2020 ("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 the Insurance Distribution Directive, 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 of the United Kingdom by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law of the United Kingdom

by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law of the United Kingdom 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.

Notification under Section 309B(1) of the Securities and Futures Act, 2001 of Singapore (the "SFA") — the Issuer 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 Market Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in Monetary Authority of Singapore ("MAS") Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

The Issuer, having made all reasonable enquiries, confirms:

(a) that this Exchange Offer Memorandum contains all information with respect to the Exchange Offer, the Issuer and its subsidiaries and associates (collectively, the "Group") and the New Notes which is material in the context of the Exchange Offer and the issue and offering of the New Notes;

(b) that the information contained in this Exchange Offer Memorandum relating to the Exchange Offer, the Group, and the New Notes is true and accurate in all material respects and is not misleading; and

(c) that the opinions and intentions expressed herein and therein in relation to such information are honestly held, are based on information presently available to the Issuer and are based on reasonable assumptions, and that there are no other facts in relation to the Exchange Offer, the Group or the New Notes the omission of which would, in the context of the Exchange Offer or of the issue and offering of the New Notes, make any of such information or the expression of any such opinions or intentions misleading in any material respect.

The Issuer accepts responsibility accordingly.

Each Noteholder must make its own decision as to whether to participate in the Exchange Offer. Each Noteholder is solely responsible for making its own independent appraisal of all matters including those relating to the Exchange Offer (including the aggregate principal amount of Existing Notes to offer for exchange pursuant to the Exchange Offer), the Group and the New Notes. None of the Dealer Manager, the Trustee or the Information and Exchange Agent or any of their respective affiliates, directors, employees, agents, representatives or advisors owes any duty to any Noteholder.

No person has been authorized to give any information or to make any representation about the Exchange Offer, the Group or the New Notes other than those contained in this Exchange Offer Memorandum and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer, the Dealer Manager, the Trustee, the Information and Exchange Agent or any of their respective affiliates, directors, employees, agents, representatives or advisors.

Before each Noteholder makes its own decision as to whether or not to participate in the Exchange Offer, it should: (i) consult with its own legal, regulatory, tax, business, investment, financial and accounting advisers in connection herewith to the extent it has deemed necessary; (ii) review this Exchange Offer Memorandum; (iii) review all information, records, filings and documents (including those concerning the Group) that it believes is necessary or appropriate in connection with the Exchange Offer and the New Notes; and (iv) make its own investment decisions based upon its own judgment, due diligence and advice from such advisers as it has deemed necessary and not upon any view expressed by or on behalf of the Dealer Manager.

Noteholders may not rely on any investigation that the Dealer Manager has conducted with respect to the Exchange Offer, this Exchange Offer Memorandum, the New Notes or the Group.

The Dealer Manager, the Trustee and the Information and Exchange Agent do not make any representation or recommendation to the Noteholders, express or implied, with respect to the Exchange Offer, this Exchange Offer Memorandum, the New Notes or the condition, financial or otherwise, of the Issuer or its subsidiaries or affiliates or as to any other matters relating thereto or in connection therewith.

The Dealer Manager, the Trustee and the Information and Exchange Agent have not independently verified any of the information contained in this Exchange Offer Memorandum. The Dealer Manager, the Trustee and the Information and Exchange Agent do not make any representation or warranty, express or implied, and the Dealer Manager, the Trustee and the Information and Exchange Agent shall not have any liability or responsibility to the Noteholders for the accuracy, completeness or truth of the information contained in this Exchange Offer Memorandum, whether the disclosure of the information in this Exchange Offer Memorandum, has been disclosed in breach of any confidentiality or similar undertaking, covenant or agreement and/or in breach of any other applicable law, the effectiveness, validity or enforceability of any agreement or other document entered into by or provided to the Noteholders in connection with the Exchange Offer or the issue of the New Notes or any non-performance by any party to any of them, or the financial condition of the Issuer or any of its subsidiaries or affiliates or any other aspect of the Exchange Offer or the New Notes, and the Dealer Manager, the Trustee and the Information and Exchange Agent do not owe or shall owe any duty whatsoever to the Noteholders in connection with the Exchange Offer or the New Notes.

The Dealer Manager shall not have any obligation to purchase or acquire all or any part of the New Notes subscribed or received by any Noteholder in the Exchange Offer or to support any losses directly or indirectly sustained or incurred by any Noteholder for any reason whatsoever in connection with the Exchange Offer or the issue of the New Notes, including the non-performance by the Issuer and/or the Subsidiary Guarantor of any of their obligations, whether to the Noteholders or otherwise.

The Trustee expresses no view on the merits of the Exchange Offer but it has authorized it to be stated that the Trustee has no objection to the Exchange Offer being put to holders of the Existing Notes. The Trustee has not been involved in negotiating the Exchange Offer and makes no representation that all relevant information has been disclosed to the Noteholders in or pursuant to this Exchange Offer Memorandum.

The New Notes and the Subsidiary Guarantee have not been approved or disapproved of by the United States Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Exchange Offer or the accuracy or adequacy of this Exchange Offer Memorandum. Any representation to the contrary is a criminal offense in the United States.

None of the Issuer, the Subsidiary Guarantor or the Dealer Manager is, making an offer to sell the New Notes, including the Subsidiary Guarantee, in any jurisdiction except where an offer or sale is permitted. The distribution of this Exchange Offer Memorandum and the Exchange Offer may in certain jurisdictions be restricted by law. Persons into whose possession this Exchange Offer Memorandum comes are required to inform itself about and to observe any such restrictions. For a description of the restrictions on the offer and distribution of the New Notes, including the Subsidiary Guarantee, and distribution of this Exchange Offer Memorandum, see the section entitled "Offer Restrictions" below.

The Dealer Manager is entitled to hold positions in the Existing Notes and the New Notes. The Dealer Manager is entitled to continue to own or dispose of, in any manner they may elect, any Existing Notes they may beneficially own as at the date of this Exchange Offer Memorandum or, from such date, to acquire further Existing Notes or New Notes, subject to applicable law. The Dealer Manager has no obligation to the Issuer to offer or refrain from offering Existing Notes beneficially owned by it in connection with the Exchange Offer.

From time to time after the termination of the Exchange Offer, the Issuer and/or its affiliates may purchase additional Existing Notes or other outstanding bonds issued by it and/or its affiliates in the open market, in privately negotiated transactions, through tender offers or otherwise or may redeem Existing Notes or such other indebtedness that are able to be redeemed, if any, pursuant to their terms. Any future purchases may be on the same terms or on terms that are more or less favorable to holders of the Existing Notes than the terms of the Exchange Offer. Any future purchases by the Issuer and/or its affiliates will depend on various factors existing at that time. There can be no assurance as to which, if any, of these alternatives (or combinations of alternatives) the Issuer and/or its affiliates may choose to pursue in the future. The Issuer intends to exercise its option to redeem any Existing Notes which are not tendered in exchange for New Notes in the Exchange Offer at the Make-Whole Price in accordance with the Existing Notes Indenture.

OFFER RESTRICTIONS

This Exchange Offer Memorandum does not constitute an offer of securities for sale in any jurisdiction where it is unlawful to do so. The distribution of this Exchange Offer Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this Exchange Offer Memorandum comes are required by each of us, the Trustee, the New Notes Collateral Agent, the Common Collateral Agent, the Dealer Manager and the Information and Exchange Agent and their respective affiliates, directors and advisors to inform themselves about and to observe any such restrictions.

No action has been or will be taken by any of the Issuer, the Subsidiary Guarantor, the Dealer Manager, the Trustee or the Information and Exchange Agent that would permit a public offering of the New Notes, or possession or distribution of this Exchange Offer Memorandum, in any country or jurisdiction where action for that purpose is required.

United States

The Exchange Offer is not being made and will not be made directly or indirectly in, or by use of the mail of, or by any means or instrumentality of interstate or foreign commerce of, or any facilities of a national securities exchange of, the United States. This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone and the Internet. Accordingly, copies of this Exchange Offer Memorandum and any related offering documents are not being, and must not be, directly or indirectly mailed or otherwise transmitted, distributed or forwarded in or into the United States and the Exchange Offer cannot be participated in by any such use, means, instruments or facilities from or within the United States. Any purported participation in the Exchange Offer resulting directly or indirectly from a violation of these restrictions will be invalid, and any purported offer to exchange made by a resident of the United States or from the United States or any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States will be invalid and will not be accepted. The Information and Exchange Agent will not accept any Electronic Instruction on behalf of any person by any such use, means, instrumentality or facility from or within the United States.

This Exchange Offer Memorandum is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration. The Existing Notes and the New Notes, including the Subsidiary Guarantees thereof, to be issued pursuant to the Exchange Offer have not been, and will not be, registered under the Securities Act, or the securities laws of any state or jurisdiction of the United States, and may not be offered, sold or delivered, directly or indirectly, in the United States. The purpose of this Exchange Offer Memorandum is limited to the Exchange Offer and this Exchange Offer Memorandum may not be sent or given other than in an offshore transaction in accordance with Regulation S under the Securities Act.

Each Noteholder participating in the Exchange Offer must represent that it is offering its Existing Notes in an offshore transaction in accordance with Regulation S under the Securities Act and each Noteholder participating in the Exchange Offer must represent that it is not an agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States.

Accordingly, the Exchange Offer will only be made to eligible Noteholders who are located outside the United States and hold the Existing Notes through the Clearing Systems (as defined herein) or certain fiduciaries holding accounts for the benefit of persons outside the United States and holding the Existing Notes through the relevant Clearing System.

"United States" means the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.

EEA Retail Investors

The New Notes may not be offered, sold or otherwise made available to any retail investor in the EEA. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(b) a customer within the meaning of 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.

UK Retail Investors

The New Notes may not be offered, sold or otherwise made available to any retail investor in the UK. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the United Kingdom by virtue of the EUWA; or

(b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, 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 of the United Kingdom by virtue of the EUWA.

Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of the New Notes may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

All applicable provisions of the FSMA must be complied with in respect to anything done by any person in relation to the New Notes in, from or otherwise involving the United Kingdom.

Hong Kong

This Exchange Offer Memorandum has not been and will not be registered with the Registrar of Companies in Hong Kong. Accordingly, except as mentioned below, this Exchange Offer Memorandum may not be issued, circulated or distributed in Hong Kong. A copy of this Exchange Offer Memorandum may, however, be issued to a limited number of prospective applicants for the Exchange Offer or the New Notes in Hong Kong (i) in a manner which does not constitute an offer to the public in Hong Kong or an issue, circulation or distribution in Hong Kong of a prospectus for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the 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.

No advertisement, invitation or document relating to the Exchange Offer or the New Notes may be issued or may be in the possession of any person whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the New Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities 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 of the Laws of Hong Kong) and any rules made thereunder.

Japan

The Exchange Offer and the New Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended; the "FIEA") and may not be offered or sold 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 reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

This Exchange Offer Memorandum has not been and will not be registered as a prospectus with the MAS. Accordingly, this Exchange Offer 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 any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person 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 of Singapore, 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) 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

(b) 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:

(1) 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)(c)(ii) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Any reference to the SFA is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or reference as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Section 309B Notification: The New Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) 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).

The PRC

No New Notes shall be offered or sold in the PRC (excluding Hong Kong, Macau and Taiwan), directly or indirectly, except in compliance with applicable laws and regulations.

Indonesia

This offer does not constitute a public offering or private placement in Indonesia under Law No. 8 of 1995 on Capital Market (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 have not been offered or sold and will not be offered or sold: (i) in Indonesia, to Indonesian citizens and institutions or foreign citizens and institutions or other form of legal entity; 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. This Exchange Offer Memorandum and any other offering material relating to the New Notes has not been distributed, and will not be distributed in a manner which would constitute a public offering or private placement under the Indonesian Capital Market Law and OJK Regulation 30.

Australia

The Exchange Offer does not constitute an offer of, or an invitation to purchase, the New Notes in, or to any resident of, the Commonwealth of Australia or any of its States or Territories.

This Exchange Offer Memorandum is not, and is not intended to be, a disclosure document within the meaning of section 9 of the Corporations Act 2001 (Cth) of Australia (the Australian Corporations Act) for the purposes of Chapter 6, or a Product Disclosure Statement for the purposes of Chapter 7 of the Australian Corporations Act. It is not intended to be used in connection with any offer for which such disclosure is required and does not contain all the information that would be required by those provisions if they applied. It is not intended to be provided to any "retail client" as defined in section 761G of the Australian Corporations Act. No action has been taken by the Issuer or the GEAR SPV that would permit a public offering of the New Notes in Australia. In particular, this Exchange Offer Memorandum has not been lodged with the Australian Securities and Investments Commission.

General

The Dealer Manager, the Trustee, the New Notes Collateral Agent, the Common Collateral Agent and the Information and Exchange Agent (and their respective directors, employees, representatives, agents or affiliates) make no representations or recommendations whatsoever regarding this Exchange Offer Memorandum, the Exchange Offer or the Proposal. The Information and Exchange Agent is the agent of the Issuer and owes no duty to any Noteholder.

None of the Dealer Manager, the Trustee or the Information and Exchange Agent makes any recommendation as to whether or not Noteholders should participate in the Exchange Offer.

The Exchange Offer does not constitute an offer to exchange or buy the Existing Notes and the New Notes in any circumstances in which such offer is unlawful. In those jurisdictions where the securities or other laws or regulations require the Exchange Offer to be made by a licensed broker or dealer, the Exchange Offer shall be deemed to be made on behalf of the Dealer Manager or one or more registered brokers or dealers licensed under the laws of such jurisdiction.

None of the delivery of this Exchange Offer Memorandum, any acceptance of the New Notes pursuant to the Exchange Offer by a Noteholder, any acquisition of New Notes, under any circumstances, create any implication that the information contained herein is current as at any time subsequent to the date of such information or that there has been no change in the information set out in it or in the affairs of the Issuer or the Group since the date of this Exchange Offer Memorandum.

CERTAIN DEFINED TERMS AND CONVENTIONS

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

In this Exchange Offer 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," "our Company," "the Company" and "the Group" are to GEAR and its subsidiaries (including the GEMS Group and the Stanmore Group) and associates (including Ravenswood), collectively;
- "APAC" refers to Asia-Pacific;
- "Ascend Global" refers to Ascend Global Investment Fund SPC;
- "ASX" refers to Australian Securities Exchange;
- "Australian Agent" refers to BTA Institutional Services Australia Limited;
- "Australian dollar" and "A$" refers to Australia dollars, the legal currency of Australia;
- "BIB" refers to PT Borneo Indobara;
- "BHP" refers to BHP Minerals Pty Ltd;
- "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;
- "Business Day" refers to any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York, Singapore or London (or in any other place in which payments on the Notes are to be made) are authorized by law or governmental regulation to close;
- "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;
- "Clearing Systems" refers to Euroclear, Clearstream or any other clearing systems;
- "Clearstream" refers to Clearstream Banking, S.A. or any successor thereof;
- "Common Collateral Agent" refers to the Bank of New York Mellon, Singapore Branch;
- "Dampier" refers to Dampier Coal (Queensland) Proprietary Ltd;
- "DBCT" refers to Dalrymple Bay Coal Terminal;
- "Dealer Manager" refers to Mandiri Securities Pte. Ltd.;
- "Direct Participant" refers to each person who is shown in the records of Euroclear or Clearstream, Luxembourg as a Noteholder.

- "DSS" refers to PT Dian Swastatika Sentosa Tbk.;
- "Electronic Instruction" refers to the electronic consent, exchange and blocking instruction (to the effect set out in "*Procedures relating to Participation in the Exchange Offer*") which must be submitted by Direct Participants in accordance with the requirements of the relevant Clearing System in order to participate in the Exchange Offer;
- "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;
- "EPSA" refers to EPSA Pacific Pty Ltd;
- "Euroclear" refers to Euroclear Bank S.A./N.V. or any successor thereof;
- "Existing Notes" refers to the Issuer's outstanding 8.5% senior secured notes due 2026;
- "Existing Notes Indenture" refers to the indenture governing the Existing Notes;
- "Final SMC Acquisition" refers to the acquisition by Stanmore, through Dampier, of the remaining 20% interest in SMC held by Mitsui, which was completed on October 7, 2022;
- "GAAP" refers to generally accepted accounting principles;
- "GEAR Renewables" refers to GEAR Renewables Pte Ltd;
- "GEAR SPV" refers to Golden Investments (Australia) II Pte. Ltd.;
- "GEMS" refers to PT Golden Energy Mines Tbk.;
- "GEMS Group" refers to GEMS and its subsidiaries;
- "GIAPL" refers to Golden Investments (Australia) Pte. Ltd.;
- "GMR" refers to GMR Coal Resources Pte Ltd;
- "HRB" refers to PT Hutan Rindang Banua;
- "HSE Mining" refers to HSE Mining Pty Ltd;
- "IDR," "Rupiah" and "Rp." refer to Indonesian Rupiah, the legal currency of Indonesia;
- "IDX" refers to Indonesian Stock Exchange;
- "Indonesia" refers to the Republic of Indonesia;
- "Information and Exchange Agent" refers to Morrow Sodali Ltd;
- "KIM" refers to PT Kuansing Inti Makmur;
- "M Resources" refers to M Resources Trading Pty Ltd;

- "Make-Whole Price" refers to, in respect of any Existing Notes which are not tendered in exchange for New Notes in the Exchange Offer, a redemption price equal to 100% of the principal amount of such Existing Notes being redeemed plus the Applicable Premium (as defined in the Existing Notes Indenture) as of, and accrued and unpaid interest on such Existing Notes, to (but not including) the redemption date;

- "Measured Group" refers to Measured Group Pty Ltd;

- "MetRes" refers to MetRes Pty Ltd;

- "Minimum Participation Condition" refers to valid offers for exchange in the Exchange Offer in an amount representing at least 75% of the Existing Notes;

- "Mining Permits" refers to the two types of mining business licenses (*Izin Usaha Pertambangan Eksplorasi*, or "IUP-E" and *Izin 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.

- "Mitsui" refers to Mitsui & Co. (Australia) Ltd and Mitsui & Co., Ltd;

- "New Notes" refers to the 8.5% senior secured notes due 2027 to be issued by the Issuer;"New Notes Indenture" refers to the indenture governing the New Notes;

- "Noteholders" and "Holders" refers to the holders of Existing Notes;

- "NQXT" refers to Abbot Point North Queensland Export Terminal;

- "Optimal Mining" refers to Optimal Mining Solutions Pty Ltd;

- "Palaris Australia" refers to Palaris Australia Pty Ltd;

- "Potential Segregation" refers to the potential distribution, transfer or other divestment of all of the Issuer's interests and/or ownership of the issued and paid-up shares in the capital of GEMS,which may be implemented through a variety of methods, including a transfer, sale, distribution and/or dividend *in specie* through a capital reduction or otherwise;

- "Purinusa" refers to PT Purinusa Ekapersada;

- "Raven Gold" refers to Raven Gold Nominee Pty Ltd;

- "Ravenswood" refers to Ravenswood Gold Group Pty Ltd;

- "Ravenswood Gold" refers to Ravenswood Gold 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;

- "SGX-ST" refers to the Singapore Exchange Securities Trading Limited;

- "Singapore" refers to the Republic of Singapore;

- "Singapore dollars" and "S$" refer to Singapore dollars, the legal currency of Singapore;
- "SMC" refers to Stanmore SMC Pty Ltd (formerly known as BHP Mitsui Coal Pty Ltd);
- "SMC Acquisition" refers to the acquisition by Stanmore, through its wholly-owned subsidiary, of an 80% interest in SMC through the acquisition of all of the shares in Dampier from BHP in May 2022;
- "SMCH" refers to Stanmore SMC Holdings Pty Ltd;
- "Stanmore" refers to Stanmore Resources Limited (formerly known as Stanmore Coal Limited);
- "Stanmore Group" refers to Stanmore and its subsidiaries (including SMC);
- "Stanmore IP Coal" refers to Stanmore IP Coal Pty Ltd;
- "Subsidiary Guarantor" refers to GIAPL;
- "TKS" refers to PT Trisula Kencana Sakti;
- "Trustee" refers to The Bank of New York Mellon;
- "UFS" refers to United Fiber System Limited;
- "United States" and "U.S." refer to the United States of America;
- "U.S. dollars," "USD," "US$" and "$" refer to United States dollars, the legal currency of the United States;
- "WRL" refers to PT Wahana Rimba Lestari;
- "1H2021" refers to the six months ended June 30, 2021;
- "1H2022" refers to the six months ended June 30, 2022;
- "2H2021" refers to the six months ended June 30, 2022; and
- "2023 Notes" refers to the Issuer's $150 million 9.0% senior secured notes due 2023.

Any reference to a year preceded by "FY" refers to fiscal year. Any reference to a year not preceded by "FY" refers to a calendar year unless otherwise noted.

Certain amounts and percentages in this Exchange Offer 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 Exchange Offer 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 Exchange Offer Memorandum were made at the exchange rate at June 30, 2022 of Rp.14,882.00 to $1.00.

See "*Glossary of Terms*" for definitions of certain terms used in this Exchange Offer Memorandum that are commonly used in the coal mining and trading industries.

COAL AND ORE RESOURCE/RESERVE STATEMENTS

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.*"

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.

Selected JORC Reports

In this Exchange Offer Memorandum, information relating to our Proved and Probable coal reserves and our estimates of resources held by the Stanmore Group at the Isaac Downs mine, South Walker Creek mine and Poitrel mine has been derived from the following reports (the "JORC Reports"):

- the independent qualified person's report regarding the estimate of resources for the Isaac Downs mine written by Measured Group dated January 2022 (the "Measured Group JORC Report");

- the independent qualified person's report regarding the estimate of reserves for the Isaac Downs mine written by Optimal Mining dated February 2022 (the "Optimal Mining JORC Report"); and

- the independent qualified person's report regarding the estimate of resources and reserves for, among others, the South Walker Creek mine, the Poitrel mine and the Wards Well mine written by Palaris Australia dated October 2022 (the "Palaris Australia JORC Report"). The JORC Reports that pertain to the resources and/or reserves of the Isaac Downs mine, South Walker Creek mine and Poitrel mine are included in Appendix A to this Exchange Offer Memorandum.

Information contained in this Exchange Offer Memorandum relating to our Proved and Probable coal reserves and our estimates of resources at our mines held by the GEMS Group has been derived from independent qualified person's reports prepared by a reputable third-party consultant in accordance with the 2012 JORC Code and we have not obtained consent of such consultant to be named in this Exchange Offer Memorandum. These independent qualified person's reports are not included to this Exchange Offer Memorandum but are publicly available on SGXNET at https://links.sgx.com/FileOpen/GEAR_IQPR.ashx?App=Announcement&FileID=711286. Information appearing on such website does not form part of the Exchange Offer Memorandum and neither the Dealer Manager nor do we 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 participate in the Exchange Offer and invest in the New Notes.

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 Exchange Offer 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 at the Isaac Downs mine, South Walker Creek mine and Poitrel mine presented in this Exchange Offer Memorandum, see the selected JORC Reports attached as Appendix A.

INDUSTRY AND MARKET DATA

This Exchange Offer 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, 2021. Except where otherwise noted, information in this report is for 2021 or as of December 31, 2021, 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 the "*Industry Overview*" 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 has 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 Exchange Offer Memorandum, including the section titled "*Industry Overview*," are as of December 31, 2021. The outlook is only appropriate as of 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 Exchange Offer 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 Dealer Manager has independently verified any of the data from third-party sources or ascertained the underlying assumptions relied upon therein and neither we nor the Dealer Manager makes 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 Exchange Offer Memorandum, (i) financial information regarding our Company as of and for the years ended December 31, 2019, 2020, and 2021 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 "Audited Consolidated Financial Statements") and (ii) financial information regarding our Company as of and for the six months ended June 30, 2021 and 2022 has been extracted or derived from our interim unaudited condensed consolidated financial statements as of and for the six months ended June 30, 2021 and 2022 prepared in accordance with Singapore Standard on Review Engagements — Review of Interim Financial Information Performed by the Independent Auditor of the Entity ("SSRE 2410") and presented in U.S. dollars (collectively, the "Interim Unaudited Condensed Consolidated Financial Statements," and together with the Audited Consolidated Financial Statements, the "Consolidated Financial Statements"), which are included elsewhere in this Exchange Offer Memorandum. Our Audited 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 Exchange Offer Memorandum. Our Interim Unaudited Condensed Consolidated Financial Statements have been reviewed by Ernst & Young, in accordance with SSRE 2410, as stated in their review reports appearing elsewhere in this Exchange Offer 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 New Notes and the financial information contained in this Exchange Offer 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 Exchange Offer Memorandum.

With respect to the Interim Unaudited Condensed Consolidated Financial Statements included in this Exchange Offer Memorandum, Ernst & Young have reported that they applied limited procedures in accordance with professional standards for a review of such information in accordance with Financial Reporting Standard No. 34 — Interim Financial Reporting. However, their separate review reports included in this Exchange Offer Memorandum state that they did not audit, and they do not express an opinion on, that interim financial information. Accordingly, the degree of reliance on their reports on such information should be restricted in light of the limited nature of the review procedures applied.

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, to 31.5% in March 2020. Following an unconditional on-market takeover bid under Chapter 6 of the Corporations Act 2001 (Cth) (the "On-Market Takeover Bid") in May 2020, GIAPL held 75.3% of the issued shares over Stanmore (GEAR's effective interest in Stanmore is approximately 60.0% through its 79.7% ownership in GIAPL). In December 2021, we acquired the remaining 20.3% shareholding in GIAPL, following which GIAPL became a wholly-owned subsidiary of GEAR, and GEAR's effective interest in Stanmore increased to 75.3%. In March 2022, Stanmore announced a partially underwritten 7 for 3 pro rata accelerated renounceable entitlement offer, following which GEAR's effective interest in Stanmore was diluted to approximately 64.0%. As of June 30, 2022, GIAPL owned approximately 64.0% of 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. 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. In May, 2022, Stanmore, through its wholly-owned subsidiary, completed the acquisition of an 80% interest in Stanmore SMC Pty Ltd (formerly known as BHP Mitsui Coal Pty Ltd) ("SMC") through the acquisition of all of the shares in Dampier Coal (Queensland) Proprietary Ltd ("Dampier") from BHP ("BHP") (the "SMC Acquisition"). On August 12, 2022, Stanmore, through Dampier, signed a definitive share sale agreement with Mitsui & Co. (Australia) Ltd and Mitsui & Co., Ltd (together, "Mitsui") to acquire the remaining 20% interest in SMC held by Mitsui (the "Final SMC Acquisition"). The Final SMC Acquisition was completed on October 7, 2022, following which SMC became wholly-owned subsidiary of Stanmore. Our consolidated financial statements as of and for the six months ended June 30, 2022 include the results of operations of SMC from May 3, 2022 to June 30, 2022.

For the convenience of the reader, this Exchange Offer Memorandum includes certain financial data regarding SMC for the fiscal years ended June 30, 2019, 2020 and 2021 (the "SMC Data"), which has been extracted or derived from SMC's statutory accounts that were prepared in accordance with Australian Accounting Standards, which may differ in certain significant respects from IFRS or accounting principles generally accepted in other countries that might be material to the financial information herein. The Dealer Manager has not independently verified the SMC Data and no representation or warranty, express or implied, is made as to its fairness, currency, accuracy, adequacy, reliability or completeness of such information. See *"Risk Factors — Risks Relating to Financial Information of the Group — The lack of financial information could make it difficult for potential investors to assess SMC's and our business and prospects, as well as our business and prospects if the Potential Segregation was ever implemented.*"

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 Exchange Offer 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 of GEAR*" for a description of certain non-GAAP financial measures used in this Exchange Offer 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/period before adjustment for lease expenses under IFRS16, 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.

Our management believes 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 Proved and Probable resources, and impairment losses from the 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 Exchange Offer 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 Exchange Offer 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 Exchange Offer 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;
- international security issues, adverse political developments, or other acts of violence or war;
- whether we can successfully execute our business strategies;
- the disruption and adverse consequences on the global economy, our industry and our business, particularly as a result of the COVID-19 pandemic;
- our inability to fully control and operate solely for our benefit the businesses that we may conduct as joint ventures in the future;
- our ability to successfully conduct our precious metals mining business without a proven track record or business history;
- whether the anticipated quantities, qualities or yields will be achieved based on the estimates of coal and gold resources and reserves;
- our ability to identify and consummate future acquisitions;
- inflation and fluctuations in foreign currency exchange rates;
- 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;
- fluctuations in gold prices; and
- other risks, uncertainties and factors set forth in this Exchange Offer 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 New Notes and the New Notes 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 U.S. federal and state securities laws 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 Exchange Offer Memorandum. This summary is qualified by, and must be read in conjunction with, the more detailed information and financial statements appearing elsewhere in this Exchange Offer Memorandum. We urge you to read this entire Exchange Offer 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 Australia, Indonesia and Singapore. Our business in Australia includes metallurgical coal and gold mining. In Australia, we are a leading seaborne metallurgical coal producer through our subsidiary, Stanmore Resources Limited (formerly known as Stanmore Coal Limited) ("Stanmore"), and its subsidiaries, and our gold mining business is conducted through our joint venture investment in Ravenswood Gold Group Pty Ltd ("Ravenswood"). In Indonesia, we are a leading energy coal producer operating through our subsidiary, GEMS, and its subsidiaries. Our operations cover exploration, development, mining, processing and marketing of (i) metallurgical coal sourced from our coal mining concession areas and tenements of Stanmore Group in Australia, (ii) energy coal sourced from coal mining concession areas and tenements of GEMS Group in Indonesia and through coal trading, 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.

Metallurgical Coal. In 2018, Golden Energy and Resources Limited ("GEAR") began to diversify its business operationally and geographically through its acquisition of interests in Stanmore. Stanmore is an Australian coal producer focused on metallurgical coal that owns and operates, among others, the Isaac Plains Complex in Queensland's prime Bowen Basin region. Stanmore is listed on the Australian Stock Exchange ("ASX") under stock symbol "SMR." In December 2021, GEAR entered into a share purchase agreement with Ascend Global Investment Fund SPC — ADSP ("Ascend Global") to acquire its 20.3% shareholding in the share capital of GIAPL, following which GIAPL became a wholly-owned subsidiary of GEAR, and GEAR's effective interest in Stanmore increased to 75.3%. In March 2022, Stanmore announced a partially underwritten 7 for 3 pro rata accelerated renounceable entitlement offer, following which GEAR's effective interest in Stanmore was diluted to approximately 64.0%. As of June 30, 2022, GIAPL owned approximately 64.0% of Stanmore.

In May 2022, Stanmore, through its wholly-owned subsidiary, completed the acquisition of an 80% interest SMC through the acquisition of all of the shares in Dampier from BHP. In August 2022, Stanmore, through Dampier, signed a definitive share sale agreement with Mitsui to acquire the remaining 20% interest in SMC held by Mitsui (the "Final SMC Acquisition"). The Final SMC Acquisition was completed on October 7, 2022, following which SMC became wholly-owned subsidiary of Stanmore.

The SMC Acquisition provides Stanmore with a portfolio of high quality assets in the Bowen Basin, a leading global metallurgical coal basin in Queensland, Australia. In addition, these assets are in close proximity to Stanmore's existing operating assets and there is potential for the combined Stanmore Group to benefit from shared infrastructure, corporate functions and coal blending opportunities. The SMC Acquisition allowed Stanmore to become one of the leading seaborne metallurgical coal exporters (4th within Australia and 7th globally).

Following the SMC Acquisition, the Stanmore Group's mining operations include (i) the Isaac Plains Complex, (ii) the South Walker Creek and Poitrel mines and the Wards Well development asset, which were acquired as part of the SMC Acquisition and (iii) the Millennium and Mavis Down mine, which is held through a 50/50 joint venture between Stanmore and M Resources Trading Pty Ltd ("M Resources") and operated by a M Resources affiliated entity.

Stanmore currently operates, among others, the following assets in the Bowen Basin in Queensland, Australia:

- Isaac Plains Complex — The Isaac Plains Complex encompasses a portfolio of operational areas and interests in exploration projects at various stages of development. In 1H2022, mining activities at Isaac Plains Complex were transitioned from Isaac Plains East to the Isaac Downs mine which has a lower strip ratio. Current JORC resource and reserves were estimated as at December 31, 2021, by Measured Group and Optimal Mining. These estimates noted that Isaac Downs contains total JORC resources of 32 Mt, and Isaac Downs has an estimated 21.5 Mt of Proved and Probable ROM coal reserves, noting that reserves are a subset of the resources. See "*Business — Stanmore Metallurgical Coal Mining — Coal Reserves, Resources and Quality of Stanmore*."

- South Walker Creek — The current Palaris Australia JORC Report for the South Walker Creek mine was completed by Palaris Australia and estimates 186 Mt of Proved and Probable ROM coal reserves and 684 Mt of estimated coal resources (inclusive of the coal reserves), as of June 30, 2022. See "*Business — Stanmore Metallurgical Coal Mining — Coal Reserves, Resources and Quality of Stanmore*."

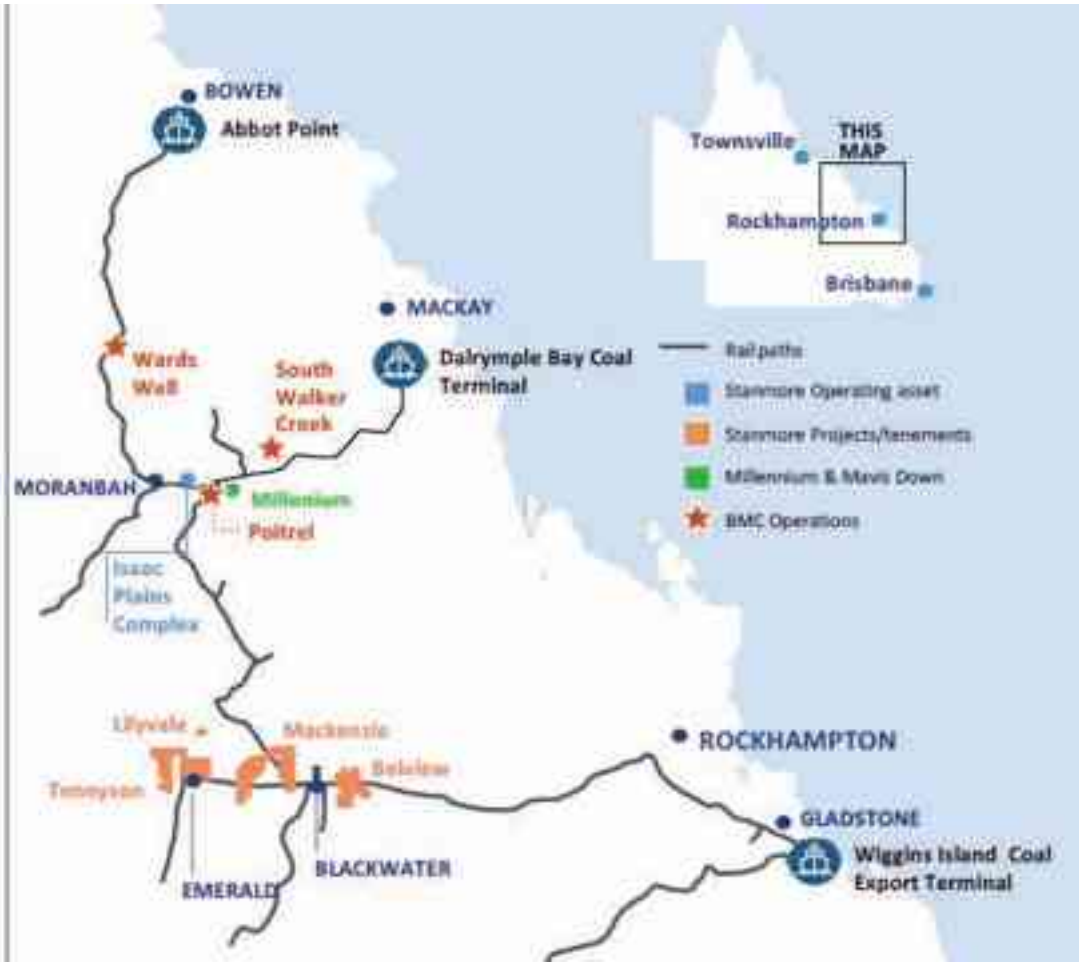
- Poitrel — The current JORC report for Poitrel mine was completed by Palaris Australia and estimates 46 Mt of Proved and Probable ROM coal reserves and 152 Mt of coal resources (inclusive of the coal reserves), as of June 30, 2022. See "*Business — Stanmore Metallurgical Coal Mining — Coal Reserves, Resources and Quality of Stanmore*."

- Wards Well — The Wards Well deposit is a large-scale, undeveloped, underground project in the Bowen Basin, covering the Moranbah Coal Measures. The Goonyella Upper, Middle, and Lower seams are all represented and contribute to a substantial underground coal resource. The Wards Well coal resource is similar to the HCC deposits at the North Goonyella, Riverside and Goonyella mines, which are located immediately south of the Wards Well deposit. See "*Business — Stanmore Metallurgical Coal Mining — Coal Reserves, Resources and Quality of Stanmore*."

For a description of the Wards Well development asset and the Millennium and Mavis Down mine, see "*Business — Stanmore Metallurgical Coal Mining — Metallurgical Coal Concession Areas — Wards Well development asset*" and "*Business — Stanmore Metallurgical Coal Mining — Metallurgical Coal Concession Areas — Millennium and Mavis Down mine*", respectively. In FY2020, FY2021 and 1H2022, the Isaac Plains Complex produced 1.4 Mt, 2.1 Mt and 1.1 Mt of saleable coal, respectively. In the fiscal years ended June 30, 2019, 2020 and 2021, South Walker Creek and Poitrel produced 10.3 Mt, 9.5 Mt and 8.7 Mt of saleable coal, respectively.

Revenue from our metallurgical coal segment accounted for 15.3% and 45.1% of our revenue in FY2021 and 1H2022, respectively.

The diagram below sets forth the location of the Stanmore Group's mines as of June 30, 2022:



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 June 30, 2022, 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. These mining concession areas generally hold sub-bituminous and bituminous energy coal. In 2019, 2020, 2021 and 1H2022, the GEMS Group produced 30.9 Mt, 33.4 Mt, 29.2 Mt and 17.6 Mt of coal, respectively. Revenue from the energy coal segment accounted for 84.6% and 54.9% of our revenue in 2021 and 1H2022, respectively.

As part of the Issuer's plan to reduce its exposure to energy coal, the Issuer may in the future segregate all or substantially all of its existing energy coal business, which is in line with the Issuer's plan to reduce its exposure to energy coal. This potential segregation may result in a transfer, distribution or other divestment of all or substantially all of its interests and/or ownership of the issued and paid-up shares in the capital of GEMS, which could be implemented through a variety of methods, including a transfer, sale, distribution and/or dividend *in specie* through a capital reduction or otherwise (the "Potential Segregation"). There is no certainty as to when the Potential Segregation will be undertaken or completed, if at all. The Potential Segregation will also be subject to applicable legal, tax, commercial, regulatory and other considerations.

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 through our joint venture investment with EMR Capital ("EMR"), which is a specialist mining private equity fund that invests in global resource projects and companies. We entered into the gold mining business with a view to reducing our exposure to coal price cycles, as gold is generally a counter-cyclical precious metal.

The Ravenswood Gold Mine is located in Queensland, Australia. Since becoming part of our Group on March 31, 2020 through June 30, 2022, the Ravenswood Gold Mine has produced 177.7 koz of gold. In FY2021 and 1H2022, we recognized a share of loss of a joint venture (net of tax) of $20.9 million and $12.1 million, respectively, related to Ravenswood.

Forestry Business. We are also engaged in the forestry business through our subsidiary, PT Hutan Rindang Banua ("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 247,713 hectares across four regions in South Kalimantan, Indonesia.

Renewables. We incorporated a subsidiary, GEAR Renewables Pte Ltd ("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 photovoltaics ("PV") systems in target geographies of Taiwan, Japan and Australia.

In FY2019, FY2020, FY2021, 1H2021 and 1H2022, our revenue was $1,115.8 million, $1,162.7 million, $1,874.1 million, $806.7 million and $2,431.6 million, respectively.

Our revenue in FY2020, FY2021, 1H2021 and 1H2022 included $97.2 million, $286.6 million, $72.2 million and $1,096.2 million, respectively, from the Stanmore Group, and our revenue in FY2019, FY2020, FY2021, 1H2021 and 1H2022 included $1,107.5 million, $1,061.4 million, $1,586.0 million, $733.6 million and $1,334.7 million respectively, from the GEMS Group. Our Adjusted EBITDA for FY2019, FY2020, FY2021, 1H2021 and 1H2022 was $129.7 million, $147.9 million, $503.3 million, $189.0 million and $866.0 million, respectively.

We are listed on the Mainboard of the SGX-ST under the stock symbol "AUE." Our market capitalization was S$2,097 million as of September 30, 2022.

Our Competitive Strengths

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

A leading metallurgical coal producer with ownership of high quality metallurgical coal and gold assets, with substantial reserves

As a result of the acquisition of the SMC assets, Stanmore is one of the leading seaborne metallurgical coal exporters (4th within Australia and 7th globally) with significant coal resources, reserves exceeding 25 years of production and a combined production capacity of 13 Mt, according to Salva.

Stanmore currently operates, among others, the following assets in the Bowen Basin in Queensland, Australia:

- Isaac Plains Complex — The Isaac Plains Complex encompasses a portfolio of operational mines and interests in exploration and development projects at various phases. In 1H2022, mining activities at Isaac Plains Complex were transitioned from Isaac Plains East to the Isaac Downs mine which has a lower strip ratio. According to the Optimal Mining JORC Report and the Measured Group JORC Report, the Isaac Downs mine had an estimated 21.5 Mt of Proved and Probable ROM coal reserves and 32 Mt of estimated coal resources, respectively, as of December 31, 2021. The Isaac Plains Complex is expected to be in production for approximately 20 years, based on an anticipated production run rate of 2.4 million product tonnes per annum.

- South Walker Creek — South Walker Creek is an open-cut coal mine operating since 1996 and producing high quality, low volatile ("LV") pulverized coal injection ("PCI") coal for export. According to the Palaris Australia JORC Report, the South Walker Creek mine had an estimated 186 Mt of Proved and Probable coal ROM reserves and 684 Mt of estimated coal resources, including coal reserves, as of June 30, 2022. The life of mine for South Walker Creek is more than 25 years, based on the production run rate of 6.3 million product tonnes per annum.

- Poitrel — Poitrel is an open-cut coal mine operating since 2006 and producing a mix of semi-hard coking coal ("SHCC") and PCI coal with low ash and low sulphur qualities primarily for export markets. According to the Palaris Australia JORC Report, the Poitrel mine had an estimated 46 Mt of Proved and Probable ROM coal reserves and 152 Mt of estimated coal resources, including coal reserves, as of June 30, 2022. The life of mine for Poitrel is more than 10 years, based on the production run rate of 4.2 million product tonnes per annum.

- Wards Well — The Wards Well deposit is a large-scale, undeveloped, underground project in the Bowen Basin, situated to the west and north of Stanmore's other assets and the coal resources are part of the Moranbah Coal Measures. According to the Palaris Australia JORC Report, the Wards Well mine had an estimated 1,417 Mt of estimated coal resources, as of June 30, 2022.

In March 2020, we acquired a 50% interest in the Ravenswood Gold Mine in Queensland, Australia. Apart from quality ore reserves, Ravenswood Gold Mine owns existing infrastructure, including a gold processing plant which is currently undergoing an expansion to increase production capacity to 7.2 Mtpa and capability to produce over 200,000 oz of gold per annum.

Ownership of integrated high quality infrastructure

Following the SMC Acquisition, Stanmore has four mines and three CHPPs within an approximately 50 km radius, which presents it with a combined metallurgical coal production capacity of 13 Mt. The Millennium and Mavis Downs is operated by a M Resources affiliated entity.

The existing infrastructure at the Isaac Plains Complex includes a coal handling and preparation plant ("CHPP"), which has the capacity to process up to 3.5 Mtpa run-of-mine ("ROM") coal, port and rail capacity, which is secured by long-term contracts. 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 Caterpillar 6060 ("CAT 6060") hydraulic excavator at the Isaac Plains Complex. Stanmore also owns a train loop and loading facility to facilitate smooth transportation of coal mined from the mine to the port.

The assets acquired by Stanmore in connection with the SMC Acquisition include significant infrastructure, including an 8.4 Mtpa CHPP at South Walker Creek, a 9 Mtpa Red Mountain Infrastructure CHPP in close proximity to Poitrel, two rail loops and train loading facilities, two Marion 8050 draglines and a fleet of excavators, dozers and haul trucks along with secured long-term contracts for rail and port capacities to complement the marketing activities.

Ravenswood Gold Mine's existing infrastructure includes a gold processing plant, which was upgraded in 2019 and has the capacity to process up to 5.0 Mtpa, 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 is currently undertaking an expansion to increase its production capacity to 7.2 Mtpa and production capability to over 200,000 oz of gold per annum.

Low cost structure allowing market resilience through periods of volatility

The proximity of our operations to nearby ports helps to reduce our logistical and transportation costs at Stanmore. Stanmore's tenements located in Bowen Basin (Queensland) are situated near rail infrastructure and Stanmore owns train loop and loading facilities which enable smooth transportation of the coal from each mine to the port.

According to Salva, South Walker Creek mine and Isaac Downs mine are in the first and second quartiles of the Asia-Pacific seaborne metallurgical coal C1 cash cost curve, respectively. At Isaac Plains Complex, our cash cost remained relatively stable in 1H2022 as compared with 2H2021, despite the production impact from the transition of mining activities from Isaac Plains East to the Isaac Downs mine and adverse weather, coupled with one-off costs associated with the transition of the mine services provider.

Strong historical financial performance

We have demonstrated strong historical financial performance.

Our Adjusted EBITDA increased from $129.7 million in FY2019 to $147.9 million in FY2020 and $503.3 million in FY2021 and increased from $189.0 million in 1H2021 to $866.0 million in 1H2022, driven by continued production ramp up, increase in realizations, economies of scale, prudent cash cost management, and specifically in relation to the increase in 1H2022, largely due to the impact of the SMC Acquisition. Our Adjusted EBITDA margin increased from 11.6% in FY2019 to 12.7%, 26.9% and 35.6% in FY2020, FY2021 and 1H2022, respectively.

Our financial performance was supported by a stable balance sheet and cash position. As of June 30, 2022, we had total debt (excluding operating lease liabilities which are required to be capitalized in accordance with IFRS 16 Leases and before deducting unamortized discount and unamortized transaction costs relating to the Existing Notes and term loan facilities) of $1,305.9 million and a cash balance of $932.9 million (not including restricted cash).

Our financial position and capital management enabled us to operate throughout business cycles. With no fixed dividend policy, we preserve cash for any contingencies, debt servicing and working capital. We also hedge our foreign currency exposures where relevant. Stanmore undertakes currency hedging and involves strategic hedging relative to prevailing market conditions 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 dollars. Similarly, Ravenswood partly hedges the gold price exposure in Australian dollars.

Diversified operations with strategically positioned mines to service markets in Asia

For metallurgical coal, compared to our American coal producing counterparts, we enjoy lower freight and logistical costs given our closer proximity to the key consumption markets of Japan, Korea and India.

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

- Product Portfolio Diversification — We produce metallurgical coal products and gold through Stanmore and Ravenswood, respectively. Following the SMC Acquisition, we have four operating mines producing a range of different metallurgical coal products, namely semi-soft coking coal ("SSCC"), PCI coal and SHCC. In addition, the assets acquired in connection with the SMC Acquisition are in close proximity to Stanmore's existing operating assets, which, in turn, allows the combined Stanmore Group to benefit from shared infrastructure, corporate functions and coal blending opportunities.

  According to Salva, about 70% of iron is manufactured using the blast furnace ("BF") technology, which requires the use of metallurgical coal. The BF process is likely to remain the major technology for iron and steelmaking in the 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 BF 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 a wider range of customers, spanning iron 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 FY2019 to 15.5%, 10.8% and 8.4% of our revenue in FY2020, FY2021 and 1H2022, respectively.As a result of our increasing focus on metallurgical coal and the SMC Acquisition, we have 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.

- Geographic Diversification — Our acquisitions of Stanmore, SMC and Ravenswood in Australia have helped reduce our exposure to, and reliance on, Indonesia as a market.

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

Our senior management at GEAR and Stanmore have extensive and diverse experience in mining, operations, engineering, finance and risks 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 and ASX. 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. 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. See "*Business — Corporate Social Responsibility*" for more information on our corporate social responsibility programs.

Our Strategy

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

To increase production volume where required

We are in the process of upgrading our Stanmore mine infrastructure to accommodate future production volume growth through various initiatives.

Ravenswood Gold Mine returned to open-pit mining at Buck Reef West pit in December 2020. Ravenswood is currently undertaking an expansion plan to increase production capacity to 7.2 Mtpa and capability to produce over 200,000 oz of gold per annum. This expansion is estimated to be completed in the fourth quarter of 2022.

Strategic inorganic growth in coal mining

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. In May 2022, we completed the acquisition of an 80% interest in SMC. In August 2022, Stanmore entered into the Final SMC Acquisition to acquire the remaining 20% interest in SMC. The Final SMC Acquisition was completed on October 7, 2022, following which SMC became a wholly-owned subsidiary of Stanmore.

The SMC Acquisition allowed Stanmore to become a leading global metallurgical coal producer with a portfolio of high quality assets with long life and track record of generating strong earnings.

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 ("ESG") issues in our business operations. We have n 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, plant and animal management and water resource management. We continue to explore ways to ensure energy efficiency and to reduce the environmental impact of our operations. Apart from our mining operations in November 2019, we 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

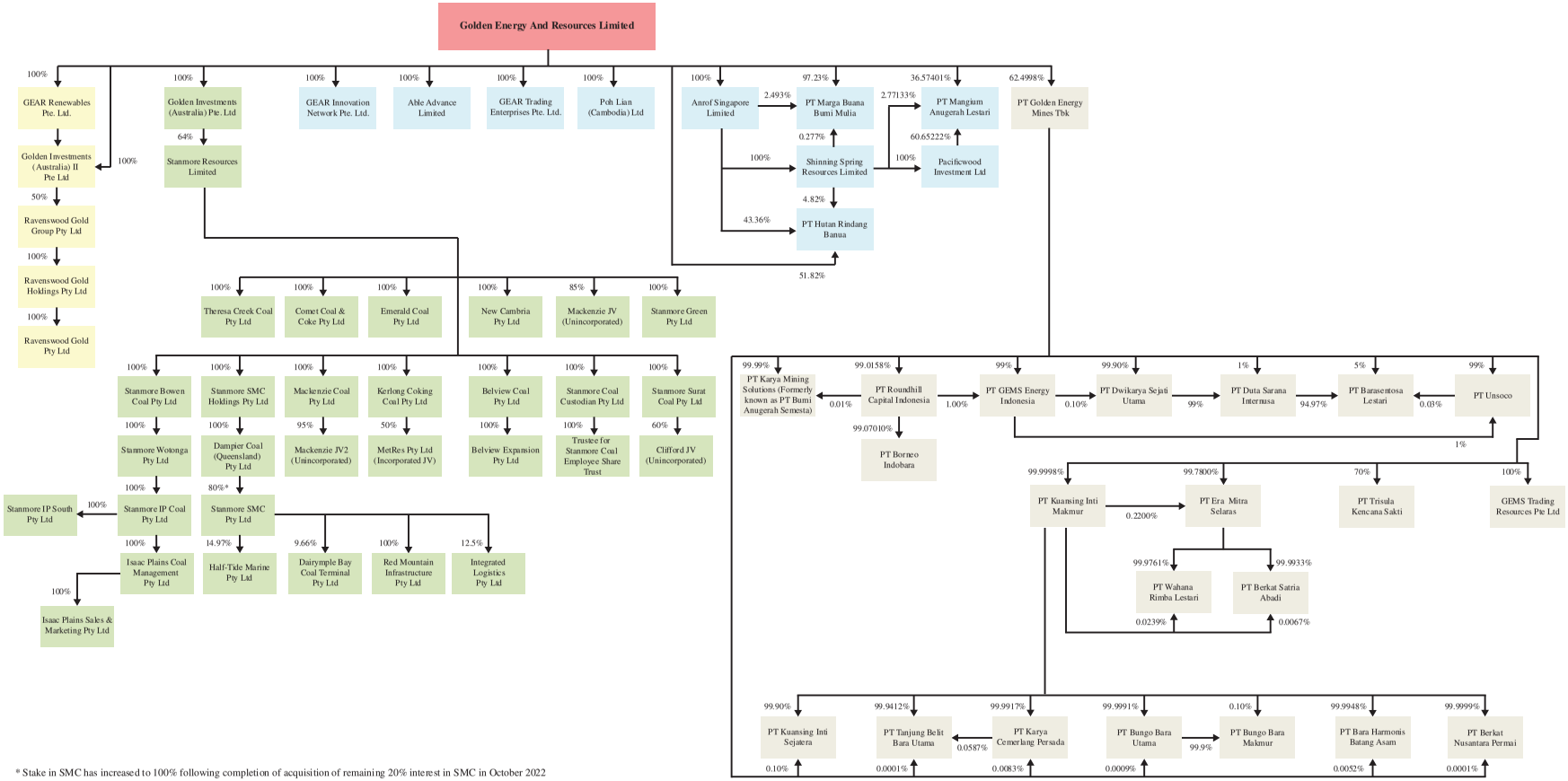
In March 2020, we completed our acquisition of a 50.0% interest in Ravenswood Gold Mine in Queensland, Australia. We believe that the Ravenswood Gold Mine has significant expansion potential to become a large-scale, low-cost and long-life producer. Ravenswood is currently undertaking an expansion plan to increase production capacity to 7.2 Mtpa and capability to produce over 200,000 oz of gold per annum.

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.

We may implement the above 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.

Group Structure

The following chart provides an overview of our corporate structure as of June 30, 2022.



Rationale for the Exchange Offer

The Issuer is undertaking the Exchange Offer with a view to loosening certain covenants currently in the Existing Notes Indenture. These relaxations include changes in the financial ratios in the debt covenant and significant exceptions to certain covenants, including amendments to permit the Issuer to undertake the Potential Segregation, such as the ability to make any Investments or other Restricted Payments (as defined in *"Description of the New Notes"*) in connection with the Potential Segregation. In addition, GEMS and its subsidiaries will be "Unrestricted Subsidiaries" on the Original Issue Date (as defined in "*Description of the New Notes*") of the New Notes and will generally be not subject to the restrictive covenants in the New Notes Indenture and will not guarantee the New Notes. GEMS and its subsidiaries will cease to be our subsidiaries, upon consummation of the Potential Segregation. Furthermore, the New Notes will not be secured by a pledge of the shares of GEMS. See "*Description of the New Notes*." See also "*Risk Factors — Risks Relating to the New Notes, the Subsidiary Guarantees and the Collateral — The covenants in the terms of the New Notes are subject to a number of significant exceptions to permit the Issuer to undertake the Potential Segregation, including the ability to make any Restricted Payments in connection with the Potential Segregation."* Following the Exchange Offer, the Issuer intends to exercise its option to redeem any Existing Notes which are not tendered in exchange for New Notes in the Exchange Offer at the Make-Whole Price in accordance with the terms of the Existing Notes Indenture. The Issuer expects to use its own internal resources, including any available credit facilities, to fund the redemption.

Recent Developments

Acquisition of Remaining 20% Interest in SMC

In August 2022, Stanmore, through Dampier, signed a definitive share sale agreement with Mitsui to acquire the remaining 20% interest in SMC held by Mitsui. The Final SMC Acquisition was completed on October 7, 2022, following which SMC became a wholly-owned subsidiary of Stanmore. The acquisition of the remaining 20% interest in SMC is intended to allow Stanmore to achieve full synergies between SMC's operations and Stanmore's other operations and directly aligns with Stanmore's investment strategy to streamline and develop its existing operations and maximize the geographical synergies from its existing infrastructure.

Non-Exercise of Right of First Refusal in connection with 30% Interest in GEMS

On September 1, 2022, we received a transfer notice from GMR Coal Resources Pte Ltd ("GMR") of GMR's intention to sell 1,764,705,900 shares ("GEMS Sale Shares") (representing an approximately 30% interest) of our subsidiary, GEMS, to PT Radhika Jananta Raya (the "Purchaser"), a subsidiary of PT ABM Investama Tbk (the "30% GEMS Sale"). On September 8, 2022, we announced that we acknowledged to GMR that: (a) we would not exercise our right to purchase GMR's GEMS Sale Shares under the shareholders agreement dated August 11, 2011 (as amended) between the Company and GMR ("SHA"), with respect to GMR's sale of the GEMS Sale Shares to the Purchaser; and (b) the restriction in the SHA relating to transfers to competitors would not apply to the transfer of GMR's GEMS Sale Shares to the Purchaser. The 30% GEMS Sale was completed on September 15, 2022.

SUMMARY OF THE EXCHANGE OFFER

The following is a brief summary of the terms of the Exchange Offer and is qualified in its entirety by the remainder of this Exchange Offer Memorandum. This summary is not intended to be complete and does not contain all of the information that is important to an investor.

Upon the terms and subject to the conditions set forth in this Exchange Offer Memorandum, the Issuer is offering eligible Noteholders (subject to offer restrictions, see "*Offer Restrictions*") to exchange the Existing Notes issued by the Issuer and guaranteed by Golden Investments (Australia) Pte. Ltd.

Subject to all conditions to the Exchange Offer having been satisfied or waived by the Issuer, on the Settlement Date, each Noteholder who has validly participated in the Exchange Offer will receive the Exchange Consideration (as defined below). The "Exchange Consideration" is the sum of (i) an amount of New Notes offered in exchange for Existing Notes, which is US$1,000 of New Notes for each US$1,000 of Existing Notes validly submitted for exchange by such Noteholder and accepted for exchange by the Issuer, subject to adjustment as further described herein (the "New Notes Consideration") and (ii) an amount in cash equal to interest accrued and unpaid on the Existing Notes validly submitted for exchange by such Noteholder and accepted for exchange by the Issuer, from and including the immediately preceding interest payment date in respect of such Existing Notes (being November 14, 2022) up to (but excluding) the Settlement Date, rounded to two decimal places with $0.005 rounded upwards (the "Accrued Interest").

Title of Existing Notes to be Exchanged	**Common Code/ISIN**	**Principal Amount Outstanding**	**Exchange Consideration per US$1,000 in principal amount of Existing Notes accepted for exchange**	
8.5% Senior Secured Notes due 2026	234222759/ XS2342227597	US$375,000,000	**New Notes Consideration of:** US$1,000 of New Notes	**Cash Payment** Accrued Interest

Title of New Notes	**Common Code/ISIN**
8.5% Senior Secured Notes due 2027	255181165/XS2551811651

In addition to the General Conditions relating to the Exchange Offer set forth herein, the Exchange Offer is conditional on the satisfaction or waiver of, *inter alia*, the Minimum Participation Condition.

As soon as reasonably practicable after the Expiration Deadline, the Issuer will announce the results of the Exchange Offer and the Settlement Date. See "*Expected Timetable of Events.*"

Eligible Noteholders wishing to participate in the Exchange Offer must submit, or arrange to have submitted on their behalf, an Electronic Instruction in accordance with the requirements of the relevant Clearing System and in the manner specified in this Exchange Offer Memorandum under "*Procedures relating to Participation in the Exchange Offer — Participation in the Exchange Offer.*"

The New Notes to be issued by the Issuer are U.S. dollar denominated 8.5% senior secured notes due 2027 unconditionally and irrevocably guaranteed by the Subsidiary Guarantor. The New Notes will be secured by the Collateral (as defined herein). See "*Description of the New Notes.*"

Following the Exchange Offer, the Issuer intends to exercise its option to redeem any Existing Notes which are not tendered in exchange for New Notes in the Exchange Offer at the Make-Whole Price in accordance with the terms of the Existing Notes Indenture. The Issuer expects to use its own internal resources, including any available credit facilities, to fund the redemption. Instructions in connection with the Exchange Offer are irrevocable.

The Issuer may, in its sole discretion, amend (subject to applicable law or as otherwise provided herein), extend, re-open, terminate or withdraw the Exchange Offer at any time prior to the conditions of the Exchange Offer being satisfied or waived in full. Details of any amendment, extension, re-opening, termination, withdrawal or waiver will be notified to Noteholders as soon as possible after it takes place. We reserve the right, in our sole and absolute discretion, to amend any term of, or waive any condition (including the Minimum Participation Condition) to, the Exchange Offer prior to the Expiration Deadline.

SUMMARY OF THE NEW NOTES

The following is a brief summary of the terms of the offering and is qualified in its entirety by the remainder of this Exchange Offer Memorandum. For a detailed description of the New Notes, see the section entitled "Description of the New Notes." The provisions of the New Notes Indenture and the New 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 New Notes."

Issuer	Golden Energy and Resources Limited.
Initial Subsidiary Guarantor.....	Golden Investments (Australia) Pte. Ltd. See "*Subsidiary Guarantee*" below.
New Notes	U.S. dollar denominated 8.5% senior secured notes due 2027.
Minimum Participation Condition.....	The minimum aggregate principal amount of the Existing Notes, being 75% of the outstanding principal amount of the Existing Notes, for which valid tenders are received and that the Issuer will determine, in its sole discretion, whether it will accept for exchange pursuant to the Exchange Offer. We reserve the right, in our sole discretion, to accept less than the Minimum Participation Condition of such Existing Notes, for exchange pursuant to the Exchange Offer.
Maturity Date of the New Notes.....	November 28, 2027.
Interest Rate of the New Notes.....	The New Notes will bear interest from and including November 28, 2022 at the rate of 8.5% per annum, payable semi-annually in arrears.
Interest Payment Dates	May 28 and November 28 of each year, commencing May 28, 2023.
Ranking of the New Notes.....	The New 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 New 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 Guarantor on an unsubordinated basis, subject to the limitations described under "*Description of the New Notes — Subsidiary Guarantees*" and in "*Risk Factors — Risks Relating to the New Notes, the Subsidiary Guarantee and the Collateral*;"

- be effectively subordinated to the secured obligations of the Issuer and the Subsidiary Guarantor, 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 Guarantor; and
- be secured by the Collateral (subject to Permitted Liens) as described under the caption *"Description of the New Notes — Security."*

Subsidiary Guarantee ..... On the Original Issue Date, all of the Issuer's Subsidiaries, other than PT Golden Energy Mines Tbk. ("GEMS") and its Subsidiaries, will be "Restricted Subsidiaries." GEMS and its Subsidiaries will be "Unrestricted Subsidiaries." However, under the circumstances described under "*Description of the New Notes — Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries,"* the Issuer will be permitted to designate certain of its other Subsidiaries as "Unrestricted Subsidiaries." The Issuer's Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the New Notes Indenture and will not guarantee the New Notes.

On the Original Issue Date, only GIAPL 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 New Notes Indenture. None of the Issuer's other Restricted Subsidiaries, including Stanmore Resources Limited and its subsidiaries, will provide a Subsidiary Guarantee.

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

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

- be a general obligation of the 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.....	The obligations of the Issuer or any Subsidiary Guarantor under the New Notes Indenture will be secured by the Lien on the New Notes Collateral as well as the following existing Liens on the following collateral (the "Pari Passu Collateral"): • a charge by the Issuer of all of GIAPL's outstanding Capital Stock (the "GIAPL Shares"); • a charge by GIAPL of the Capital Stock of Stanmore that it currently holds and any shares of Capital Stock of Stanmore that it may acquire after the Original Issue Date (collectively, the "Charged Stanmore Shares"); and • 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 Loans"). The Pari Passu Collateral together with the New Notes Collateral are collectively referred to as the "Collateral." The agreements evidencing 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." See "*Description of the New Notes — Security*."
Interest Reserve Account	The Issuer has established the Interest Reserve Account in Singapore with Credit Suisse AG, Singapore Branch. As soon as practicable after the satisfaction and discharge of the Existing Notes Indenture and release of the existing priority Lien over the Interest Reserve Account securing the obligations of the Issuer under the Existing Notes and the Existing Notes Indenture but in no event later than 40 days 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 New Notes. 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 New Notes, and any funds on deposit in the Interest Reserve Account in excess of the amount of one (1) semi-annual interest payment with respect to the then outstanding New Notes may be withdrawn at any time prior to the security created by the New Notes Collateral Document becoming enforceable as described below, and may be used for any purpose not prohibited by the New Notes Indenture. Funds remaining on deposit in the Interest Reserve Account on the maturity date of the New Notes shall be applied to the payment of interest on the New Notes and any remaining balance shall be applied to the payment and premium and Additional Amounts, if any, due on the New Notes. See "*Description of the New Notes — Interest Reserve Account*."

Use of Proceeds	The Issuer will not receive any cash proceeds from the Exchange Offer. The Existing Notes surrendered in connection with the Exchange Offer will be canceled. See "*Use of Proceeds*."
Optional Redemption	At any time and from time to time on or after November 28, 2024, the Issuer may at its option on one or more occasions redeem the New Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the New Notes, plus accrued and unpaid interest, if any, on the New Notes redeemed, to (but not including) the redemption date. At any time prior to November 28, 2024, the Issuer may at its option redeem up to 35% of the aggregate principal amount of the New Notes with the proceeds from certain equity offerings at a redemption price of 108.5% of the principal amount of the New Notes, plus accrued and unpaid interest, if any, on the New Notes redeemed, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the New Notes issued on the Original Issue Date (excluding New 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. In addition, at any time and from time to time prior to November 28, 2024, the Issuer may at its option on one or more occasions redeem the New Notes, in whole or in part, at a redemption price equal to (i) 100% of their principal amount plus the Applicable Premium as of, and accrued and unpaid interest, if any, on the New Notes redeemed, to (but not including) the redemption date if such redemption is funded with proceeds from an equity offering or proceeds of any indebtedness incurred by the Issuer or (ii) 100% of the principal amount of the New Notes, plus accrued and unpaid interest, if any, on the New Notes redeemed, to (but not including) the redemption date if such redemption is funded through other means. See "*Description of the New Notes — Optional Redemption.*" See also "*Risks Relating to the Exchange Offer — The Issuer may not be able to complete the redemption of the remaining Existing Notes.*" See also "*Risk Factors — Risks Relating to the New Notes, the Subsidiary Guarantees and the Collateral — The Issuer may at its option redeem the New Notes at par prior to the first scheduled call date in certain circumstances.*"

Mandatory Redemption.....	If (a) the Issuer ceases to own a majority of the Capital Stock of Stanmore or (b) Stanmore otherwise ceases to be a Restricted Subsidiary, the Issuer shall redeem all outstanding New 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 November 28, 2024, the New Notes shall be redeemed at a redemption price equal to 100% of the principal amount of the New Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, on the New Notes redeemed, to (but not including) such Mandatory Redemption Date; or • if the Mandatory Redemption Date occurs on or after November 28, 2024, the New 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 New Notes — Optional Redemption,"* plus accrued and unpaid interest, if any, on the New Notes redeemed, to (but not including) such Mandatory Redemption Date. See "*Description of the New Notes — Mandatory Redemption.*"
Repurchase of New 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 New 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 New Notes — Repurchase of New Notes Upon a Change of Control*."
Withholding Tax; Additional Amounts....	Payments with respect to the New 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 New Notes — Additional Amounts*."

Redemption for Taxation Reasons.....	Subject to certain exceptions and as more fully described herein, the Issuer may redeem the New 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. See "*Description of the New Notes — Redemption for Taxation Reasons.*"
Covenants	The New Notes Indenture will limit the ability of the Issuer and the Restricted Subsidiaries to, among other things: • 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 New Notes — Certain Covenants."* In addition, in the event that the New 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 New Notes Indenture will be suspended. See "*Description of the New Notes — Suspension of Certain Covenants*."
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 initially be represented by one or more permanent global notes in registered form without interest coupons 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, see "*Description of the New Notes — Book-Entry; Delivery and Form*."
New Notes Collateral Agent	The Bank of New York Mellon, Singapore Branch
Common Collateral Agent	The Bank of New York Mellon, Singapore Branch
Australian Agent	BTA Institutional Services Australia Limited
Existing Notes Trustee.....	The Bank of New York Mellon
New Notes Trustee.....	The Bank of New York Mellon
Existing Notes Paying Agent	The Bank of New York Mellon, London Branch
New Notes Paying Agent.....	The Bank of New York Mellon, London Branch
Existing Notes Registrar and Transfer Agent.....	The Bank of New York Mellon SA/NV, Dublin Branch
New Notes Registrar and Transfer Agent.....	The Bank of New York Mellon SA/NV Dublin Branch
Information and Exchange Agent.....	Morrow Sodali Limited has been appointed as the Information and Exchange Agent. You can find the address and telephone number for the Information and Exchange Agent on the back cover of this Exchange Offer Memorandum.
Global Note	ISIN: XS2551811651 Common Code: 255181165
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 New Notes, the Subsidiary Guarantees and the New Notes Indenture will be governed by and will be construed in accordance with the laws of the State of New York. The New 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 Singapore or Australia, as set out in each Pari Passu Collateral Document.
Further Information.....	Questions about the terms of the Exchange Offer should be directed to the Dealer Manager and the Information and Exchange Agent. If you have questions regarding tender or offer procedures or require additional copies of this Exchange Offer Memorandum, please contact the Information and Exchange Agent. Beneficial owners may also contact their brokers, dealers, commercial banks, trust companies or other nominee for assistance concerning the Exchange Offer. All documents related to the Exchange Offer will be made available, subject to eligibility, on the Exchange Website.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION AND OPERATING DATA OF GEAR

The summary consolidated financial information as of December 31, 2019, 2020 and 2021, and for the years then ended, and as of June 30, 2021 and 2022 and for the six months then ended presented below, has been derived from our Consolidated Financial Statements included elsewhere in this Exchange Offer Memorandum. All segment financial and operational information presented herein is net of intra-segment elimination. The summary consolidated financial information presented below only includes (i) financial information of Stanmore Group on and after May 18, 2020 when Stanmore became a subsidiary of GEAR following the close of the On-Market Takeover Bid on May 18, 2020, and (ii) financial information of SMC on and after May 3, 2022 following the SMC Acquisition. The following information should be read in conjunction with our Consolidated Financial Statements and the related notes thereto included elsewhere in this Exchange Offer Memorandum, "Presentation of Financial Information," "Selected Consolidated Financial Information and Operating Data of GEAR," "Management's Discussion and Analysis of GEAR's Financial Condition and Results of Operations" and "Risk Factors — General Risks Relating to Our Business."

Consolidated Statement of Comprehensive Income

	Year Ended December 31,			Six Months Ended June 30,	
	2019	2020	2021	2021	2022
			($ in millions)		
Revenue	**1,115.8**	**1,162.7**	**1,874.1**	**806.7**	**2,431.6**
Cost of sales	(751.3)	(786.1)	(1,057.0)	(473.0)	(1,347.4)
Gross profit	**364.5**	**376.6**	**817.1**	**333.7**	**1,084.2**
Other income	16.8	20.3	13.7	5.7	6.8
Selling and distribution expenses	(185.4)	(201.4)	(225.8)	(108.5)	(175.3)
Administrative expenses	(74.1)	(79.3)	(113.5)	(52.2)	(141.3)
Fair value gains	2.5	7.7	(3.5)	1.9	2.1
Finance costs	(34.6)	(37.4)	(55.3)	(32.2)	(41.3)
Other operating expenses	(19.4)	(14.8)	(28.1)	(10.6)	(1.4)
Share of profit/(loss) of joint ventures, net of tax	—	(4.9)	(22.7)	(6.5)	8.0
Profit before tax	**70.3**	**66.8**	**381.9**	**131.3**	**741.8**
Income tax expense	(37.4)	(32.3)	(130.7)	(51.1)	(238.8)
Profit for the year/period	**32.9**	**34.5**	**251.2**	**80.2**	**503.0**
Other comprehensive income not to be reclassified to profit or loss:					
Net actuarial (loss)/gain on post-employment benefits	(0.3)	0.2	(0.4)	—	—
Net (loss)/gain on equity instruments fair value through other comprehensive income	35.8	(3.4)	(1.8)	6.4	(1.0)
	35.5	(3.2)	(2.2)	6.4	(1.0)

	Year Ended December 31,			Six Months Ended June 30,	
	2019	2020	2021	2021	2022
			($ in millions)		
Other comprehensive income to be reclassified to profit or loss:					
Share of other comprehensive income of a joint venture	—	—	(35.8)	—	(17.1)
Foreign currency translation	(1.1)	24.2	(6.5)	(1.2)	6.8
	(1.1)	24.2	(42.3)	(1.2)	(10.3)
Other comprehensive income for the year/period	**34.4**	**21.0**	**(44.5)**	**5.2**	**(11.3)**
Total comprehensive income for the year/period	**67.3**	**55.5**	**206.7**	**85.4**	**491.7**
Profit for the year/period attributable to:					
Owners of GEAR	10.0	8.1	114.3	29.1	279.0
Non-controlling interests	22.9	26.4	136.9	51.1	224.0
	32.9	**34.5**	**251.2**	**80.2**	**503.0**
Total comprehensive income for the year/period attributable to:					
Owners of GEAR	44.8	25.6	72.0	34.6	274.8
Non-controlling interests	22.5	29.9	134.7	50.8	216.9
	67.3	**55.5**	**206.7**	**85.4**	**491.7**

Consolidated Balance Sheet

	As of December 31,			As of June 30,
	2019	2020	2021	2022
		($ in millions)		
Non-current assets				
Biological assets	6.1	6.6	7.4	9.0
Property, plant and equipment	92.1	140.7	134.3	1,184.4
Mining properties	231.9	402.8	414.0	1,375.9
Intangible assets	10.7	12.1	11.1	10.7
Right-of-use assets	3.3	2.8	4.4	310.6
Goodwill	106.7	98.2	84.8	73.7
Investment in a joint venture	—	48.0	34.3	72.0
Deferred tax assets	7.1	6.9	7.6	6.9
Other receivables	9.0	2.1	16.0	12.1
Restricted funds	18.6	19.3	24.1	30.7
Other non-current assets	53.1	73.9	65.7	65.1
Investment securities	115.1	4.6	29.3	54.3
	653.7	**818.0**	**833.0**	**3,205.4**
Current assets				
Trade and other receivables	136.1	139.6	213.8	695.2
Other current assets	115.1	101.0	86.1	75.7
Investment securities	—	1.9	16.5	1.0
Inventories	23.3	71.2	38.8	120.6
Cash and cash equivalents	177.8	262.8	379.8	932.9
	452.3	**576.5**	**735.0**	**1,825.4**
Current liabilities				
Trade and other payables	237.6	278.2	308.0	836.8
Derivative financial instrument	—	—	4.4	3.0
Loans and borrowings	62.5	113.5	75.7	169.4
Provision for taxation	3.0	10.7	73.4	142.9
Provisions	—	1.9	2.2	3.3
	303.1	**404.3**	**463.7**	**1,155.4**
Net current assets	**149.2**	**172.2**	**271.3**	**670.0**

	As of December 31,			As of June 30,
	2019	2020	2021	2022
	($ in millions)			
Non-current liabilities				
Deferred tax liabilities	31.4	80.4	75.2	393.5
Trade and other payables	25.7	32.6	4.9	144.8
Loans and borrowings	257.2	268.5	333.7	1,393.0
Post-employment benefits	4.4	5.0	5.0	4.3
Provisions	5.1	26.2	32.5	214.4
	323.8	**412.7**	**451.3**	**2,150.0**
Net assets	**479.1**	**577.5**	**653.0**	**1,725.4**
Equity attributable to equity holders of GEAR				
Share capital	305.5	305.5	292.3	357.9
Reserves	53.8	79.3	194.4	453.3
	359.3	384.8	486.7	811.2
Non-controlling interests	119.8	192.7	166.3	914.2
Total equity	**479.1**	**577.5**	**653.0**	**1,725.4**

Consolidated Cash Flow Statement

	Year Ended December 31,			Six Months Ended June 30,	
	2019	2020	2021	2021	2022
			($ in millions)		
Net cash flows generated from operating activities	**85.8**	**110.1**	**377.7**	**139.2**	**853.3**
Net cash flows used in investing activities	**(50.4)**	**(75.7)**	**(145.9)**	**(105.0)**	**(1,345.4)**
Net cash flows generated from/(used in) financing activities	**31.0**	**45.7**	**(110.5)**	**(47.3)**	**1,049.8**
Net increase/(decrease) in cash and cash equivalents	66.4	80.1	121.3	(13.1)	557.7
Cash and cash equivalents at the beginning of the year/period	113.1	177.8	262.8	262.8	379.8
Cash and cash equivalents at the end of the year/period	**177.8**	**262.8**	**379.8**	**248.3**	**932.9**

Non-GAAP Financial Measures

	As of and for the year ended December 31,			As of and for the six months ended June 30,
	2019	2020	2021	2022
	($ in millions, except percentages and ratios)			
Adjusted EBITDA[(1)(2)]	129.7	147.9	503.3	866.0
Adjusted EBITDA margin[(1)(2)(3)] (%)	11.6	12.7	26.9	35.6
Adjusted EBITDA/interest expense[(1)(2)(4)]	4.0	4.3	11.9	25.2
Total debt[(5)]	321.8	383.7	416.2	1,305.9
Net debt[(5)]	144.0	120.9	36.4	373.0
Finance cost	34.6	37.4	55.3	41.3
Adjusted EBITDA/finance cost	**3.7**	**4.0**	**9.1**	**21.0**

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 believes 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 Proved 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/period before adjustment for lease expenses under IFRS16, 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 Exchange Offer Memorandum is calculated differently from Consolidated Adjusted EBITDA as defined in the Existing Notes Indenture, which is used in connection with the limitation on incurrence of indebtedness covenant in the New Notes.

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

	Year Ended December 31,			Six Months Ended June 30,	
	2019	2020	2021	2021	2022
			($ in millions)		
Profit for the year/period	**32.9**	**34.5**	**251.2**	**80.2**	**503.0**
Plus:					
Finance costs	34.6	37.4	55.3	32.2	41.3
Income tax expense	37.4	32.3	130.7	51.1	238.8
Depreciation of property, plant and equipment	8.3	15.7	21.4	9.9	32.3
Depreciation of right-of-use assets	2.5	2.4	2.6	1.0	13.6
Amortization of mining properties	4.9	15.0	25.5	6.7	24.2
Amortization of software	0.1	0.1	0.1	0.0	0.0
Amortization of land exploitation	0.5	1.0	1.3	0.6	1.3
Amortization of intangible assets	0.5	0.7	0.9	0.5	0.4
Impairment loss on goodwill	7.0	8.6	13.4	6.0	11.1
Impairment loss on property, plant and equipment	1.0	—	0.9	0.8	—
Impairment of trade receivables	—	0.2	0.0	—	—
Adjusted EBITDA	**129.7**	**147.9**	**503.3**	**189.0**	**866.0**

(3) We define Adjusted EBITDA margin as Adjusted EBITDA divided by revenue.

(4) "Interest expense" refers to interest expense on bank loans and outstanding notes, which is recorded under finance costs in our Consolidated Financial Statements and amounted $32.6 million, $34.3 million, $42.2 million, $20.9 million and $34.3 million in FY2019, FY2020 and FY2021, 1H2021 and 1H2022, respectively.

(5) We define total debt as the sum of total loans and borrowings (current and non-current), excluding operating lease liabilities which are required to be capitalized in accordance with IFRS 16 Leases and before deducting unamortized discount and unamortized transaction costs relating to the Existing Notes and term loan facilities.

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,			As of June 30,
	2019	2020	2021	2022
		($ in millions)		
Loans and borrowings				
Current	60.8	112.8	74.0	101.1
Non-current	260.9	270.9	342.2	1,204.8
Total debt[(1)]	**321.8**	**383.7**	**416.2**	**1,305.9**
Minus:				
Cash and cash equivalents[(2)]	(177.8)	(262.8)	(379.8)	(932.9)
Net debt	**144.0**	**120.9**	**36.4**	**373.0**

Notes:

(1) Excluding operating lease liabilities which are required to be capitalized in accordance with IFRS 16 Leases and before deducting unamortized discount and unamortized transaction costs relating to the Existing Notes and term loan facilities.

(2) As of December 31, 2019, 2020 and 2021, and June 30, 2022, $40.2 million, $53.5 million, $135.7 million and $93.9 million, respectively, 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,			Six Months Ended June 30,	
	2019	2020	2021	2021	2022
			(Mt)		
Coal production volume[1]					
BIB	28.8	30.5	25.5	14.8	16.0
KIM	1.2	2.0	2.4	1.2	0.9
TKS	0.1	0.0	—	—	—
BSL	0.8	0.9	1.3	0.6	0.7
Total	**30.9**	**33.4**	**29.2**	**16.6**	**17.6**
			(Mt)		
Sales Volume					
Total	**31.0**	**34.0**	**29.5**	**17.2**	**18.1**
			($ in millions)		
Revenue from coal sales					
Total[2]	**1,107.5**	**1,061.4**	**1,586.0**	**733.6**	**1,334.7**
			($ per tonne)		
Average selling price per tonne[3]					
GEMS Group	**35.0**	**31.0**	**53.5**	**42.7**	**73.7**
			($ per tonne)		
Average cash cost per tonne[4]					
GEMS Group	**24.1**	**21.0**	**26.9**	**23.0**	**34.1**

* Less than 0.1

Notes:

(1) Coal production volume reflects the volume of coal mined during the relevant year/period.

(2) Comprises revenue from coal mining and coal trading, which comprises revenue from the sale of coal sourced from other Indonesian coal producers under sales orders that we procure during the year/period.

(3) Average selling price per tonne is calculated by dividing coal sales revenues for the year 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.

Certain operational data of Stanmore Group

	Year Ended December 31,		Six Months Ended June 30,	
	2020[7]	2021	2021	2022
		(Mt)		
Saleable Coal production volume[1]				
Isaac Plains Complex[2]	1.4	2.1	0.8	1.1
South Walker Creek[3]	—	—	—	1.0
Poitrel[3]	—	—	—	0.7
Total	**1.4**	**2.1**	**0.8**	**2.8**
		(Mt)		
Sales volume[4]				
Isaac Plains Complex[2]	1.4	2.2	0.8	1.1
South Walker Creek[3]	—	—	—	1.1
Poitrel[3]	—	—	—	0.7
Total	**1.4**	**2.2**	**0.8**	**2.9**
		($ in millions)		
Revenue from coal sales				
Total	**97.2**	**286.6**	**72.2**	**1,096.2**
		($ per tonne)		
Average selling price per tonne[5]				
Stanmore Group	**80.5**	**132.8**	**88.8**	**376.7**
Isaac Plains Complex[2]	80.5	132.8	88.8	311.0
South Walker Creek[3]	—	—	—	435.0
Poitrel[3]	—	—	—	390.0
		($ per tonne)		
Average cash cost per tonne[6]				
Stanmore Group	**83.9**	**78.1**	**100.0**	**87.3**
Isaac Plains Complex[2]	83.9	78.1	100.0	83.7
South Walker Creek[3]	—	—	—	76.6
Poitrel[3]	—	—	—	108.6

* Less than 0.1

Notes:

(1) Saleable coal production volume reflects clean coal produced during the relevant year/period.

(2) In 1H2022, mining activities at Isaac Plains Complex were transitioned from Isaac Plains East to Isaac Downs mine.

(3) Operational data for South Walker Creek and Poitrel has only been included for the period from May 3, 2022 (the date when SMC's results of operations have been consolidated in GEAR's consolidated results of operations) to June 30, 2022.

(4) Comprises sales of coal produced during the year/period and stockpiled coal.

(5) Average selling price per tonne is calculated by dividing coal sales revenues for the year/period by Stanmore's sales volumes in the same year/period.

(6) Average cash cost per tonne is a measure of Stanmore's costs for coal mining 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.

(7) Only includes operational data of Stanmore Group on and after May 18, 2020 when Stanmore became a subsidiary of GEAR following the close of the On-Market Takeover Bid on May 18, 2020.

SUMMARY STANDALONE FINANCIAL INFORMATION OF SMC

The financial information of SMC for the fiscal years ended June 30, 2019, 2020 and 2021 (the "SMC Data") presented herein has been extracted or derived from SMC's statutory accounts that were prepared in accordance with Australian Accounting Standards, which may differ in certain significant respects from IFRS or accounting principles generally accepted in other countries that might be material to the financial information herein. The Dealer Manager has not independently verified the SMC Data and no representation or warranty, express or implied, is made as to its fairness, currency, accuracy, adequacy, reliability or completeness of such information. This Exchange Offer Memorandum does not include, or incorporate by reference, any historical standalone financial statements of SMC. See "Risk Factors — Risks Relating to Financial Information of the Group — The lack of financial information could make it difficult for potential investors to assess SMC's and our business and prospects, as well as our business and prospects if the Potential Segregation was ever implemented." The following information should be read in conjunction with "Presentation of Financial Information," "Selected Standalone Financial Information of SMC," and "Risk Factors — General Risks Relating to Our Business."

	Fiscal Year Ended June 30,		
	2019	2020	2021
		($ in millions)	
Revenue from contracts with customers	1,446.1	970.5	778.3
EBITDA[(1)]	606.6	283.1	20.4

Note:

(1) We define EBITDA as (loss)/profit for the year before adjustment for lease expenses under IFRS16, income tax expense, depreciation and amortization expense, and finance costs.

Certain operational data of SMC[(1)]

	Fiscal Year Ended June 30,		
	2019	2020	2021
		(Mt)	
Saleable coal production volume[(2)]			
South Walker Creek	6.2	5.4	4.9
Poitrel	4.1	4.1	3.9
Total	**10.3**	**9.5**	**8.7**

* Less than 0.1

Notes:

(1) This table presents historical operational data of South Walker Creek and Poitrel prior to the SMC Acquisition.

(2) Saleable coal production volume reflects the volume of clean coal produced during the relevant year.

RISKS RELATING TO THE EXCHANGE OFFER

The following section does not describe all of the risks for Noteholders participating in the Exchange Offer. Prior to making a decision as to whether to participate in the Exchange Offer, Noteholders should consider carefully, in light of their own financial circumstances and investment objectives, all the information set forth in this exchange offer memorandum (the "Exchange Offer Memorandum"), and, in particular, the following risk factors and those described in the section entitled "Risk Factors." Noteholders should make such inquiries as they think appropriate regarding the terms of the Exchange Offer, the New Notes, the Issuer or the Group, all without relying on the Issuer, the Subsidiary Guarantor, the Dealer Manager and the Information and Exchange Agent or any other person.

Your decision to tender any Existing Notes for New Notes may expose you to the risk of non-payment for a longer period of time.

The Existing Notes mature in 2026. The New Notes will mature in 2027. If, following the maturity date of your Existing Notes but prior to the maturity date of the New Notes, the Issuer becomes subject to a bankruptcy or similar proceedings, the holders of such earlier maturing Existing Notes who did not exchange their Existing Notes for New Notes could be paid in full prior to such event and the holders of the Existing Notes who exchanged their Existing Notes for the New Notes may not be paid in full, if at all. Your decision to tender your Existing Notes for the New Notes should be made with the understanding that the lengthened maturity of such New Notes exposes you to the risk of nonpayment for a longer period of time.

Uncertainty as to the trading market for Existing Notes not successfully exchanged.

To the extent that Noteholders participate in the Exchange Offer and are accepted, the trading market for those Existing Notes which remain outstanding following the completion of the Exchange Offer may be significantly more limited. Such outstanding Existing Notes may command a lower price than a comparable issue of securities with greater market liquidity. In addition, if Existing Notes are accepted for exchange under the Exchange Offer, it will become easier for the Issuer to redeem all of the Existing Notes that remain outstanding after the Exchange Offer pursuant to the terms of the Existing Notes as the Issuer will require less funds to redeem such Existing Notes. While the Issuer intends to exercise its option to redeem any Existing Notes which are not tendered for New Notes in the Exchange Offer at the Make-Whole Price in accordance with the terms of the indenture governing the Existing Notes (the "Existing Notes Indenture"), there is no assurance when or whether the Issuer will redeem such Existing Notes.

As at the date of this Exchange Offer Memorandum, the aggregate principal amount of outstanding Existing Notes is US$375,000,000. A reduced trading market may also make the trading price of the remaining Existing Notes more volatile. As a result, the market price of the Existing Notes after the completion of the Exchange Offer may be adversely affected as a result of the Exchange Offer.

Uncertainty as to the trading market for New Notes.

The Issuer does not intend to apply for listing or trading of the New Notes on any securities exchange except that application has been made to admit the New Notes to the Official List of the SGX-ST and to trading on the SGX-ST. The New Notes are securities for which there is currently no trading market and for which there can be no assurance of future liquidity.

Uncertainty as to existing ratings of the Issuer and Existing Notes.

The Issuer cannot assure you that, as a result of the Exchange Offer, the rating agencies, including Moody's and Fitch, will not downgrade or negatively comment upon the ratings for Existing Notes which are not exchanged.

The applicable Exchange Consideration does not reflect any valuation of the Existing Notes or the New Notes.

The board of directors of the Issuer has not made and will not make any determination that the applicable Exchange Consideration represents a fair valuation of either the Existing Notes or the New Notes, nor has any fairness opinion from any financial advisor regarding the fairness of the applicable Exchange Consideration been obtained. If a Noteholder submits Existing Notes for exchange, it may or may not receive more value than if it chooses to keep such Existing Notes.

Eligible holders of Existing Notes ("Noteholders") may not withdraw their instructions except as required by applicable law.

Instructions in connection with the Exchange Offer deemed to be delivered therewith are irrevocable. Eligible holders who tender their Existing Notes may not withdraw their instructions to exchange for New Notes unless withdrawal thereof is required by applicable law.

The Issuer may extend or terminate the Exchange Offer or may amend or waive any terms or conditions of the Exchange Offer.

The Issuer is not obligated to complete the Exchange Offer unless and until the conditions to the Exchange Offer are satisfied or waived. In particular, the Issuer's obligations to accept Existing Notes for exchange are subject to and conditioned upon, among other things, the Minimum Participation Condition. See "*General Conditions Relating to the Exchange Offer.*" Therefore, the Exchange Offer could be halted at any time and the consummation of the Exchange Offer may not occur. If the Exchange Offer is not consummated, we may not be able to refinance the Existing Notes. We will therefore face short term liquidity pressure and will be subject to increased default risk under the Existing Notes Indenture. In addition, the Issuer has the right to amend or waive the terms and conditions of the Exchange Offer in its sole discretion and in any way prior to the Expiration Deadline. Even if the Exchange Offer is completed, it may not be completed on the schedule described in this Exchange Offer Memorandum. Accordingly, participating holders may have to wait longer than expected to receive their New Notes, during which time those holders will not be able to effect transfers of their Existing Notes tendered in the Exchange Offer.

The Issuer may repurchase any Existing Notes that are not tendered in the Exchange Offer on terms that are more favorable to the holders of the Existing Notes than the terms of the Exchange Offer.

The Issuer may, to the extent permitted by applicable law, purchase Existing Notes in the open market, in privately negotiated transactions, through a subsequent tender or exchange offer or otherwise. These other purchases may be made on the same terms or on terms that are more or less favorable to Noteholders than the terms of the Exchange Offer. The Issuer intends to exercise its option to redeem any Existing Notes that are not tendered in exchange for New Notes in the Exchange Offer at the Make-Whole Price in accordance with the terms of the Existing Notes Indenture. The Issuer expects to use its own internal resources, including any available credit facilities, to fund the redemption. If the Issuer decides to repurchase any remaining Existing Notes on terms that are more favorable to the holders of the Existing Notes than the terms of the Exchange Offer, those Noteholders who did not participate in the Exchange Offer could receive higher consideration for their Existing Notes than those that participated in the Exchange Offer.

The Issuer may not be able to complete the redemption of the remaining Existing Notes.

While the Issuer intends to exercise its option to redeem any Existing Notes that are not tendered in exchange for New Notes in the Exchange Offer at the Make-Whole Price in accordance with the terms of the Existing Notes Indenture and the Issuer expects to use its own internal resources, including any available credit facilities, to fund the redemption, there is no assurance that there will be sufficient funds available to complete the redemption of the Existing Notes.

Responsibility for complying with the procedures of the Exchange Offer.

Noteholders are responsible for complying with all of the procedures for offering to exchange the Existing Notes. None of the Issuer, the Dealer Manager, the Trustee or the Information and Exchange Agent assume any responsibility for informing Noteholders of irregularities in any Electronic Instruction or with respect to the acceptance of offers to exchange.

Prior to the Settlement Date, no assurance can be given that the Exchange Offer will be completed. This may depend upon the satisfaction or waiver of the conditions of the Exchange Offer. Upon giving a blocking instruction relating to the securities account where Existing Notes are held in a relevant Clearing System, holders should be aware that they may not transfer title to such New Notes to other persons and may suffer losses if the market price of the Existing Notes changes and the Exchange Offer, in respect of that holder or generally, is not completed for whatever reason.

The holders holding the Existing Notes in Euroclear or Clearstream should note the particular practices and policies of Euroclear or Clearstream, as applicable, regarding their communications deadlines, which will determine the latest time at which tenders of the Existing Notes for exchange may be delivered to Euroclear or Clearstream, as applicable, (which may be earlier than the deadlines set forth in this Exchange Offer Memorandum) so that they are received by the Information and Exchange Agent in respect of the exchange offer within the deadlines set forth in this Exchange Offer Memorandum. If you are the beneficial owner of the Existing Notes that are registered in the name of your broker, dealer, commercial bank, trust company or other nominee or custodian, and you wish to tender in the exchange offer, you should promptly contact the person in whose name your Existing Notes are registered and instruct that person to tender on your behalf and to properly follow the procedures.

Compliance with offer and transfer restrictions.

Each Noteholder is referred to the offer restrictions set forth in the section entitled "*Offer Restrictions,*" the deemed representations and warranties set forth in the section entitled "*Procedures Relating to Participation in the Exchange Offer — 3. Deemed Representations*" and the transfer restrictions set forth in the section entitled "*Transfer Restrictions,*" in each case, of this Exchange Offer Memorandum. Non-compliance with these could result in, among other things, the unwinding of trades and/or heavy penalties.

Minimum trading lot requirements.

The New Notes will be traded on the SGX-ST in a minimum board lot size of US$200,000 for so long as any of the New Notes are listed on the SGX-ST, as set out in "*Terms of the Exchange Offer.*"

Blocking of Existing Notes.

When considering whether to participate in the Exchange Offer, Noteholders should take into account that restrictions on the transfer of the Existing Notes by Noteholders will apply from the time an Electronic Instruction with respect to such Existing Notes is submitted. A Noteholder will, on submitting such Electronic Instruction, agree that the relevant Existing Notes will be blocked in the relevant account at the relevant Clearing System from the date the relevant Clearing System validly receives such Electronic Instruction in accordance with the requirements of such Clearing System until the earlier of (i) the time of settlement on the applicable Settlement Date and (ii) the date of termination of the Exchange Offer.

Minimum denomination of the New Notes.

The New Notes have a minimum denomination of US$200,000. If, following the purchase by the Issuer on the Settlement Date of the nominal amount of Existing Notes tendered by a Noteholder, such Noteholder continues to hold in its account with the relevant Clearing System further Existing Notes in a nominal amount of less than the minimum denomination of US$200,000, such Noteholder would need to purchase a nominal amount of Existing Notes such that its holding is at least the minimum denomination of US$200,000 which would enable the Existing Notes such Noteholder continues to hold to be traded in the Clearing System.

We did not perform any tax analysis regarding the tax consequences of the Exchange Offer to investors.

This Exchange Offer Memorandum does not discuss the tax consequences to eligible holders and beneficial owners of Existing Notes of the Exchange Offer. Eligible holders and beneficial owners of Existing Notes are urged to consult their own independent financial or other professional advisors regarding possible tax consequences of the Exchange Offer (including the exchange of Existing Notes for New Notes) to them under the laws of any relevant jurisdiction. Such eligible holders and beneficial owners are liable for their own taxes and have no recourse to us, the Issuer, the Subsidiary Guarantor, the Dealer Manager, the Information and Exchange Agent, the Trustee, the New Notes Collateral Agent, the Common Collateral Agent or any of their respective affiliates, directors or advisors or agents with respect to taxes arising in connection with the Exchange Offer.

RISK FACTORS

An investment in the New Notes is subject to significant risks. You should carefully consider all of the information in this Exchange Offer Memorandum and, in particular, the risks described below before deciding to exchange your Existing Notes and invest in the New Notes. The following describes some of the significant risks that could affect our business, financial condition, results of operations and prospects, the value of the New Notes and the Existing Notes as well as our ability to pay interest on, and repay the principal of, the New Notes and the Existing 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 New 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 Exchange Offer 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 Exchange Offer 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. 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 Australia and Indonesia where all of our operations are currently located.

Current volatile and uncertain global economic conditions due to, among other things, the COVID-19 pandemic and political unrest could cause the economies where we operate to further deteriorate. The military conflict between Russia and Ukraine has impacted global commodity prices and supply chains. The resulting impact on supply chains and the global supply of oil and gas as well as agricultural produce has resulted in shortages around the world and rising costs of goods. Against this backdrop, central banks around the world, including in the United States and several large emerging markets, have tightened monetary policy.

A high degree of uncertainty over the global outlook remains. Heightened geopolitical uncertainties, increased risks of inflation and tighter monetary policy leave the global economy more vulnerable and raise the risk of global recession. In 2022, the global economy experienced a general slowdown and governments have engaged in spending reductions, including investments in infrastructure projects. In addition, construction activities in China have significantly declined amid the prolonged downturn of China's real estate market. All these events have had an impact on the demand for steel and caused volatility in the demand and prices of metallurgical coal. The conflict between Russia and Ukraine has highlighted already increasing polarization globally, bringing to the fore issues such as energy security concerns, security threats and competition between different trade and economic systems. Global supply chains have been upended as a consequence of both the pandemic and the geopolitical environment, and the transition time required to get around bottlenecks and add new capacity could mean that price levels remain elevated for longer. This will present difficult trade-offs for central banks. As the economic and geopolitical environment gets increasingly complex and downside risks rise, volatility in financial markets could continue to persist. Volatility in the global financial markets and 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 New Notes.

International security issues, adverse political developments, or other acts of violence or war could adversely impact our business, financial condition, results of operations and prospects

International security issues and adverse developments in respect thereof, such as the current political tension between Russia, Ukraine and potentially Western security alliances, could materially adversely impact global trade and economic activity. In late February 2022, Russia launched a large-scale military attack on Ukraine. The invasion significantly amplified already existing geopolitical tensions among Russia, Ukraine, Europe, the North Atlantic Treaty Organization and the West, including the U.S. In response to the military action by Russia, various countries, including the U.S., the United Kingdom, and countries in the European Union issued broad-ranging financial and/or economic sanctions against Russia. The ramifications of the hostilities and sanctions, however, may not be limited to Russia and Russian companies but may spill over to and negatively impact other regional and global economic markets, companies in other countries (particularly those that have done or are doing business with Russia) and various sectors, industries and markets for securities and commodities globally, such as oil, natural gas, coal and gold. Accordingly, the actions discussed above and the potential for a wider conflict could increase financial market volatility and cause severe negative effects on regional and global economic markets, industries, and companies.

The consequences of any of these armed conflicts or other security events are unpredictable, and we may not be able to foresee events that could have a material adverse impact on our business, financial condition, results of operations and prospects.

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

Our strategy includes increasing production and exploring opportunities for strategic inorganic growth in coal mining and diversification into other commodities for resiliency through commodity price cycles while maintaining a prudent financial policy. In May 2022, Stanmore Resources Limited (formerly known as Stanmore Coal Limited) ("Stanmore"), through its wholly-owned subsidiary, completed the acquisition of an 80% interest in Stanmore SMC Pty Ltd (formerly known as BHP Mitsui Coal Pty Ltd) ("SMC") through the acquisition of all of the shares in Dampier Coal (Queensland) Proprietary Ltd ("Dampier") from BHP ("BHP") (the "SMC Acquisition"). In August 2022, Stanmore, through Dampier, signed a definitive share sale agreement with Mitsui & Co. (Australia) Ltd and Mitsui & Co., Ltd (together, "Mitsui") to acquire the remaining 20% interest in SMC held by Mitsui (the "Final SMC Acquisition"). The Final SMC Acquisition was completed on October 7, 2022, following which SMC became a wholly-owned subsidiary of Stanmore. The expansion of the Ravenswood Gold Mine is estimated to be completed in the fourth quarter of 2022. See "*Business — Our Strategy — To increase production volume where required*" for more information.

We cannot assure you that we will be able to increase our coal or gold production volumes in the future as a result of our expansion and development plans 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 a timely manner and achieve the desired results*." 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*."

We have in the past made, and may in the future make, minority investments in other assets or companies (such as our acquisition of a 10% equity investment in Westgold Resources Limited ("Westgold") in January 2018 (in 2020 we divested our interest in Westgold through a series of open-market transactions) 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.

There is no certainty as to when the Potential Segregation will be undertaken or completed, if at all

There is no certainty as to when the Issuer will undertake or complete the Potential Segregation (as defined herein), if at all. The Potential Segregation will also be subject to applicable legal, tax, commercial, regulatory and other considerations. If the Potential Segregation is not completed, the Issuer will not be able to achieve its objectives of reducing exposure to energy coal business by segregating all or substantially all of its existing energy coal business, which could affect our future growth strategy. In addition, as PT Golden Energy Mines Tbk. ("GEMS") and its subsidiaries will be Unrestricted Subsidiaries under the New Notes Indenture, they are generally not subject to the restrictive covenants in the New Notes Indenture. See "*— Risks Relating to the New Notes, the Subsidiary Guarantees and the Collateral — Only the Issuer and subsidiaries of the Issuer designated as Restricted Subsidiaries are subject to the restrictive covenants contained in the New Notes Indenture*."

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 our business.

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 energy coal. During 2022, the lockdowns and other measures implemented by the Chinese government in response to COVID-19 have had a negative impact on the macro economy. There was a decline in demand from China for metallurgical coal and energy coal, which in turn led to volatility in coal prices. If more restrictive measures are implemented by the Chinese government in the future, commodity prices may decline, and our business, financial condition, results of operations and prospects may be materially and adversely impacted. In addition, the COVID-19 pandemic has direct impact on our overall operations. The increase in labor absenteeism negatively affected our daily business operations. The restrictions placed on movements in Indonesia and Australia also required us to delay our exploration activities.

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; and
- limiting our ability to ship our products to overseas customers due to the imposition of import restrictions and various governments prioritizing domestic coal.

Although the COVID-19 pandemic has not significantly impacted our financial results of operations for the financial year ended December 31, 2021 or the six months ended June 30, 2022, 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 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 diseases or any other serious public health concern may adversely affect our business, financial condition, results of operations and prospects.

A 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

We hold a 50.0% interest in the Ravenswood Gold Mine in Queensland, Australia, through our joint venture company, Ravenswood Gold Group Pty Ltd ("Ravenswood"), with our joint venture partner, EMR Capital ("EMR"). In addition, in July 2021, MetRes Pty Ltd ("MetRes"), a 50/50 joint venture between Stanmore, our subsidiary, and M Resources Trading Pty Ltd ("M Resources"), acquired Millennium and Mavis Downs mine from Peabody Energy Australia. We have previously entered into, 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 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 to 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.

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 strategy.

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. Material changes in resources and reserves estimate, grades, strip ratios, washing yields may affect the economic viability of our projects.

The reserves and resources described in the JORC Reports set out in Appendix A of this Exchange Offer Memorandum were determined in accordance with the principles incorporated in the 2012 JORC Code. The 2012 JORC Code is an accepted standard for professional reporting purposes in Australia, Asia and certain other jurisdictions. The coal reserve estimates included in this Exchange Offer 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 Exchange Offer Memorandum contains estimated information regarding reserves and resources in other mines held by GEMS Group that are determined in accordance with the principles incorporated in the 2012 JORC Code, but for which reports have not been included in this Exchange Offer Memorandum and consents have not been obtained from the independent qualified person to be named in this Exchange Offer Memorandum. These estimates are subject to similar assumptions, risks and uncertainties as discussed above.

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 various obstacles in connection with any acquisitions that we may pursue, including:

- 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 SMC 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. Integration may not happen in an orderly manner, resulting in partial realization of synergies or longer than expected time to achieve the expected savings and benefits. 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 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, 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 occurs. 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.

Inflation could have an adverse effect on the Company's profitability and, if significant, on the Company's financial condition and results of operations

The global economy, including Australia and Indonesia, has had sustained periods of high inflation in the recent past which has contributed to an increase in input costs and interest rates. High fluctuation in inflation rates may make it more difficult for us to accurately estimate or control our costs. Continued high rates of inflation may increase our expenses related to salaries or wages payable to our employees or any other expenses. There can be no assurance that we will be able to pass on any additional expenses or that our revenue will increase proportionately corresponding to such inflation. Accordingly, high rates of inflation could have an adverse effect on our profitability and, if prolonged, on our financial condition and results of operations.

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 GEAR and Stanmore is the U.S. 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.

Fluctuating foreign exchange rates, including fluctuations in the U.S. dollar/Australian dollar exchange rate and U.S. dollar/Indonesian Rupiah exchange rate, can affect our results of operations. The Australian dollar and the Indonesian Rupiah 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 Australia, Indonesia or other jurisdictions where we currently operate or may operate in the future.

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 the countries where we have operations. 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.

Risks Relating to Financial Information of the Group

The lack of financial information could make it difficult for potential investors to assess SMC's and our business and prospects, as well as our business and prospects if the Potential Segregation was ever implemented

The historical financial information of the Issuer included in this Exchange Offer Memorandum is not indicative of what our financial results would have been had such historical financial information included the impact of the Potential Segregation, the SMC Acquisition and the Final SMC Acquisition. There is no pro forma financial data in this Exchange Offer Memorandum that takes into consideration the potential impact of the Potential Segregation, the SMC Acquisition and the Final SMC Acquisition, which could make it more difficult for potential investors to assess our business and prospects. Further, this Exchange Offer Memorandum does not include any historical standalone financial statements of SMC and only includes certain financial data (the "SMC Data"), which has been extracted or derived from SMC's statutory accounts that were prepared in accordance with Australian Accounting Standards, which may differ in certain significant respects from the International Accounting Standards Board ("IFRS") or accounting principles generally accepted in other countries that might be material to the financial information herein. The Dealer Manager has not independently verified the SMC Data and no representation or warranty, express or implied, is made as to its fairness, currency, accuracy, adequacy, reliability or completeness of such information. As such, investors should carefully consider the fact that there is a lack of information available to evaluate SMC's historical financial performance. In view of the foregoing, each investor should make its own independent investigation of the SMC Acquisition, the Final SMC Acquisition, SMC's financial condition and affairs and its own appraisal of SMC's creditworthiness.

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 currently derive substantially all of our revenue from our coal mining business. Stanmore's coal sales contracts with its regular customers generally contain quarterly or monthly pricing provisions that are linked to the premium low volatile ("PLV") hard coking coal ("HCC") index or any other relevant coal index, subject to certain adjustments. Similarly, 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 Minister of Energy and Mineral Resources of Indonesia ("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. 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, 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, specifically 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 BFs, would also adversely affect metallurgical coal prices and demand. Although conventional blast furnace ("BF") 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 Stanmore Group's main clients are located in Japan, South Korea, India and Europe while the GEMS Group's main clients are located in Indonesia, China and India. 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. China has also 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.

If the international market experiences 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

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 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 annual activity report must be lodged for each mining lease for coal within two (2) months after each anniversary of the day the mining lease takes effect. 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. However, there can be no guarantee that the Indonesian Government will approve our applications for such increases.

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 the COVID-19 pandemic, 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 a 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.

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.

In Australia, 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 20 years, subject to conditions, and may be renewed. The relevant minister may refuse the renewal of a mining lease or other mining tenement for various reasons, including for example, if the relevant 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) ("Financial Provisioning Act") 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 is considered further in the "*Regulation — Australian Regulations*" section.

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*). 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. 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 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. On October 5, 2020, the legislative body of the House of

Representatives of Indonesia (*Dewan Perwakilan Rakyat*) and the Indonesian Government agreed to pass Law No. 11 of 2020 on Job Creation (the "Job Creation Law"). 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 Job Creation Law 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 Job Creation Law, and resulting on the issuance of Government Regulation No. 25 of 2021 on the Implementation of Energy and Mineral Resources Field.

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, China imposed a ban against coal imports from Australia in December 2020 amid trade and political tensions. 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.

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

We compete in the international metallurgical coal market with other producers and suppliers. 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 metallurgical coal, our main competitors include BHP Mitsubishi Alliance, Glencore, Peabody, Coronado Coal and New Hope. In relation to energy coal, in the Indonesian coal market, we compete with a number of large Indonesian coal producers such as PT Adaro Energy Indonesia Tbk, PT Indo Tambangraya Megah Tbk, PT Bukit Asam Tbk, PT Bayan Resources Tbk, PT Indika Energy Tbk and Geo Energy Resources Limited. Our main competitors in the international export markets are other large coal producers from Australia, South Africa, Canada, China and India. The regulation of coal production in 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 Australian and Indonesian 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 Australia and Indonesia. 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 coal 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 Australia or Indonesia, such as ours. 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.

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"), 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. 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. 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.

Coal sales to our largest customer, in FY2019, FY2020, FY2021, 1H2021 and 1H2022 accounted for 17.4%, 15.5%, 10.8%, 13.7% and 8.4% of our revenue, respectively. Our 10 largest customers in each of FY2019, FY2020, FY2021, 1H2021 and 1H2022 accounted for 63.0%, 57.1%, 46.6%, 53.8% and 49.0% of our total revenue in such periods, 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 in the future may 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 may in the future engage, 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. Coal sales to related parties accounted for 12.7%, 14.6%, 11.1%, 11.9% and 4.0% of our total revenue in FY2019, FY2020, FY2021, 1H2021 and 1H2022, respectively. 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.

In Australia, the mining activities at Isaac Downs and South Walker Creek are undertaken by EPSA Pacific Pty Ltd ("EPSA"), a wholly-owned subsidiary of the Spain-based EPSA Group, and HSE Mining Pty Ltd ("HSE Mining"), respectively. 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. See also "*Description of Material Agreements — EPSA Mining Services Agreement*" and "*Description of Material Agreements — HSE Mining Services Agreement.*" We also subcontract drilling and blast operations to third-party mining services providers, and hire third-party mining services providers to maintain coal handling and preparation plant ("CHPP") (in the case of South Walker Creek and Poitrel) and our draglines. Our mining services providers employ substantially all of the employees who operate in the mining areas under their operational control.

In Indonesia, substantially all of the mining activities in the GEMS Group's concession areas are conducted by PT Saptaindra Sejati, PT Putra Perkasa Abadi and PT Cipta Kridatama under multi-year operating agreements entered into with us. 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 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.

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 and increase the cost of truck hauling operations. 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.

For example, 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. 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. 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 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 Australian Government, Indonesian Government and other relevant government authorities

We require various licenses, permits and approvals from 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.

Our most significant licenses and approvals in relation to our operations in Australia are the Tenements (consisting of 19 mining leases, 3 mineral development licenses, 23 exploration permits for coal and 3 applications for mining leases held by Stanmore and other members of the Stanmore Group, as defined in "*Regulation*"). 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. We also own forestry concession rights to land in four regions of South Kalimantan through our subsidiary PT Hutan Rindang Banua ("HRB"). If our license and permits are terminated or the rights thereunder are restricted, we would be unable to continue mining coal within the applicable concession area, which 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. There is no certainty that the relevant government authorities (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 publicly available information do not indicate any instances of revocations or refusals of renewals. A number of the granted Tenements are in the renewal application process or due for renewal within the next year. See "*Regulation — Australian Regulations*" for further information. This uncertainty is as a result of the regulatory regime within which we operate. 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 Pty Ltd ("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 Regulation 2016 (Qld), 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, and ports to transport and deliver our coal. 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, weather related closures, natural disasters or the Australian Government, Indonesian 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, or transportation infrastructure. For example, Isaac Plains ships all of its coal through the Dalrymple Bay Coal Terminal ("DBCT") with trails to Abbot Point North Queensland Export Terminal ("NQXT") and SMC ships its coal through DBCT and NQXT, 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 these terminals. 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., DBCT). 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. Factors such as emission control requirements, fluctuations in the price of diesel fuel and demurrage may result in increase in transportation costs. 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. Australia, Indonesia 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 43% 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. 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 Australia and Indonesia 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 Australia and Indonesia specifically ratified this strategy on November 10, 2016 and October 25, 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. 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 government 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. However, on August 7, 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.

Technological developments may increase the competitiveness of alternative energy sources, such as renewable energy, which may decrease demand for coal. 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. 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.

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.

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 Australian and Indonesian 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 Australia, proposed large mining and petroleum projects are required to prepare an environmental impact statement 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 (the "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, Isaac Plains East, Isaac Downs, Poitrel and South Walker Creek mines, 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 these mines. 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.

While review and appeal rights are available to proponents should the Australian, Indonesian 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 Australian and Indonesian 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 Australia and Indonesia, 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.

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 Australian or Indonesian 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 Asia, 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 247,713 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 in Australia are concentrated in mines located in Bowen Basin while our mining operations in Indonesia are mainly in mines located in Kalimantan and Sumatra, Indonesia. 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 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, during which 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 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 mine, a portion of these contracts have previously been 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 $1.0, $1.2 and $2.5 million and represented 0.03%, 0.13% and 0.31% of our total liabilities, as of June 30, 2022, December 31, 2021 and December 31, 2020, respectively, to some extent 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 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 or 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 "*— General Risks Relating to Our Business — 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. See "*Business — Legal Proceedings.*"

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 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 June 30, 2022, we had total loans and borrowings (excluding operating lease liabilities which are required to be capitalized in accordance with IFRS 16 Leases and before deducting unamortized discount and unamortized transaction costs relating to the Existing Notes and term loan facilities) of $1,305.9 million, primarily comprising the Existing Notes, working capital and other loans, financing for the SMC Acquisition and equipment finance liabilities. GEMS and its subsidiaries had $161.3 million of indebtedness outstanding as of June 30, 2022. For more information, see "*Description of Material 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 New 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 New Notes Indenture, 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 New 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 in a timely manner and achieve the desired results

We are currently developing and expanding the mining operations of Ravenswood Gold Mine. However, the execution of such plans will require substantial capital outlay and it may take years before positive cash flow may be generated by Ravenswood Gold Mine's expanded operations. Under current development plans, the expansion activities are estimated to be completed in the fourth quarter of 2022. Our 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 labor 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 a direct bearing on 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 10 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 Ravenswood Gold Mine hedges a portion of future gold production in Australian dollars by way of forward swap contracts. The delivery into the contracts relies on future gold production which is susceptible to risks and hazards inherent in the mining industry.

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.

We are currently developing and expanding the Ravenswood Gold Mine, which is estimated to be completed in the fourth quarter of 2022. However, additional external debt funding may be required for the successful completion of the expansion activities or financing our working capital, the lack of which may adversely affect such plans. Our ability to secure external debt funding may be dependent on factors outside 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 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, Golden Investments (Australia) II Pte. Ltd. ("GEAR SPV"), EMR through Raven Gold Nominee Pty Ltd (as trustee on behalf of investors managed or advised by EMR Capital) ("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 Ravenswood Gold Mine development plan if additional funding is required. 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 New Notes 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, is the operating partner of Ravenswood with primary responsibility for operational and management matters under the terms of the Ravenswood 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 situations, 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 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 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 Exchange Offer 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 "*Regulation — 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 Financial Provisioning Act, which commenced in April 2019, introduced changes to the method of calculating such financial assurance. However, such changes did not materially impact the amount of financial assurance we are required to provide. In July 2022, the Queensland Government announced a new public ruling which amends and increases the coal royalties the mining companies must pay. The new royalties affect a number of the Company's Australian operations. 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 generally 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 FATA (which may or may not be given, or given subject to conditions). If such notice is required and no objection determination is not obtained in relation to an investment, we will not be able to proceed with that investment. In addition, there is a cost in applying for clearance which is not refunded if approval is not granted.

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.

Relationships with Australian communities

In Australia, there is an increasing level of consumer and investor awareness relating to the effect of mining production on Australia's traditional landowners' cultural heritage. Our coal mining operations and activities may take place on sites of exceptional cultural significance and have the potential to impact these culturally significant and heritage sites. Notwithstanding that regulatory mining and heritage approvals which authorize our mining activities may be in place, accidents may occur that result in the destruction of, or damage to, sites of cultural significance. In the event this occurred, it could adversely affect our ability to negotiate agreements with traditional landowners in the future, the governments of Australia and Queensland, and other stakeholders. Access to land and resources may be impacted if we are not considered a trusted partner of the traditional landowners and community in the regions we operate in. Adverse publicity and reputational damage may affect our ability to operate and grow through collaborative and mutually beneficial partnerships with the traditional owners. Other potential actions can include litigation, expropriation, export or foreign investment restrictions, increased government regulation and delays in approvals, which may threaten the investment proposition, title, or carrying value of assets.

Risks Relating to Indonesia

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 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 *"— 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.

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 the 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 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 as amended by MEMR Regulation No. 16 of 2021 on the Amendment of 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, for mining services activities that are carried out across Indonesian territory or (ii) governor, for mining services activities that are carried out within one provincial region. Further, in the implementation of mining activities, IUJP holders may only accept work stripping of overburden from the Holder of IUP-OP or IUPK.

- 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 Job Creation Law 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.

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 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 to 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. The 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 takes 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 Rp.2,243,718.56 per month in 2018 to Rp.2,423,889.16 per month in 2019 to Rp.2,630,162.13 per month in 2020. The minimum wage for 2021 is the same as in 2020. In 2022, the minimum wage increased to Rp.2,649,034 per month. 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 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 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 the 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 the Indonesian language, English language or the national language of the foreign party).

Although the New Notes Indenture 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 New Notes, will be as described in this Exchange Offer 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 New Notes

In 1997, certain internationally recognized statistical rating organizations, including Moody's 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 and "BBB" by Fitch, with a stable outlook from Moody's and 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 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 the New Notes, the Subsidiary Guarantees and the Collateral

Only the Issuer and subsidiaries of the Issuer designated as Restricted Subsidiaries are subject to the restrictive covenants contained in the New Notes Indenture

On the Original Issue Date (as defined in "*Description of the New Notes*"), all of the Issuer's subsidiaries, other than PT Golden Energy Mines Tbk. GEMS and its subsidiaries, will be "Restricted Subsidiaries." GEMS and its subsidiaries will be "Unrestricted Subsidiaries" until the consummation of the Potential Segregation, upon which they will cease to be our subsidiaries. The Issuer's Unrestricted Subsidiaries are generally not subject to the restrictive covenants in the New Notes Indenture and will not guarantee the New Notes. Furthermore, the New Notes will not be secured by a pledge of the shares of GEMS. For the year ended December 31, 2021 and the six months ended June 30, 2022, GEMS and its subsidiaries had US$1,586.0 million and US$1,334.7 million, respectively, of revenue (representing 84.6% and 54.9%, respectively, of our consolidated revenue (post eliminations) for the respective periods) and US$504.6 million and US$461.9 million, respectively, of EBITDA (representing 100.3% and 53.3%, respectively, of our consolidated EBITDA for the respective periods). There are no limitations in the New Notes Indenture on the amount of indebtedness that the Unrestricted Subsidiaries may incur in the future and there can be no assurance that we will not operate or dispose of such subsidiaries in a manner less beneficial to the Holders of the New Notes than the methods permitted under the New Notes Indenture with respect to our Restricted Subsidiaries.

The covenants in the terms of the New Notes are subject to a number of significant exceptions to permit the Issuer to undertake the Potential Segregation, including the ability to make any Restricted Payments in connection with the Potential Segregation

The Issuer is undertaking the Exchange Offer with a view to loosening certain covenants currently in the Existing Notes Indenture. These relaxations include changes in the financial ratios in the debt covenant and significant exceptions to certain covenants, including amendments to permit the Issuer to undertake the Potential Segregation, such as the ability to make any investments or other Restricted Payments in connection with the Potential Segregation. See "*Description of the New Notes — Certain Covenants.*"

The Issuer may at its option redeem the New Notes at par prior to the first scheduled call date in certain circumstances

The Issuer may at its option at any time prior to November 28, 2024, being the first scheduled call date, redeem New Notes at a redemption price equal to 100% of the principal amount of the New Notes (plus accrued and unpaid interest, if any), if such redemption is funded through any means other than with proceeds from an Equity Offering (as defined in "*Description of the New Notes*") or proceeds of any Indebtedness Incurred (as defined in "Description of the New Notes") by the Issuer. See "*Description of the New Notes — Optional Redemption*."

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

The New Notes will be guaranteed only by Golden Investments (Australia) Pte. Ltd. ("GIAPL"). None of the Issuer's other subsidiaries, including Stanmore and its subsidiaries, will provide a Subsidiary Guarantee (as defined in "*Description of the New Notes*"). Furthermore, GEMS and its subsidiaries will be "Unrestricted Subsidiaries" on the Original Issue Date. See "*— Only the Issuer and subsidiaries of the Issuer designated as Restricted Subsidiaries are subject to the restrictive covenants contained in the New Notes Indenture*."

The Issuer and the Subsidiary Guarantor are holding companies with no material assets or operations other than investments. Substantially all of our revenue is currently generated by the GEMS Group and the Stanmore Group, which also hold substantially all of our assets. None of GEAR's other subsidiaries, including GEMS and Stanmore and their respective subsidiaries, nor Ravenswood, will guarantee the New Notes. The ability of the Issuer and the Subsidiary Guarantor to satisfy their obligations under the New 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 New 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 New 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 Guarantor 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 New Notes Indenture 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 New Notes and the Subsidiary Guarantees will be effectively subordinated to any secured indebtedness and other secured obligations of the Issuer and the Subsidiary Guarantor 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 Guarantor 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 New Notes.

The terms of the New 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 New Notes Indenture and the Subsidiary Guarantees will restrict the ability of the Issuer, the Subsidiary Guarantor and any Restricted Subsidiary (as defined in *"Description of the New 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 (as defined in "*Description of the New Notes*");
- enter into Sale and Leaseback Transactions (as defined in "*Description of the New Notes*");
- 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 New 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 New Notes may lead to an event of default under the New Notes and the New Notes 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 New 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 New 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 New 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. Historically, GEAR has primarily relied on dividend payments from GEMS to make its principal and interest repayments under its debt. If the Potential Segregation was to be implemented (if at all), GEMS will cease to be GEAR's subsidiary. As the availability of funds to pay principal and interest on the New Notes partly depends on dividends received from GEAR's then operating subsidiaries, GEAR's ability to pay principal and interest on the New Notes may be adversely affected if GEMS is no longer a subsidiary of GEAR. 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 New 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 New 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 New Notes Indenture that will govern the New 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 New Notes. See "*Management's Discussion and Analysis of GEAR's 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, and if it is possible, there is no guarantee that such new funding will be available to us 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 energy coal sales. For example, in 2017, some financial institutions publicly announced that they would stop funding new energy 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.

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

The New Notes Collateral Document (as defined in "*Description of the New Notes*") 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 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 New 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 Charged Stanmore Shares (as defined in "*Description of the New Notes"*), the holders of those rights may have or may exercise rights and remedies with respect to those Charged Stanmore Shares that could adversely affect the value of the security and the ability of the Common Collateral Agent 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 New Notes. Any such delay in having an enforceable claim could also diminish the value of the interest of the Holders of New Notes in the Collateral due, among other things, to the existence of other potential creditors and claimants.

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

Australian governmental authorizations or exemptions may be required to enforce or foreclose on the security created by the Pari Passu Collateral Documents over the GIAPL Shares or the Charged 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 (as defined in "*Description of the New Notes*"), prospective buyers of Stanmore Shares or GIAPL shares may require governmental consents, such as approval by the Department of the Treasury of Australia under FATA, if the buyer is considered a "foreign person" under FATA. 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 20% or under to over 20% or increasing from a starting point that is above 20% and below 90% is prohibited unless the acquisition falls under a permitted exemption (such as an acquisition through 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 Agent may be unable to foreclose its 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 New 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 New Notes upon any enforcement action or otherwise may not be sufficient to satisfy the Issuer's obligations under the New Notes. If the proceeds of Collateral were not sufficient to repay amounts outstanding under the New Notes, then Holders of the New 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.

Security interests over the New Notes Collateral will be created and perfected after the date of issuance of the New Notes, which may adversely affect the rights of holders of the New Notes in the New Notes Collateral

The obligations of the Issuer and the Subsidiary Guarantors under the New Notes and the New Notes Indenture will be secured by a security interest in the New Notes Collateral, and the New Notes Collateral Document is expected to be entered into shortly after the release of the security interest over the Existing Notes Collateral. Accordingly, security interests in the New Notes Collateral will be created and perfected after the date of issuance of the New Notes and rights of Holders of the New Notes in such Collateral may be adversely affected in the period between. Under the terms of the New Notes Indenture, the Issuer will grant a security interest in the New Notes Collateral as soon as practicable, but in no event later than 40 days after the satisfaction and discharge of the Existing Notes Indenture and release of the existing first priority Lien over the Interest Reserve Account (as defined in "*Description of the New Notes*") securing the obligations of the Issuer and the Subsidiary Guarantor under the Existing Notes and the Existing Notes Indenture. See "*Description of the New Notes — Interest Reserve Account"*. Until the security interests in the New Notes Collateral are granted and perfected in favor of the Common Collateral Agent, the Holders of the New Notes will not have the benefit of the New Notes Collateral. If the Issuer fails to grant or properly perfect such security interest in any the New Notes Collateral for the benefit of the Holders of the New Notes as provided in the New Notes Indenture, it would constitute a default under the New Notes Indenture. In addition, in such case, the claims of the Holders of the New Notes with respect to the assets constituting the New Notes Collateral will rank *pari passu* with those of other senior unsecured creditors of the Issuer.

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

The New Notes will be issued by the Issuer and guaranteed by the Subsidiary Guarantor. The Issuer and the Initial Subsidiary Guarantor (as defined in "*Description of the New Notes*") are each incorporated under the laws of Singapore. The New Notes, the Subsidiary Guarantees and the New Notes Indenture will be governed by and will be construed in accordance with the laws of the State of New York. The New 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 Australia and Singapore.

In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in 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 New Notes under the New 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 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 New 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 New Notes are located in Australia and are subject to the Pari Passu Collateral Documents, which are governed by laws of 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.

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.

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

The Pari Passu Collateral will be shared on a *pari passu* basis by the Holders of the New Notes and the holders of our other secured indebtedness that constitutes Permitted Pari Passu Secured Indebtedness (as defined in "*Description of the New Notes*"). Accordingly, in the event of a default of the New Notes or such 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 such secured indebtedness in proportion to the outstanding amounts of each class of secured indebtedness. See "*Description of the New Notes — Security*."

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

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

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 New 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.

The Subsidiary Guarantees 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 New Notes would cease to have a claim against the 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 the Subsidiary Guarantor or pledger (as applicable), and would solely be creditors of us and the Subsidiary Guarantor 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 New Notes.

The bankruptcy and insolvency laws of Singapore and other local insolvency laws may differ from U.S. bankruptcy law or those of another jurisdiction with which holders of the New 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 the 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 New 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 moratoria 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 New Notes. However, it may apply to related contracts that are not found to be directly connected with the New 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 June 30, 2022, PT Dian Swastatika Sentosa Tbk. ("DSS") beneficially owned approximately 77.49% 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 final 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 New Notes Indenture 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. You should consider this risk before choosing to invest in the New Notes.

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

Not later than 30 days following a Change of Control (as defined in the New Notes Indenture), the Issuer must make an offer to purchase all outstanding New 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 New Notes — Repurchase of New Notes Upon a Change of Control*." In addition, if the Issuer ceases to own a majority of the Capital Stock (as defined in "*Description of the New Notes*") of Stanmore, or if Stanmore otherwise ceases to be a Restricted Subsidiary, the Issuer must redeem all outstanding New Notes no later than 30 days after the date of such occurrence at a redemption price determined based on the date the New Notes are redeemed, as set forth in the New Notes Indenture. See "*Description of the New Notes — Mandatory Redemption*." However, the Issuer may not have enough available funds at the time any mandatory offer to purchase the New Notes or mandatory redemption of the New Notes is required under the terms of the New Notes Indenture to be made. The Issuer's failure to make the offer to repurchase tendered New Notes or to mandatorily redeem the New Notes for the events referred to above would constitute an Event of Default (as defined in the New Notes 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 New Notes and repay the debt.

In addition, the definition of Change of Control for the purposes of the New Notes Indenture does not necessarily afford protection for the Holders of the New 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 New Notes. The definition of Change of Control for purposes of the New Notes 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 New Notes, and the ability of a Holder of New Notes to require the Issuer to repurchase the New 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 New Notes may be lowered or withdrawn

The ratings assigned to the New Notes may be lowered or withdrawn entirely in the future. The New 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 Guarantor to perform their respective obligations under the terms of the New Notes and the Subsidiary Guarantees and credit risks in determining the likelihood that payments will be made when due under the New 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 a 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 New 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 New Notes differently. A suspension, reduction or withdrawal at any time of the rating assigned to the New Notes or the assignment by a rating agency other than Moody's or Fitch of a rating of the New Notes lower than those provided may adversely affect the market price of the New Notes.

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

We cannot predict whether an active trading market for the New Notes will develop or be sustained. If an active trading market were to develop, the New Notes could trade at prices that may be lower than their initial offering price. The liquidity of any market for the New Notes depends on many factors, including:

- the number of Holders of New Notes;
- the interest of securities dealers in making a market in the New 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 New Notes fails to develop or be sustained, the trading price of the New Notes could be materially and adversely affected. Approval in-principle has been received for the listing and quotation of the New 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 New Notes on any securities exchange other than the SGX-ST. Lack of a liquid, active trading market for the New Notes may adversely affect the price of the New Notes or may otherwise impede a Holder's ability to dispose of the New Notes.

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

The New Notes and the Subsidiary Guarantees have not been registered under, and we are not obligated to register the New 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 New Notes and the Subsidiary Guarantees (including by way of an exchange offer), and we have no intention to do so.

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

The New 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 New Notes entails foreign exchange-related risks, including possible significant changes in the value of the U.S. dollar 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 New Notes below their stated coupon rates and could result in a loss to you when the return on the New 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 New 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. There is also no assurance that the Company's ordinary shares will continue to be listed on the SGX-ST in the future.

The ordinary shares of the Company are, and the New 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 the Company and the New 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 New Notes are accustomed to.

There is no assurance that the Company's ordinary shares will continue to be listed on the SGX-ST in the future. On October 10, 2022, the Company announced that it was in discussions with certain of its shareholders, including Mr. Indra Widjaja, regarding a possible acquisition of the Company. If such acquisition results in a privatization of the Company, the Company will be delisted from the SGX-ST and will no longer be subject to continuing listing obligations in respect of its ordinary shares.

The New Notes will initially be held in book-entry form

The New 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 New 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 New Notes. The common depositary or its nominee will be the sole registered holder of the global notes representing the New Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the New 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 New 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 Noteholder under the New Notes Indenture.

Unlike the Holders of the New 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 New 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 New Notes 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 New Notes. See "*Description of the New Notes — Book-Entry; Delivery and Form*."

The Singapore tax treatment of the New Notes may change

The New Notes to be issued are intended to be "qualifying debt securities" for the purposes of the Income Tax Act 1947 (Chapter 134) (the "ITA") subject to the fulfillment of certain conditions more particularly described in the section entitled "*Taxation — Singapore Taxation — Taxation Relating to Payments on the New Notes*." However, there is no assurance that the New 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 New Notes will not have voting rights at shareholders' meetings

Holders of the New Notes do not have any right to vote at any of GEAR's shareholders' meetings. Consequently, Holders of the New 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 New Notes

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

USE OF PROCEEDS

We will not receive any cash proceeds from the issuance of the New Notes in the Exchange Offer. The Existing Notes surrendered in connection with the Exchange Offer will be canceled.

CAPITALIZATION AND INDEBTEDNESS

The following table shows our total cash (comprising cash and cash equivalents, and restricted cash in banks) and capitalization as of June 30, 2022 (i) on an actual basis and (ii) as adjusted to give effect to the issuance of the New Notes in the Exchange Offer (assuming 75% participation by holders at or prior to the Expiration Deadline and before deducting fees and expenses incurred in connection with the Exchange Offer) and the redemption of all of the outstanding Existing Notes that are not tendered in the Exchange Offer.

You should read this information in conjunction with our financial statements and the related notes included elsewhere in this Exchange Offer Memorandum and the sections in this Exchange Offer Memorandum entitled "*Selected Consolidated Financial Information and Operating Data of GEAR*" and "*Management's Discussion and Analysis of GEAR's Financial Condition and Results of Operations*."

	As of June 30, 2022	
	Actual	**As adjusted**
	($ in millions)	
Cash and cash equivalents	932.9	833.1
Restricted funds[(1)]	30.7	26.7
Total cash	**963.6**	**859.8**
Loans and borrowings — current portion	101.1	101.1
Loans and borrowings — non-current portion	1,204.8	1,111.1
New Notes offered in this Exchange Offer	—	—
Total debt[(2)]	**1,305.9**	**1,212.2**
Equity attributable to equity holders of the Issuer	811.2	707.4
Non-controlling interests	914.2	914.2
Total equity	**1,725.4**	**1,621.6**
Total capitalization	**3,031.3**	**2,833.7**

Notes:

(1) Comprises deposits provided as collateral by subsidiaries of GEMS and funds in the interest reserve accounts for the Existing Notes, the loan facilities at GEAR and the New Notes.

(2) See "*Management's Discussion and Analysis of GEAR's Financial Condition and Results of Operations — Indebtedness*" and "*Description of Material Indebtedness*" for information regarding our long-term borrowings.

(3) This table does not reflect the following events after June 30, 2022:

- Payment of interim dividend of $200 million by GEMS (100% basis) to its shareholders in September 2022 and payment of interim dividend of $100 million by GEMS (100% basis) to shareholders announced in October 2022;
- Principal repayment of $6 million by the Issuer in October 2022 to PT Bank Mandiri (Persero) Tbk, Singapore Branch under the term loan facility;
- Semi-annual interest payment of purchase consideration of $380 million by Dampier to Mitsui in October 2022 for the Final SMC Acquisition;
- Interest payable on existing bonds of approximately US$16 million due on November 14, 2022; and
- $100m deferred payment payable by Stanmore for the SMC Acquisition in November 2022.

Except as disclosed or contemplated in this Exchange Offer Memorandum, there has been no material change in our capitalization since June 30, 2022.

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND OPERATING DATA OF GEAR

The selected consolidated financial information as of December 31, 2019, 2020 and 2021, and for the years then ended, and as of June 30, 2022 and for the six months ended June 30, 2021 and 2022, presented below, has been derived from our Consolidated Financial Statements included elsewhere in this Exchange Offer Memorandum. All segment financial and operational information presented herein is net of intra-segment elimination. The summary consolidated financial information presented below only includes (i) financial information of Stanmore Group on and after May 18, 2020 when Stanmore became a subsidiary of GEAR following the close of the On-Market Takeover Bid on May 18, 2020, and (ii) financial information of SMC on and after May 3, 2022 following the SMC Acquisition. The following information should be read in conjunction with our Consolidated Financial Statements and the related notes thereto included elsewhere in this Exchange Offer Memorandum, "Presentation of Financial Information," "Management's Discussion and Analysis of GEAR's Financial Condition and Results of Operations" and "Risk Factors — General Risks Relating to Our Business."

Consolidated Statement of Comprehensive Income

	Year Ended December 31,			Six Months Ended June 30,	
	2019	2020	2021	2021	2022
			($ in millions)		
Revenue	**1,115.8**	**1,162.7**	**1,874.1**	**806.7**	**2,431.6**
Cost of sales	(751.3)	(786.1)	(1,057.0)	(473.0)	(1,347.4)
Gross profit	**364.5**	**376.6**	**817.1**	**333.7**	**1,084.2**
Other income	16.8	20.3	13.7	5.7	6.8
Selling and distribution expenses	(185.4)	(201.4)	(225.8)	(108.5)	(175.3)
Administrative expenses	(74.1)	(79.3)	(113.5)	(52.2)	(141.3)
Fair value gains	2.5	7.7	(3.5)	1.9	2.1
Finance costs	(34.6)	(37.4)	(55.3)	(32.2)	(41.3)
Other operating expenses	(19.4)	(14.8)	(28.1)	(10.6)	(1.4)
Share of profit/(loss) of joint ventures, net of tax	—	(4.9)	(22.7)	(6.5)	8.0
Profit before tax	**70.3**	**66.8**	**381.9**	**131.3**	**741.8**
Income tax expense	(37.4)	(32.3)	(130.7)	(51.1)	(238.8)
Profit for the year/period	**32.9**	**34.5**	**251.2**	**80.2**	**503.0**
Other comprehensive income not to be reclassified to profit or loss:					
Net actuarial (loss)/gain/on post-employment benefits	(0.3)	0.2	(0.4)	—	—
Net (loss)/gain on equity instruments fair value through other comprehensive income	35.8	(3.4)	(1.8)	6.4	(1.0)
	35.5	(3.2)	(2.2)	6.4	(1.0)

	Year Ended December 31,			Six Months Ended June 30,	
	2019	2020	2021	2021	2022
			($ in millions)		
Other comprehensive income to be reclassified to profit or loss:					
Share of other comprehensive income of a joint venture	—	—	(35.8)	—	(17.1)
Foreign currency translation	(1.1)	24.2	(6.5)	(1.2)	6.8
	(1.1)	24.2	(42.3)	(1.2)	(10.3)
Other comprehensive income for the year/period	**34.4**	**21.0**	**(44.5)**	**5.2**	**(11.3)**
Total comprehensive income for the year/period	**67.3**	**55.5**	**206.7**	**85.4**	**491.7**
Profit for the year/period attributable to:					
Owners of GEAR	10.0	8.1	114.3	29.1	279.0
Non-controlling interests	22.9	26.4	136.9	51.1	224.0
	32.9	**34.5**	**251.2**	**80.2**	**503.0**
Total comprehensive income for the year/period attributable to:					
Owners of GEAR	44.8	25.6	72.0	34.6	274.8
Non-controlling interests	22.5	29.9	134.7	50.8	216.9
	67.3	**55.5**	**206.7**	**85.4**	**491.7**

Consolidated Balance Sheet

	As of December 31,			As of June 30,
	2019	2020	2021	2022
	($ in millions)			
Non-current assets				
Biological assets	6.1	6.6	7.4	9.0
Property, plant and equipment	92.1	140.7	134.3	1,184.4
Mining properties	231.9	402.8	414.0	1,375.9
Intangible assets	10.7	12.1	11.1	10.7
Right-of-use assets	3.3	2.8	4.4	310.6
Goodwill	106.7	98.2	84.8	73.7
Investment in a joint venture	—	48.0	34.3	72.0
Deferred tax assets	7.1	6.9	7.6	6.9
Other receivables	9.0	2.1	16.0	12.1
Restricted funds	18.6	19.3	24.1	30.7
Other non-current assets	53.1	73.9	65.7	65.1
Investment securities	115.1	4.6	29.3	54.3
	653.7	**818.0**	**833.0**	**3,205.4**
Current assets				
Trade and other receivables	136.1	139.6	213.8	695.2
Other current assets	115.1	101.0	86.1	75.7
Investment securities	—	1.9	16.5	1.0
Inventories	23.3	71.2	38.8	120.6
Cash and cash equivalents	177.8	262.8	379.8	932.9
	452.3	**576.5**	**735.0**	**1,825.4**
Current liabilities				
Trade and other payables	237.6	278.2	308.0	836.8
Derivative financial instrument	—	—	4.4	3.0
Loans and borrowings	62.5	113.5	75.7	169.4
Provision for taxation	3.0	10.7	73.4	142.9
Provisions	—	1.9	2.2	3.3
	303.1	**404.3**	**463.7**	**1,155.4**
Net current assets	**149.2**	**172.2**	**271.3**	**670.0**
Non-current liabilities				
Deferred tax liabilities	31.4	80.4	75.2	393.5
Trade and other payables	25.7	32.6	4.9	144.8
Loans and borrowings	257.2	268.5	333.7	1,393.0
Post-employment benefits	4.4	5.0	5.0	4.3
Provisions	5.1	26.2	32.5	214.4
	323.8	**412.7**	**451.3**	**2,150.0**
Net assets	**479.1**	**577.5**	**653.0**	**1,725.4**
Equity attributable to equity holders of GEAR				
Share capital	305.5	305.5	292.3	357.9
Reserves	53.8	79.3	194.4	453.3
	359.3	384.8	486.7	811.2
Non-controlling interests	119.8	192.7	166.3	914.2
Total equity	**479.1**	**577.5**	**653.0**	**1,725.4**

Consolidated Cash Flow Statement

	Year Ended December 31,			Six Months Ended June 30,	
	2019	2020	2021	2021	2022
			($ in millions)		
Net cash flows generated from operating activities	**85.8**	**110.1**	**377.7**	**139.2**	**853.3**
Net cash flows used in investing activities	**(50.4)**	**(75.7)**	**(145.9)**	**(105.0)**	**(1,345.4)**
Net cash flows generated from/(used in) financing activities	**31.0**	**45.7**	**(110.5)**	**(47.3)**	**1,049.8**
Net increase/(decrease) in cash and cash equivalents	66.4	80.1	121.3	(13.1)	557.7
Cash and cash equivalents at the beginning of the year/period	113.1	177.8	262.8	262.8	379.8
Cash and cash equivalents at the end of the year/period	**177.8**	**262.8**	**379.8**	**248.3**	**932.9**

Non-GAAP Financial Measures

	As of and for the year ended December 31,			As of and for the six months ended June 30,
	2019	2020	2021	2022
	($ in millions, except percentages and ratios)			
Adjusted EBITDA[(1)(2)]	129.7	147.9	503.3	866.0
Adjusted EBITDA margin[(1)(2)(3)] (%)	11.6	12.7	26.9	35.6
Adjusted EBITDA/interest expense[(1)(2)(4)]	4.0	4.3	11.9	25.2
Total debt[(5)]	321.8	383.7	416.2	1,305.9
Net debt[(5)]	144.0	120.9	36.4	373.0
Finance cost	34.6	37.4	55.3	41.3
Adjusted EBITDA/finance cost	**3.7**	**4.0**	**9.1**	**21.0**

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 believes 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 Proved 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/period before adjustment for lease expenses under IFRS16, 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 Exchange Offer Memorandum is calculated differently from Consolidated Adjusted EBITDA as defined in the Existing Notes Indenture, which is used in connection with the limitation on incurrence of indebtedness covenant in the New Notes.

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

	Year Ended December 31,			Six Months Ended June 30,	
	2019	2020	2021	2021	2022
			($ in millions)		
Profit for the year/period	**32.9**	**34.5**	**251.2**	**80.2**	**503.0**
Plus:					
Finance costs	34.6	37.4	55.3	32.2	41.3
Income tax expense	37.4	32.3	130.7	51.1	238.8
Depreciation of property, plant and equipment	8.3	15.7	21.4	9.9	32.3
Depreciation of right-of-use assets	2.5	2.4	2.6	1.0	13.6
Amortization of mining properties	4.9	15.0	25.5	6.7	24.2
Amortization of software	0.1	0.1	0.1	0.0	0.0
Amortization of land exploitation	0.5	1.0	1.3	0.6	1.3
Amortization of intangible assets	0.5	0.7	0.9	0.5	0.4
Impairment loss on goodwill	7.0	8.6	13.4	6.0	11.1
Impairment loss on property, plant and equipment	1.0	—	0.9	0.8	—
Impairment of trade receivables	—	0.2	0.0	—	—
Adjusted EBITDA	**129.7**	**147.9**	**503.3**	**189.0**	**866.0**

(3) We define Adjusted EBITDA margin as Adjusted EBITDA divided by revenue.

(4) "Interest expense" refers to interest expense on bank loans and outstanding notes, which is recorded under finance costs in our Consolidated Financial Statements and amounted to $32.6 million, $34.3 million, $42.2 million, $20.9 million and $34.3 million in FY2019, FY2020 and FY2021, 1H2021 and 1H2022, respectively.

(5) We define total debt as the sum of total loans and borrowings (current and non-current), excluding operating lease liabilities which are required to be capitalized in accordance with IFRS 16 Leases and before deducting unamortized discount and unamortized transaction costs relating to the Existing Notes and term loan facilities.

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,			As of June 30,
	2019	2020	2021	2022
		($ in millions)		
Loans and borrowings				
Current	60.8	112.8	74.0	101.1
Non-current	260.9	270.9	342.2	1,204.8
Total debt[(1)]	**321.8**	**383.7**	**416.2**	**1,305.9**
Minus:				
Cash and cash equivalents[(2)]	(177.8)	(262.8)	(379.8)	(932.9)
Net debt	**144.0**	**120.9**	**36.4**	**373.0**

Notes:

(1) Excluding operating lease liabilities which are required to be capitalized in accordance with IFRS 16 Leases and before deducting unamortized discount and unamortized transaction costs relating to the Existing Notes and term loan facilities.

(2) As of December 31, 2019, 2020 and 2021, and June 30, 2022, $40.2 million, $53.5 million, $135.7 million and $93.9 million, respectively, 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,			Six Months Ended June 30,	
	2019	2020	2021	2021	2022
			(Mt)		
Coal production volume[1]					
BIB	28.8	30.5	25.5	14.8	16.0
KIM	1.2	2.0	2.4	1.2	0.9
TKS	0.1	0.0	—	—	—
BSL	0.8	0.9	1.3	0.6	0.7
Total	**30.9**	**33.4**	**29.2**	**16.6**	**17.6**
			(Mt)		
Sales Volume					
Total	**31.0**	**34.0**	**29.5**	**17.2**	**18.1**
			($ in millions)		
Revenue from coal sales					
Total[2]	**1,107.5**	**1,061.4**	**1,586.0**	**733.6**	**1,334.7**
			($ per tonne)		
Average selling price per tonne[3]					
GEMS Group	**35.0**	**31.0**	**53.5**	**42.7**	**73.7**
			($ per tonne)		
Average cash cost per tonne[4]					
GEMS Group	**24.1**	**21.0**	**26.9**	**23.0**	**34.1**

* Less than 0.1

Notes:

(1) Coal production volume reflects the volume of coal mined during the relevant year/period.

(2) Comprises revenue from coal mining and coal trading, which comprises revenue from the sale of coal sourced from other Indonesian coal producers under sales orders that we procure during the year/period.

(3) Average selling price per tonne is calculated by dividing coal sales revenues for the year 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.

Certain operational data of Stanmore Group

	Year Ended December 31,		Six Months Ended June 30,	
	2020[7]	2021	2021	2022
		(Mt)		
Saleable Coal production volume[1]				
Isaac Plains Complex[2]	1.4	2.1	0.8	1.1
South Walker Creek[3]	—	—	—	1.0
Poitrel[3]	—	—	—	0.7
Total	**1.4**	**2.1**	**0.8**	**2.8**

	Year Ended December 31,		Six Months Ended June 30,	
	2020[7]	2021	2021	2022
		(Mt)		
Sales volume[4]				
Isaac Plains Complex[2]	1.4	2.2	0.8	1.1
South Walker Creek[3]	—	—	—	1.1
Poitrel[3]	—	—	—	0.7
Total	**1.4**	**2.2**	**0.8**	**2.9**
		($ in millions)		
Revenue from coal sales				
Total	**97.2**	**286.6**	**72.2**	**1,096.2**
		($ per tonne)		
Average selling price per tonne[5]				
Stanmore Group	**80.5**	**132.8**	**88.8**	**376.7**
Isaac Plains Complex [2]	80.5	132.8	88.8	311.0
South Walker Creek[3]	—	—	—	435.0
Poitrel[3]	—	—	—	390.0
		(Mt)		
Average cash cost per tonne[6]				
Stanmore Group	**83.9**	**78.1**	**100.0**	**87.3**
Isaac Plains Complex[2]	83.9	78.1	100.0	83.7
South Walker Creek[3]	—	—	—	76.6
Poitrel[3]	—	—	—	108.6

* Less than 0.1

Notes:

(1) Saleable coal production volume reflects the clean coal produced during the relevant year/period.

(2) In 1H2022, mining activities at Isaac Plains Complex were transitioned from Isaac Plains East to Isaac Downs mine.

(3) Operational data for South Walker Creek and Poitrel has only been included for the period from May 3, 2022 (the date when SMC's results of operations have been consolidated in GEAR's consolidated results of operations) to June 30, 2022.

(4) Comprises sales of coal produced during the year/period and stockpiled coal.

(5) Average selling price per tonne is calculated by dividing coal sales revenues for the year/period by Stanmore's sales volumes in the same year/period.

(6) Average cash cost per tonne is a measure of Stanmore's costs for coal mining 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.

(7) Only includes operational data of Stanmore Group on and after May 18, 2020 when Stanmore became a subsidiary of GEAR following the close of the On-Market Takeover Bid on May 18, 2020.

SELECTED STANDALONE FINANCIAL INFORMATION OF SMC

The financial information of SMC for the fiscal years ended June 30, 2019, 2020 and 2021 ("SMC Data") presented herein has been extracted or derived from SMC's statutory accounts that were prepared in accordance with Australian Accounting Standards, which may differ in certain significant respects from IFRS or accounting principles generally accepted in other countries that might be material to the financial information herein. The Dealer Manager has not independently verified the SMC Data and no representation or warranty, express or implied, is made as to its fairness, currency, accuracy, adequacy, reliability or completeness of such information. This Exchange Offer Memorandum does not include, or incorporate by reference, any historical standalone financial statements of SMC. See "*Risk Factors — Risks Relating to Financial Information of the Group — The lack of financial information could make it difficult for potential investors to assess SMC's and our business and prospects, as well as our business and prospects if the Potential Segregation was ever implemented.*" *The following information should be read in conjunction with "Presentation of Financial Information," "Selected Standalone Financial Information of SMC," and "Risk Factors — General Risks Relating to Our Business."*

	Fiscal Year Ended June 30,		
	2019	**2020**	**2021**
		($ in millions)	
Revenue from contracts with customers	1,446.1	970.5	778.3
EBITDA[(1)]	606.6	283.1	20.4

Note:

(1) We define EBITDA as (loss)/profit for the year before adjustment for lease expenses under IFRS16, income tax expense, depreciation and amortization expense, and finance costs.

Certain operational data of SMC[(1)]

	Fiscal Year Ended June 30,		
	2019	**2020**	**2021**
		(Mt)	
Saleable coal production volume[(2)]			
South Walker Creek	6.2	5.4	4.9
Poitrel	4.1	4.1	3.9
Total	**10.3**	**9.5**	**8.7**

* Less than 0.1

Notes:

(1) This table presents historical operational data of South Walker Creek and Poitrel prior to the SMC Acquisition.

(2) Saleable coal production volume reflects the volume of clean coal produced during the relevant year.

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

The following discussion and analysis are based upon information contained in our Consolidated Financial Statements, including the notes thereto, included elsewhere in this Exchange Offer 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 Exchange Offer 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 Australia, Indonesia and Singapore. Our business in Australia includes metallurgical coal and gold mining. In Australia, we are a leading metallurgical producer through our subsidiary, Stanmore, and its subsidiaries, and our gold mining business is conducted through our joint venture investment in Ravenswood. In Indonesia, as of the date of this Exchange Offer Memorandum, we are a leading energy coal producer operating through our subsidiary, GEMS, and its subsidiaries. Our operations cover exploration, development, mining, processing and marketing of (i) metallurgical coal sourced from our coal mining concession areas and tenements of Stanmore Group in Australia, (ii) energy coal sourced from coal mining concession areas and tenements of GEMS Group in Indonesia and through coal trading 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.

In May 2022, Stanmore, through its wholly-owned subsidiary, completed the acquisition of an 80% interest in SMC through the acquisition of all of the shares in Dampier from BHP. In August 2022, Stanmore, through Dampier, signed a definitive share sale agreement with Mitsui to acquire the remaining 20% interest in SMC held by Mitsui. The Final SMC Acquisition was completed on October 7, 2022, following which SMC became a wholly-owned subsidiary of Stanmore.

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 metallurgical and energy coal end-users including steel producers, 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. For example, China imposed a ban against coal imports from Australia in December 2020 amid trade and political tensions. Demand for a commodity affects prices globally, and fluctuations in demand has been reflected in fluctuations in prices.

A high degree of uncertainty over the global outlook remains. Heightened geopolitical uncertainties, increased risks of inflation and tighter monetary policy leave the global economy more vulnerable and raise the risk of global recession. In 2022, the global economy has experienced a general slowdown and governments have engaged in spending reductions, including investments in infrastructure projects. In addition, construction activities in China have significantly declined amid the prolonged downturn of China's real estate market. All these events have had an impact on the demand for steel and caused volatility in the demand for and prices of metallurgical coal. The conflict between Russia and Ukraine has highlighted already increasing polarization globally, bringing to the fore issues such as energy security concerns, security threats and competition between different trade and economic systems. Global supply chains have been upended as a consequence of both the pandemic and the geopolitical environment, and the transition time required to get around bottlenecks and add new capacity could mean that price levels remain elevated for longer.

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.

Our revenue from our coal business 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.

Coal Production and Selling Prices

Coal Production

Our coal revenue is 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 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, an annual activity report must be lodged for each mining lease for coal within two months after each anniversary of the day the mining lease takes effect. 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 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 coal mining operations can be adversely impacted by inclement weather. In Australia, our mining operations have 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. In Indonesia, our mining operations have faced disruptions to production schedule and closures of transportation methods, 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 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 is set out in the tables below for the periods indicated.

	Year Ended December 31,		Six Months Ended June 30,	
	2020[4]	2021	2021	2022
	($ per tonne)			
Average selling price per tonne[1]				
Stanmore Group	**80.5**	**132.8**	**88.8**	**376.7**
Isaac Plains Complex[2]	80.5	132.8	88.8	311.0
South Walker Creek[3]	—	—	—	435.0
Poitrel[3]	—	—	—	390.0

Notes:

(1) Average selling price per tonne is calculated by dividing coal sales revenues for the year/period by Stanmore's sales volumes in the same year/period.

(2) In 1H2022, mining activities at Isaac Plains Complex were transitioned from Isaac Plains East to Isaac Downs mine.

(3) Operational data for South Walker Creek and Poitrel has only been included for the period from May 3, 2022 (the date when SMC's results of operations have been consolidated in GEAR's consolidated results of operations) to June 30, 2022. See "*Selected Standalone Financial Information of SMC — Certain operational data of SMC*" for details on historical operational data of South Walker Creek and Poitrel for the periods prior to the SMC Acquisition.

(4) Only includes operational data of Stanmore Group on and after May 18, 2020 when Stanmore became a subsidiary of GEAR following the close of the On-Market Takeover Bid on May 18, 2020.

	Year Ended December 31,			Six Months Ended June 30,	
	2019	2020	2021	2021	2022
			($ per tonne)		
Average selling price per tonne[1]					
GEMS Group	**35.0**	**31.0**	**53.5**	**42.7**	**73.7**

Note:

(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.

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.

Stanmore's coal sales agreements with customers have a range of terms, up to three years, with 12 months currently being the most prevalent. 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. Stanmore's coal sales contracts with its customers generally contain quarterly or monthly pricing provisions that are linked to the PLV HCC Index or any other relevant coal index, subject to certain adjustments. For GEMS, the sale 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. 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. 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.

See also "*Related Party Transactions — Stanmore Transactions with Related Parties — Marketing Services Agreement*" for a description of the coal marketing arrangements in place with M Resources Trading Pty Ltd and "*Risk Factors — 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.*"

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 Stanmore Group, the contract mining activities at Isaac Downs and South Walker Creek are currently undertaken by EPSA, a wholly-owned subsidiary of the Spain-based EPSA Group and HSE Mining, respectively. Previously, our mining contractor for FY2019, FY2020, FY2021 and part of 1H2022 at Isaac Plains Complex was Golding Contractors Pty Ltd. EPSA provides, maintains and operates 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 assist with maintaining the CHPP's and our draglines. See also "*Description of Material Agreements — EPSA Mining Services Agreement*" *and* "*Description of Material Agreements — HSE Mining Services Agreement*". 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.

At the GEMS Group, our mining contractors in FY2020, FY2021 and 1H2022 were PT Saptaindra Sejati ("SIS"), PT Putra Perkasa Abadi ("PPA") and PT Cipta Kridatama ("CK"). In FY2019, all mining contractor services in connection with our KIM concession area were provided by PT Artamulia Tatapratama, and in FY2020, 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, with whom we have been in partnership since GEMS was listed on the Indonesian Stock Exchange ("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.

We have entered into a multi-year agreement with ESPA for the operation of the Isaac Downs mine. Under the agreement, 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. At South Walker Creek and Poitrel, Stanmore is the operator and all contracts are directly with Stanmore or SMCH. At South Walker Creek, there is a major contract with HSE for the provision of the pre-strip mining fleet. At Poitrel, there is a contract with Sedgman Pty Ltd ("Sedgman") to operate and manage the CHPP. Both HSE and Sedgman have supporting contracts in place.

Mining services represented 46.0%, 49.9%, 45.4%, 49.3% and 27.0% of our cost of sales in FY2019, FY2020 and FY2021, and 1H2021 and 1H2022, 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 tables summarizes our average cash cost per tonne for the periods indicated.

	Year Ended December 31,		Six Months Ended June 30,	
	2020[4]	2021	2021	2022
	($ per tonne)			
Average cash cost per tonne[1]				
Stanmore Group	**83.9**	**78.1**	**100.0**	**87.3**
Isaac Plains Complex[2]	83.9	78.1	100.0	83.7
South Walker Creek[3]	—	—	—	76.6
Poitrel[3]	—	—	—	108.6

Notes:

(1) Average cash cost per tonne 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.

(2) In 1H2022, mining activities at Isaac Plains Complex were transitioned from Isaac Plains East to Isaac Downs mine.

(3) Operational data for South Walker Creek and Poitrel has only been included for the period from May 3, 2022 (the date when SMC's results of operations have been consolidated in GEAR's consolidated results of operations) to June 30, 2022.

(4) Only includes operational data of Stanmore Group on and after May 18, 2020 when Stanmore became a subsidiary of GEAR following the close of the On-Market Takeover Bid on May 18, 2020.

	Year Ended December 31,			Six Months Ended June 30,	
	2019	2020	2021	2021	2022
			($ per tonne)		
Average cash cost per tonne[1]					
GEMS Group	**24.1**	**21.0**	**26.9**	**23.0**	**34.1**

Note:

(1) Average cash cost per tonne 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.

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.

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.

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 Queensland, the Mineral Resources Act 1989 (Qld) ("MRA") and the Energy Resources (Common Provisions) Act 2014 (Qld) ("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 MRA001.3: Determination of coal royalty ("Public Ruling") provides that, with effect from July 1, 2022, 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;
- if the average price per tonne for a period is more than A$150 but less than or equal to A$175: 7% on the first A$100, 12.5% on the next A$50 and 15% on the balance;
- if the average price per tonne for a period is more than A$175 but less than or equal to A$225: 7% on the first A$100, 12.5% on the next A$50, 15% on the next A$25 and 20% on the balance;
- if the average price per tonne for a period is more than A$225 but less than or equal to A$300: 7% on the first A$100, 12.5% on the next A$50, 15% on the next A$25, 20% on the next A$50 and 30% on the balance; and
- if the average price per tonne for a period is more than A$300: 7% on the first A$100, 12.5% on the next A$50, 15% on the next A$25, 20% on the next A$50, 30% on the next A$75 and 40% 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.

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 BSL) 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 and BSL) or 5.0% (in the case of KIM) of "Free-on-Board" ("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.

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. The following table summarizes the average strip ratios at each of our concessions with mines in production in Australia and Indonesia for the periods indicated.

	Year Ended December 31,		Six Months Ended June 30,	
	2020[4]	2021	2021	2022
	(Bank cubic meters per tonne)			
Average strip ratio[1]				
Stanmore Group	**12.1**	**9.0**	**10.7**	**7.5**
Isaac Plains Complex[2]	12.1	9.0	10.7	5.4
South Walker Creek[3]	—	—	—	8.0
Poitrel[3]	—	—	—	10.7

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) In 1H2022, mining activities at Isaac Plains Complex were transitioned from Isaac Plains East to Isaac Downs mine.

(3) Operational data for South Walker Creek and Poitrel has only been included for the period from May 3, 2022 (the date when SMC's results of operations have been consolidated in GEAR's consolidated results of operations) to June 30, 2022.

(4) Only includes operational data of Stanmore Group on and after May 18, 2020 when Stanmore became a subsidiary of GEAR following the close of the On-Market Takeover Bid on May 18, 2020.

Foreign Exchange Rate Fluctuations

Our consolidated financial statements are reported in U.S. dollars. The functional currency of GEAR and Stanmore is the U.S. 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. In FY2019, FY2020, FY2021, 1H2021 and 1H2022, 31.7%, 36.9%, 30.4%, 32.8% and 16.7% of our sales, respectively, were denominated in non-U.S. dollars currencies, which we refer to as "foreign currencies."

At Stanmore, revenue is denominated in U.S. dollars, while expenses are predominantly 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. Some Stanmore expenses are denominated in U.S. dollars with the remainder predominantly in Australian dollars. U.S. dollars expenses include the following: banking/interest charges, marketing fees, demurrage, private royalties and some Heavy Mining Equipment ("HME")/dragline parts. Some expenses are denominated in Australian dollars but derived from U.S. dollars, for example fuel, royalties paid to the Queensland Government with the remainder denominated and derived in Australian dollars. Accordingly, fluctuating 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.

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. 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 Australia and Indonesia. 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 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. 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. For more information, see "*Regulation — Australian Regulations — Mining Regulations.*"

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 Coal Mining Businesses — Our coal mining operations and forestry businesses are dependent on our ability to obtain, maintain and renew licenses, permits and approvals from the Australian Government, Indonesian Government and other relevant government authorities*" and "*Risks Factors — Risks Relating to Indonesia — 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.*"

Acquisitions and Dispositions

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 May 2020, via our 79.7% owned subsidiary GIAPL, our effective shareholding in Stanmore increased to approximately 60.0%, following our On-Market Takeover Bid, which added to and help expand and diversify our product offerings into metallurgical coal and established our presence in Australia. In December 2021, we acquired the remaining 20.3% shareholding in GIAPL, following which GIAPL became a wholly-owned subsidiary of the Issuer, and our effective interest in Stanmore increase to 75.3%. In March 2022, Stanmore announced a partially underwritten 7 for 3 pro rata accelerated renounceable entitlement offer, following which the Issuer's effective interest in Stanmore was diluted to approximately 64.0%. As of June 30, 2022, GIAPL owned approximately 64.0% of Stanmore.

The Stanmore acquisition has helped increase our coal reserve base, which sustains planned organic expansion plans. The Stanmore acquisition has also helped expand and diversify our product offerings into metallurgical coal and established our presence in Australia.

In May 2022, Stanmore, through its wholly-owned subsidiary, acquired an 80% interest in SMC. In August 2022, Stanmore entered into the Final SMC Acquisition to acquire the remaining 20.0% interest in SMC. The Final SMC Acquisition was completed on October 7, 2022, following which SMC became a wholly-owned subsidiary of Stanmore. The SMC Acquisition allowed Stanmore to become a leading global metallurgical coal producer with a portfolio of high quality assets with long life and track record of generating strong earnings. SMC'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.

In 2018, we diversified our portfolio to include the gold mining business. In 2020, we undertook the Ravenswood acquisition, which 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.

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. We also expect the Potential Segregation (if at all implemented) to have an impact on our results of operations and financial condition going forward. See also "*Risk Factors — General 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 the COVID-19 Pandemic

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 energy 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. In 2022, the lockdowns and other measures implemented by the Chinese government in response to COVID-19 have had a negative impact on the macro economy. There was a decline in demand from China for metallurgical coal and energy coal, which in turn led to volatility in coal prices. The COVID-19 pandemic also directly impacted our business operations due to the increase in labor absenteeism, which directly affected our overall operations. The restrictions placed on movements in Indonesia and Australia also required us to delay our exploration activities.

Critical Accounting Policies

Our Consolidated Financial Statements contained elsewhere in this Exchange Offer 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 Exchange Offer 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.

Sales of Coal. 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 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.

Sales of Plywood and Logs. Revenue is recognized when the goods are delivered to the customer and all criteria for acceptance have been satisfied.

Dividend Income. 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. Interest income is accrued on a time proportion basis using the effective interest method.

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 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 judgments 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 judgments made in estimating the size and grade of the coal body.

We determine and report our coal reserves under the principles incorporated in the 2012 JORC Code, which is sponsored by the Australian mining industry and its professional organizations.

Consequently, we 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 2012 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.

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 recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to us 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 50 years
Plant and machinery	4 to 30 years/unit of production
Motor vehicles	4 to 8 years
Computers and office equipment	3 to 8 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 consists mainly of the accumulated cost of land clearing, planting, fertilizing and up-keeping/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 amortized using the straight-line method over their estimated useful lives.

Constructions in-progress are stated at cost, including capitalized 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 derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the assets is included in profit or loss in the year the asset is derecognized.

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 Proved 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 Exchange Offer 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,			Six Months Ended June 30,	
	2019	2020[(1)]	2021	2021	2022[(2)]
			($ in millions)		
Energy coal	1,114.3	1,064.3	1,586.0	733.6	1,334.7
Metallurgical coal	—	97.2	286.6	72.2	1,096.2
Non coal business	1.5	1.2	1.5	0.9	0.7
Total	**1,115.8**	**1,162.7**	**1,874.1**	**806.7**	**2,431.6**

Notes:

(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.

(2) Our consolidated financial statements as of and for the six months ended June 30, 2022 include two months of results of operations of SMC following the SMC Acquisition in May 2022.

Our top three sales markets in FY2019, FY2020, FY2021, 1H2021 and 1H2022 were Indonesia, China and India. Indonesia sales accounted for 31.7%, 36.9%, 30.4%, 35.4% and 17.9% of our total revenue in FY2019, FY2020, FY2021, 1H2021 and 1H2022, respectively. China sales accounted for 39.1%, 29.9%, 38.8%, 35.8% and 17.2% of our total sales in FY2019, FY2020, FY2021, 1H2021 and 1H2022, respectively. As Indonesia and China sales are primarily attributable to GEMS, the contribution of Indonesia and China sales to our total revenue in 1H2022 as compared to 1H2021 decreased due to the inclusion of two months of results of operations of SMC and stronger revenue contribution from Stanmore

in 1H2022. India sales accounted for 22.5%, 20.3%, 12.7%, 17.8% and 26.1% of our total sales in FY2019, FY2020, FY2021, 1H2021 and 1H2022, 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,			Six Months Ended June 30,	
	2019	2020	2021	2021	2022
			($ in millions)		
India	250.6	235.8	237.4	143.9	634.0
Indonesia	353.6	428.6	570.1	285.5	435.8
China	436.6	347.4	726.6	288.5	417.9
Japan	0.1	49.5	168.5	37.1	416.2
South Korea	29.5	17.8	63.3	24.1	242.3
Brazil	—	—	—	—	64.0
Netherlands	—	7.2	43.8	5.5	46.8
Malaysia	0.2	18.1	3.5	3.5	45.7
Philippines	13.4	21.8	33.5	11.5	38.2
Cambodia	12.2	18.0	3.6	3.6	—
Others	19.6	18.5	23.8	3.5	90.7
Total	**1,115.8**	**1,162.7**	**1,874.1**	**806.7**	**2,431.6**

Our 10 largest customers in each of 2019, 2020, 2021, 1H2021 and 1H2022 accounted for 63.0%, 57.1%, 46.6%, 53.8% and 49.0% of our total revenue in such periods, respectively. Our largest customer in each of 2019, 2020, 2021, 1H2021 and 1H2022 accounted for 17.4%, 15.5%, 10.8%, 13.7% and 8.4% of our total revenue in such periods, respectively. See "*Business — Major Customers and Suppliers — Major Customers.*"

Cost of Sales

Our cost of sales comprises 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 is adjusted for increases or decreases in coal inventory.

Our cost of sales attributable to our coal mining segment comprises 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 cash proceeds paid to (i) the Queensland Government in respect of our mines in Australia and (ii) the Ministry of Energy and Mineral Resources from the sale of 13.5% (in the case of BIB and BSL) 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, run-of-mine ("ROM") stockpile or port. 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 modeling, 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,			Six Months Ended June 30,	
	2019	2020	2021	2021	2022
			($ in millions)		
Royalty	145.9	139.1	230.9	97.9	365.3
Mining services	345.6	392.3	480.2	233.2	363.8
Mining overhead	91.9	91.5	122.1	58.9	195.2
Coal freight	93.1	89.6	87.1	46.4	62.7
Amortization	4.5	14.5	25.1	6.4	34.1
Depreciation	3.3	8.8	14.2	6.5	28.7
Land exploration	9.2	13.6	16.2	4.9	15.7
Equipment rental	5.7	5.3	7.1	2.4	5.2
Processing costs	—	6.8	4.5	1.9	1.1
Total production cost	**699.2**	**761.5**	**987.4**	**458.5**	**1,071.8**
Movement in coal inventory	44.5	20.6	68.2	13.7	275.0
Cost of coal purchased	6.2	2.8	—	—	—
Cost of inventories and harvesting of sawn logs	1.4	1.2	1.4	0.8	0.6
Total	**751.3**	**786.1**	**1,057.0**	**473.0**	**1,347.4**

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,			Six Months Ended June 30,	
	2019	2020	2021	2021	2022
			($ in millions)		
Interest income	9.8	8.6	8.7	4.4	4.3
Insurance claims	—	6.8	—	—	—
Dividend income	5.4	2.9	0.3	—	—
Others	1.6	2.0	4.7	1.3	2.5
Total	**16.8**	**20.3**	**13.7**	**5.7**	**6.8**

Selling and Distribution Expenses

Selling and distribution expenses comprise 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,			Six Months Ended June 30,	
	2019	2020	2021	2021	2022
			($ in millions)		
Freight and stockpile	172.1	186.6	212.7	102.9	145.4
Marketing expenses	0.2	1.5	4.7	1.3	17.1
Insurance premium	6.5	6.4	1.0	0.5	8.8
Depreciation	1.4	2.6	3.1	1.6	1.5
Surveyor fee	2.8	2.6	1.9	1.1	1.1
Repair and maintenance	1.1	1.1	0.9	0.5	0.5
Export documentation	0.2	0.3	0.7	0.3	0.4
Amortization of intangible assets	—	0.2	0.4	0.2	0.2
Others	1.1	0.1	0.4	0.1	0.3
Total	**185.4**	**201.4**	**225.8**	**108.5**	**175.3**

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,			Six Months Ended June 30,	
	2019	2020	2021	2021	2022
			($ in millions)		
Salaries, benefit and employee welfare	27.7	32.8	55.2	29.3	54.1
Taxes	5.2	5.5	6.4	3.7	35.4
Legal and professional fees	12.0	14.2	18.8	6.0	26.4
License and permits	2.2	2.5	4.5	1.7	10.0
Repair and maintenance	9.9	7.5	6.3	3.2	3.3
Depreciation of right of use	—	2.0	2.3	0.8	3.2
Depreciation	2.6	3.7	3.8	1.6	2.0
Corporate social responsibilities	4.8	2.3	6.6	1.3	1.5
Office expenses	1.8	2.0	1.9	0.9	1.3
Insurance	1.2	1.6	1.9	0.9	1.0
Travel and transportation	2.0	1.3	1.5	0.6	1.0
Rental of building, vehicle and equipment	2.3	1.3	0.3	0.5	0.1
Electricity and communication	0.4	0.4	0.3	0.2	0.1
Education and training	0.4	0.1	0.5	0.1	0.1
Amortization of software	0.1	0.1	*	*	*
Others	1.5	2.0	3.2	1.4	1.8
Total	**74.1**	**79.3**	**113.5**	**52.2**	**141.3**

* Less than 0.1

Fair Value Gains

Fair value gains comprise gains on biological assets, re-measurement 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, trade financing and lease liabilities. They also comprise of notional interest on provision and contingent consideration, amortization of discounted loans and borrowings, early redemption of the Issuer's $150 million 9.0% senior secured notes due 2023 (the "2023 Notes") expenses and other miscellaneous finance costs. The following table provides details of our finance costs for the periods indicated.

	Year Ended December 31,			Six Months Ended June 30,	
	2019	2020	2021	2021	2022
			($ in millions)		
Interest expense on bank loans and trade financing	32.6	34.3	42.2	20.9	34.3
Interest expense on lease liabilities	0.4	0.2	0.4	0.1	5.0
Notional interest on provision and contingent consideration	—	1.6	1.2	0.7	1.2
Amortization of discounted loans and borrowings	0.4	0.4	0.7	0.3	0.4
Early redemption of 2023 Notes expenses	—	—	9.4	9.5	—
Others	1.2	0.9	1.4	0.6	0.4
Total	**34.6**	**37.4**	**55.3**	**32.2**	**41.3**

Other Operating Expenses

Other operating expenses primarily comprise impairment loss on goodwill which relates to forestry business, net realized and unrealized foreign exchange loss/(gain) on translation, depreciation of property, plant and equipment, computers, furniture and fittings and motor vehicles, amortization of intangible assets, amortization of mining properties, 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,			Six Months Ended June 30,	
	2019	2020	2021	2021	2022
			($ in millions)		
Impairment loss on goodwill	7.0	8.6	13.4	6.0	11.1
Exploration expenses	0.4	0.2	1.8	0.5	0.4
Amortization of intangible assets	0.5	0.5	0.5	0.3	0.3
Amortization of mining properties	—	—	0.5	0.2	0.2
Depreciation of right of use	2.5	0.4	0.4	0.2	0.2
Depreciation	0.9	0.6	0.3	0.2	0.1
Gain on disposal of investment	—	(0.1)	—	—	—
Impairment loss on property, plant and equipment	1.0	—	0.9	0.8	—

	Year Ended December 31,			Six Months Ended June 30,	
	2019	2020	2021	2021	2022
			($ in millions)		
Provision/(Reversal) for mining activities	2.9	(2.8)	(1.0)	(1.3)	(0.1)
Foreign exchange loss/(gain), net	2.3	5.5	8.9	3.7	(12.1)
Others	1.9	1.9	2.4	*	1.3
Total	**19.4**	**14.8**	**28.1**	**10.6**	**1.4**

* Less than 0.1

Share of profit/(loss) of joint ventures (net of tax)

Share of profit/(loss) of joint ventures (net of tax) comprises our share of results from Ravenswood and MetRes.

Income Tax Expenses

We are subject to corporate income tax primarily in Indonesia, Australia and Singapore. For 2021 and 1H2022, the corporate income tax rate applicable to the entities in Singapore is 17% (2020: 17%), the corporate income tax rate applicable to the subsidiaries in Indonesia is 22% (2020: 22%) and the corporate income tax rate applicable to the subsidiaries in Australia is 30% (2020: 30%). 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,			Six Months Ended June 30,	
	2019	2020	2021	2021	2022
			($ in millions)		
Revenue	**1,115.8**	**1,162.7**	**1,874.1**	**806.7**	**2,431.6**
Cost of sales	(751.3)	(786.1)	(1,057.0)	(473.0)	(1,347.4)
Gross profit	**364.5**	**376.6**	**817.1**	**333.7**	**1,084.2**
Other income	16.8	20.3	13.7	5.7	6.8
Selling and distribution expenses	(185.4)	(201.4)	(225.8)	(108.5)	(175.3)
Administrative expenses	(74.1)	(79.3)	(113.5)	(52.2)	(141.3)
Fair value gains	2.5	7.7	(3.5)	1.9	2.1
Finance costs	(34.6)	(37.4)	(55.3)	(32.2)	(41.3)
Other operating expenses	(19.4)	(14.8)	(28.1)	(10.6)	(1.4)
Share of profit/(loss) of joint ventures, net of tax	—	(4.9)	(22.7)	(6.5)	8.0
Profit before tax	**70.3**	**66.8**	**381.9**	**131.3**	**741.8**
Income tax expense	(37.4)	(32.3)	(130.7)	(51.1)	(238.8)
Profit for the year/period	**32.9**	**34.5**	**251.2**	**80.2**	**503.0**

	Year Ended December 31,			Six Months Ended June 30,	
	2019	2020	2021	2021	2022
			($ in millions)		
Other comprehensive income not to be reclassified to profit or loss:					
Net actuarial gain/(loss) on post-employment benefits	(0.3)	0.2	(0.4)	—	—
Net (loss)/gain on equity instruments fair value through other comprehensive income	35.8	(3.4)	(1.8)	6.4	(1.0)
	35.5	(3.2)	(2.2)	6.4	(1.0)
Other comprehensive income to be reclassified to profit or loss:					
Share of other comprehensive income of a joint venture	—	—	(35.8)	—	(17.1)
Foreign currency translation	(1.1)	24.2	(6.5)	(1.2)	6.8
	(1.1)	24.2	(42.3)	(1.2)	(10.3)
Other comprehensive income for the year/period	**34.4**	**21.0**	**(44.5)**	**5.2**	**(11.3)**
Total comprehensive income for the year/period	**67.3**	**55.5**	**206.7**	**85.4**	**491.7**
Profit for the year/period attributable to:					
Owners of GEAR	10.0	8.1	114.3	29.1	279.0
Non-controlling interests	22.9	26.4	136.9	51.1	224.0
	32.9	**34.5**	**251.2**	**80.2**	**503.0**
Total comprehensive income for the year/period attributable to:					
Owners of GEAR	44.8	25.6	72.0	34.6	274.8
Non-controlling interests	22.5	29.9	134.7	50.8	216.9
	67.3	**55.5**	**206.7**	**85.4**	**491.7**

1H2022 Compared to 1H2021

In May 2022, Stanmore, through its wholly-owned subsidiary, Stanmore SMC Holdings Pty Ltd ("SMCH"), acquired a 100% interest in Dampier, which held an 80% interest in SMC. As such, our consolidated financial statements as of and for the six months ended June 30, 2022 include two months of results of operations of SMC. Accordingly, our results of operations for 1H2022 and 1H2021 are not comparable.

Revenue. Revenue increased by 201.4% to $2,431.6 million in 1H2022 from $806.7 million in 1H2021. The overall increase in revenue was mainly due to the consolidation of results from SMC following completion of the SMC Acquisition, as well as increases in the average selling prices ("ASP") of coal in 1H2022.

- *Energy coal*. Revenue from the energy coal segment increased to $1,334.7 million in 1H2022, representing an increase of 81.9% (or $601.1 million) from $733.6 million in 1H2021. The increase in revenue was mainly attributable to an increase in the ASP of energy coal of 72.6%, from $42.7 per tonne in 1H2021 to $73.7 per tonne in 1H2022, coupled with a slight increase in sales volume from 17.2 Mt in 1H2021 to 18.1 Mt in 1H2022. The average Indonesia Coal Index ("ICI4") in 1H2022, a better proxy for the majority of our coal quality, was $85.0 per tonne, an increase from the average ICI4 in 1H2021 of $47.9 per tonne.

- *Metallurgical coal*. Revenue from the metallurgical coal segment increased significantly from $72.3 million in 1H2021 to $1,096.2 million in 1H2022. The increase was contributed by two months' results of SMC upon the completion of the SMC Acquisition on May 3, 2022, coupled with an increase in realized ASP of 324.2%, from $88.8 per tonne in 1H2021 to $376.7 per tonne in 1H2022. In addition, excluding SMC, sales volume increased moderately from 0.8 Mt in 1H2021 to 1.1 Mt in 1H2022. The average PLV and average pulverized coal injection ("PCI") indices price increased from $132.2 per tonne and $109.2 per tonne in 1H2021 to $466.8 per tonne and $406.4 per tonne in 1H2022, respectively.

- *Non-coal businesses*. Revenue from non-coal businesses comprises plywood and rubber sales. The decrease of $0.2 million from $0.9 million in 1H2021 to $0.7 million in 1H2022 was mainly due to lower sales volume from the forestry division during the financial period.

Cost of sales. Cost of sales increased by 184.9% from $473.0 million in 1H2021 to $1,347.4 million in 1H2022. This was mainly due to higher royalty and cash costs on certain costs linked to index prices coupled with higher strip ratio for the energy coal segment and the inclusion of two months' results from SMC coupled with higher royalty for the metallurgical coal segment.

Gross profit. For the reasons described above, gross profit increased by 224.9% to $1,084.2 million in 1H2022 from $333.7 million in 1H2021. Our gross margin increased to 44.6% in 1H2022 compared to 41.4% in 1H2021.

Other income. Other income increased by 19.1% to $6.8 million in 1H2022 from $5.7 million in 1H2021 primarily due to an increase in reclamation income from the forestry segment.

Selling and distribution expenses. Selling and distribution expenses increased by 61.6% to $175.3 million in 1H2022 from $108.5 million in 1H2021 mainly due to the inclusion of two months' results from SMC in 1H2022.

Administrative expenses. Administrative expenses increased by 170.5% from $52.2 million in 1H2021 to $141.3 million in 1H2022. The increase was mainly due to the inclusion of two months' results from SMC, as well as stamp duty and professional fees incurred in relation to the SMC Acquisition in 1H2022.

Fair value gains. Fair value gains increased by 10.5% from $1.9 million in 1H2021 to $2.1 million in 1H2022. The fair value gains of $2.1 million in 1H2022 arose from the fair value re-measurement on the investment securities held by the Group.

Finance costs. Finance costs increased by 28.5% from $32.2 million in 1H2021 to $41.3 million in 1H2022. The increase was mainly due to interest incurred on the loans secured in relation to the SMC Acquisition in 1H2022.

Other operating expenses. Other operating expenses decreased by 87.1% to $1.4 million in 1H2022 from $10.6 million in 1H2021. This was mainly due to foreign exchange gain of $12.1 million in 1H2022 which resulted from the appreciation of the United States dollar against the Australia dollar, partially offset by (i) the higher provision of impairment loss of $11.1 million, and (ii) the lower reversal of mining activities of $0.1 million in 1H2022 as compared to $1.3 million in 1H2021.

Share of profit/(loss) of joint ventures (net of tax). We recorded a share of profit of joint ventures (net of tax) of $8.0 million in 1H2022, as compared to a share of loss of $6.5 million in 1H2021. This was attributable to the improved performance of MetRes which resulted from the higher realized ASP in metallurgical cost and better operation performance, partially offset by the share of loss from the Ravenswood Gold Mine largely due to sub-optimal cost structure as the mine undergoes capacity expansion.

Profit before tax. For the reasons described above, we recorded profit before tax of $741.8 million in 1H2022 compared to $131.4 million in 1H2021.

Income tax expense. Income tax expenses increased by 367.0% from $51.1 million in 1H2021 to $238.8 million in 1H2022, mainly due to higher taxable profits generated from both energy coal and metallurgical coal segments.

Profit for the period. Due to the factors above, the Group's net profit increased by 526.9% to $503.0 million in 1H2022 as compared to $80.2 million in 1H2021.

2021 Compared to 2020

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, 2020 and 2021 are not comparable.

Revenue. Revenue increased by 61.2% from $1,162.7 million in FY2020 to $1,874.1 million in FY2021, largely led by strong commodity prices and consolidation of Stanmore's revenue for the full 12 months in FY2021 as compared to seven months in FY2020, offset by lower energy coal sales volumes.

- *Energy coal*. Revenue from our energy coal segment increased by 49.0% from $1,064.3 million in FY2020 to $1,586.0 million in FY2021. This was mainly due to an increase in ASP of energy coal of 72.3% from $31.0 per tonne in FY2020 to $53.5 per tonne in FY2021, partially offset with a decline in sales volume from 33.3 Mt in FY2020 to 28.8 Mt in FY2021. The average ICI4 in FY2021 was $65.3 per tonne (FY2020: $29.4 per tonne). Our energy coal segment production volume decreased from 33.5 Mt in FY2020 to 29.1 Mt in FY2021 negatively impacted by unfavorable weather condition in South Kalimantan.

- *Metallurgical coal*. Revenue from our metallurgical coal segment increased by 194.7% from $97.2 million in FY2020 to $286.6 million in FY2021. The higher revenue was attributable to the higher coal sales volume in FY2021, with the consolidation of Stanmore's full year results as compared to 2020 which only included about 7.5 months' results, as well as higher ASP realization in FY2021 of $132.8 per tonne as compared to $80.5 per tonne in FY2020. The average HCC index price increased from $110.6 per tonne in the period from May 18, 2020 to December 31, 2020 to $208.1 per tonne in FY2021. Further, FOB cash cost (on ex-royalty basis) decreased from US$83.9 per tonne for the period from May 18, 2020 to December 31, 2020 to US$78.1 per tonne in FY2021 through the implementation of cost optimization strategies, coupled with transition of mining from Isaac Plains East to Isaac Downs which has a lower strip ratio.

- *Non-coal*. Revenue from our non-coal businesses segment increased by 33.3% from $1.2 million in FY2020 to $1.6 million in FY2021, mainly due to better performance from forestry division during the financial year.

Cost of sales. Cost of sales increased by 34.5% from $786.1 million in FY2020 to $1,057.0 million in FY2021. This was due to (i) higher cash cost (excluding royalty) of the energy coal segment from $21.0 per tonne in FY2020 to $26.9 per tonne in FY2021, attributable to higher strip ratios and increase in contractor rate, which have certain elements linked to movement in ICI4 Index; (ii) higher royalty as a result of higher ASP realized from both energy coal and metallurgical coal segments; (iii) higher expenses relating to the expensing of the remaining overburden in advance inventories for Isaac Plains (for which mining has ceased in the first quarter of 2022); and (iv) the consolidation of Stanmore's results for the full 12 months in FY2021.

Gross profit. For the reasons described above, gross profit increased by 117.0% from $376.6 million in FY2020 to $817.2 million in FY2021. Our gross margin increased to 43.6% in FY2021 compared to 32.4% in FY2020.

Other income. Other income decreased by 32.7% from $20.3 million in FY2020 to $13.7 million in FY2021, mainly due to lesser dividend income received during the year and lower miscellaneous income in relation to the absence of a business interruption insurance claim in FY2020.

Selling and distribution expenses. Selling and distribution expenses increased by 12.1% from $201.4 million in FY2020 to $225.8 million in FY2021 mainly due to the higher demurrage costs incurred resulting from unfavorable weather conditions and consolidation of Stanmore's financial results for the full 12 months in FY2021.

Administrative expenses. Administrative expenses increased by 43.1% from $79.3 million in FY2020 to $113.5 million in FY2021 mainly due to higher remuneration in line with better performance, higher cost incurred in relation to our commitment on corporate social responsibilities, professional fees incurred for the on-going corporate exercise and the consolidation of Stanmore's financial results for the full 12 months.

Fair value gains/(losses). Fair value losses of $3.5 million arose in FY2021 compared to fair value gains of $7.7 million in FY2020. The movement was mainly due to unfavorable fair value re-measurements on investment securities held by the Group.

Finance costs. Finance costs increased by 47.8% from $37.4 million in FY2020 to $55.3 million in FY2021 mainly due to an increase in loans and borrowings of $27.4 million and one-off expenses amounting to $10.4 million consisting of (i) noteholder consent fee of $0.4 million, (ii) redemption premium of the 2023 Notes of $6.8 million and (iii) non-cash items totaling $3.2 million in relation to write-off of unamortized debts issuance cost of $2.4 million and unamortized discount on the 2023 Notes of $0.8 million.

Other operating expenses. Other operating expenses increased by 89.6% from $14.8 million in FY2020 to $28.1 million in FY2021 mainly due to the impairment of goodwill and property, plant and equipment of $13.4 million and $0.9 million respectively, foreign exchange loss of $8.9 million and exploration expenses of $1.9 million.

Share of loss of joint ventures. Share of loss of joint ventures (net of tax) increased by $17.8 million from $4.9 million in FY2020 to $22.7 million in FY2021, of this loss of $20.9 million was attributable to Ravenswood Gold Mine as its production cost were not fully optimized due to ongoing expansion plan to increase production capacity and higher interest expenses incurred on account of utilization of project financing facility for the expansion plan.

Profit before tax. For the reasons described above, we recorded profit before tax of $381.9 million in FY2021 compared to $66.8 million in FY2020.

Income tax expense. Income tax expense increased by 305.0% from $32.3 million in FY2020 to $130.7 million in FY2021 mainly due to higher profit generated from the energy coal segment and the withholding tax expense in relation to higher dividends received from GEMS during the financial year.

Profit for the year. For the reasons described above, we recorded profit after tax for the year of $251.2 million in FY2021 compared to $34.5 million in FY2020.

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.

Revenue. Revenue increased by 4.2% to $1,162.7 million in FY2020 from $1,115.8 million in FY2019. Since our consolidation of Stanmore, we entered 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 sales in our metallurgical coal segment (being a result from the consolidation of Stanmore), which was partially offset by decreases in revenue from the energy coal and non-coal segments, as described below.

- *Energy coal*. Revenue from energy coal decreased by 4.5% to $1,064.3 million in FY2020 from $1,114.3 million in FY2019. This was mainly due to a decrease in the average selling price of energy coal of 11.3% from $35.0 per tonne in FY2019 to $31.0 per tonne in FY2020. This was partially offset by an increase in sales volume of energy coal from 31.0 Mt in FY2019 to 34.0 Mt in FY2020. Our energy coal production volume increased by 8.8% from 30.9 Mt in FY2019 to 33.4 Mt in FY2020.

- *Metallurgical coal*. Revenue from metallurgical coal was $97.2 million in FY2020 as a result of the consolidation of Stanmore.

- *Non-coal businesses*. Revenue from non-coal businesses decreased to $1.2 million in FY2020 from $1.5 million in FY2019 (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 FY2019 not being present in FY2020.

Cost of sales. Cost of sales increased by 4.6% to $786.1 million in FY2020 from $751.3 million in FY2019. 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 FY2020 compared to $24.11 per tonne in FY2019. 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 FY2020 from $364.5 million in FY2019. Our gross margin decreased to 32.4% in FY2020 compared to 32.7% in FY2019 as a result of the factors described above.

Other income. Other income increased to $20.3 million in FY2020 from $16.8 million in FY2019 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 FY2020 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 FY2020 from $185.4 million in FY2019 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 FY2020 from $74.1 million in FY2019 primarily due to the consolidation of Stanmore's results.

Fair value gains. Fair value gains increased by 208.0% to $7.7 million in FY2020 from $2.5 million in FY2019 primarily due to re-measurement 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 FY2020 from $34.6 million in FY2019 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 FY2020 from the investment in Ravenswood Gold Mine.

Other operating expenses. Other operating expenses decreased by 23.5% to $14.8 million in FY2020 from $19.4 million in FY2019 primarily due to re-measurement 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 FY2019 to $5.5 million in FY2020, 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 $66.8 million in FY2020 compared to $70.3 million in FY2019.

Income tax expense. Income tax expense was $32.3 million in FY2020 compared to $37.4 million in FY2019, on account of lower taxable profit in FY2020.

Profit for the year. For the reasons described above, we recorded profit after tax for the year of $34.5 million in FY2020 compared to $32.9 million in FY2019.

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 $932.9 million as of June 30, 2022. We had $49.8 million of undrawn committed banking and credit facilities available to us as of June 30, 2022.

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 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,			Six Months Ended June 30,	
	2019	2020	2021	2021	2022
			($ in millions)		
Net cash flows generated from operating activities	85.8	110.1	377.7	139.2	853.3
Net cash flows used in investing activities	(50.4)	(75.7)	(145.9)	(105.0)	(1,345.4)
Net cash flows generated from/(used in) financing activities	31.0	45.7	(110.5)	(47.3)	1,049.8
Net increase/(decrease) in cash and cash equivalents	66.4	80.1	121.3	(13.1)	557.7
Cash and cash equivalents at beginning of the year/period	113.1	177.8	262.8	262.8	379.8
Cash and cash equivalents at end of the year/period	177.8	262.8	379.8	248.3	932.9

Cash Flows generated from Operating Activities

We had net cash flows generated from operating activities of $853.3 million in 1H2022 compared to net cash flows from operating activities of $139.2 million in 1H2021. Our net cash flows generated from operating activities in 1H2022 is calculated by adjusting our profit before tax of $741.8 million for non-cash and other items, including (i) adding $72.2 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, $40.5 million for interest and other financial charges, and notional interest on provisions and contingent consideration, $0.9 million for fair value loss on re-measurement of contingent consideration and investment securities, $11.1 million for impairment loss on goodwill and $0.5 million for defined post-employment benefit expense, (ii) deducting $4.2 million of interest income, (iii) deducting $3.0 million for the fair value gain on biological assets and derivatives, $8.0 million for share of profit of a joint venture, net of tax, (iv) deducting $16.5 million for net exchange differences and (v) the changes in working capital described below.

Working capital sources of cash in 1H2022 comprised $233.0 million from a decrease in inventories, $206.9 million from an increase in trade and other payables and $2.6 million from interest income received, offset by an increase in trade, other receivables and prepayments of $137.3 million, a decrease in provisions of $8.7 million, payment of $39.4 million of interest and other financial charges and $239.0 million in income tax.

We had net cash flows generated from operating activities of $139.2 million in 1H2021. Our net cash flows generated from operating activities in 1H2021 is calculated by adjusting our profit before tax of $131.4 million for non-cash and other items, including (i) adding $19.0 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, $21.7 million for interest and other financial charges, and notional interest on provisions and contingent consideration, $6.8 million for impairment loss on goodwill and property, plant and equipment, $0.5 million for defined post-employment benefit expense, $6.5 million for share of loss of a joint venture, net of tax, $0.5 million for fair value loss on investment securities and derivatives, $9.5 million for early redemption of notes expenses and $3.0 million for net exchange differences, (ii) deducting $4.4 million of interest income, (iii) deducting $2.4 million for re-measurement of contingent consideration, (iv) deducting $1.3 million for reversal of provision for mining activities, and (v) the changes in working capital described below.

Working capital sources of cash in 1H2021 comprised $2.2 million from a decrease in inventories, $4.9 million from an increase in trade and other payables and $4.4 million from interest income received, offset by an increase in trade, other receivables and prepayments of $19.5 million, a decrease in provisions of $1.0 million, payment of $23.6 million of interest and other financial charges and $18.9 million in income tax.

We had net cash flows generated from operating activities of $377.7 million in FY2021 compared to net cash flows from operating activities of $110.1 million in FY2020. Our net cash flows generated from operating activities in FY2021 is calculated by adjusting our profit before tax of $381.9 million for non-cash and other items, including (i) adding $52.5 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, $43.8 million for interest and other financial charges, and notional interest on provisions and contingent consideration, $4.1 million for net exchange differences, $14.3 million for impairment loss on goodwill and property, plant and equipment, $22.7 million for share of loss of a joint venture, net of tax, $5.6 million for fair value loss on derivatives and investment securities, $9.4 million for early redemption of notes expenses, $0.2 million for written off of inventories, and $0.9 million for defined post-employment benefit expense, (ii) deducting $8.7 million of interest income, $0.3 million for dividend income from investment securities, (iii) deducting $1.0 million for reversal of mining activities, $2.1 million for the fair value gain on biological assets and re-measurement of contingent consideration, and (iv) the changes in working capital described below.

Working capital sources of cash in FY2021 comprised $31.0 million from a decrease in inventories and $5.8 million of interest income received, offset by decreases in trade and other payable of $4.2 million, increase in trade, other receivables and prepayments of $78.6 million, decrease in provisions of $1.3 million, payment of $44.3 million of interest and other financial charges and $53.8 million in income tax.

We had net cash flows generated from operating activities of $110.1 million in FY2020 compared to net cash flows from operating activities of $85.8 million in FY2019. Our net cash flows generated from operating activities in FY2020 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, re-measurement of contingent consideration and investment securities and (iv) the changes in working capital described below.

Working capital sources of cash in FY2020 comprised $38.3 million in cash from a decrease in trade, other receivables and prepayments, $1.2 million from the increase in provisions 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 FY2019 compared to net cash flows generated from operating activities of $24.3 million in FY2018. Our net cash flows generated from operating activities in FY2019 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 FY2019 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.

Cash Flows used in Investing Activities

Our net cash flows used in investing activities were $1,345.4 million in 1H2022. Cash flows used in investing activities primarily comprised $1,254.6 million of net cash outflows for the SMC Acquisition, $18.5 million of purchase of property, plant and equipment, $28.6 million of additions to mining properties, additional investment of $52.2 million in Ravenswood, $0.1 million of additions to our forestry biological assets, $1.2 million of purchases of investment securities and $6.6 million of changes in restricted fund, partially offset by $15.0 million of proceeds from disposal of investment securities and $1.6 million of changes in other non-current assets.

Our net cash flows used in investing activities were $105.0 million in 1H2021. Cash flows used in investing activities primarily comprised $6.3 million of purchase of property, plant and equipment, $18.0 million of additions to mining properties, $47.6 million in investments in a joint venture, $0.1 million of additions to our forestry biological assets, $26.7 million of purchases of investment securities, $3.9 million of changes in restricted fund and $2.5 million of changes in other non-current assets.

Our net cash flows used in investing activities were $145.9 million in FY2021. Cash flows used in investing activities primarily comprised $18.5 million of purchase of property, plant and equipment, $36.7 million of additions to mining properties, $46.8 million in investments in joint ventures, $0.3 million of additions to our forestry biological assets, $41.5 million of purchases of investment securities and $2.7 million of changes in restricted fund, partially offset by $0.6 million of proceeds from changes in other non-current assets.

Our net cash flows used in investing activities were $75.7 million in FY2020. 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 FY2019. 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.

Cash Flows generated from/(used in) Financing Activities

Our net cash flows generated from financing activities were $1,049.8 million in 1H2022. Cash flows generated from financing activities comprised $205.9 million from issuance of share capital by a subsidiary, $62.7 million from proceeds from issuance of shares, net of expenses, $89.7 million from issuance of notes, net of transaction costs, and $882.4 million of proceeds from loans and borrowings, partially offset by $98.6 million of payments of dividends to non-controlling interests of subsidiaries, $82.1 million of repayment of loans and borrowings, and $10.2 million for the principal payment of lease liability.

Our net cash flows used in financing activities were $47.3 million in 1H2021. Cash flows used in financing activities comprised $69.6 million of payments of dividends to non-controlling interests of subsidiaries, $156.8 million for the early redemption of the 2023 Notes, $122.8 million of repayment of loans and borrowings, and $0.6 million for the principal payment of lease liability, partially offset by $275.9 million from issuance of notes, net of transaction costs, $20.8 million of proceeds from loans and borrowings, and $5.8 million of proceeds from the disposal of ownership interest in a subsidiary without a change in control.

Our net cash flows used in financing activities were $110.5 million in FY2021. Cash flows used in financing activities comprised $118.8 million of payments of dividends to non-controlling interests of subsidiaries, $156.8 million for the early redemption of the 2023 Notes, $151.4 million of repayment of loans and borrowings, $26.3 million of payments of other payable to related party, $3.3 million of principal payment of lease liabilities and $30.0 million for the acquisition of non-controlling interests of a subsidiary without a change in control, partially offset by $275.9 million from issuance of notes, net of transaction costs, $50.2 million of proceeds from loans and borrowings, and $50.0 million of proceeds from the disposal of ownership interest in a subsidiary without a change in control.

Our net cash flows generated from financing activities were $45.7 million in FY2020. 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 Investment Fund SPC — ADSP ("Ascend Global") 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 FY2019. 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.

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 FY2019, FY2020, FY2021, 1H2021 and 1H2022, our cash capital expenditures were $21.0 million, $14.7 million, $18.5 million, $6.3 million and $18.5 million, respectively, and related to the purchase of property, plant and equipment to increase production capacity in our coal mining business.

Contingent Payment

Stanmore has a contingent payment of up to US$150 million payable to BHP 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 SMC Acquisition. The contingent payment is payable in 2024.

Contingent Liabilities and Off-Balance Sheet Arrangements

As of the date of this Exchange Offer Memorandum, we do not have any material contingent liabilities and off-balance sheet arrangements.

Contractual Obligations

The following table sets forth information regarding our contractual obligations as of December 31, 2021.

	Less than 1 year	1 to 5 years	More than 5 years	Total
		($ in millions)		
Bank borrowings (inclusive of interest payable)	103.7	428.3	—	532.0
Lease liabilities	2.0	2.5	—	4.5
Total	**105.7**	**430.8**	**—**	**536.5**

Indebtedness

We had total indebtedness (excluding operating lease liabilities which are required to be capitalized in accordance with IFRS 16 Leases and before deducting unamortized discount and unamortized transaction costs relating to the Existing Notes and term loan facilities) of $1,305.9 million as of June 30, 2022. The following table sets out certain details relating to our borrowings as of June 30, 2022.

Description of Indebtedness	Borrower	Lender	Original Principal Amount	Maturity	Amount Outstanding as of June 30, 2022
			(in millions)		($ in millions)
Existing Notes	GEAR	—	$375.0	May 2026	375.0
Term Loan[(1)]	GEAR	PT Bank Mandiri (Persero) Tbk, Singapore Branch	$15.0	December 2022	6.0
Total Indebtedness at GEAR					**381.0**
Equipment financing	Stanmore IP Coal	Caterpillar Financial Australia Limited	A$13.7	November 2024	5.8
Funding for repayment of working capital adjustment for SMC Acquisition	Stanmore	Ascend Capital Advisor(s) Pte. Ltd (acting as agent for Virtue Investments Corporation)	$120.0	March 2025	120.0
Funding for purchase price of SMC	SMCH	Global Loan Agency Services Australia Pty Ltd (as agent for syndicate lenders)	$625.0	March 2027	625.0
Financing for SMC annual insurance premiums	Stanmore	Clearmatch Originate Pty Ltd	A$18.9	June 2023	10.7

Description of Indebtedness	Borrower	Lender	Original Principal Amount	Maturity	Amount Outstanding as of June 30, 2022
			(in millions)		($ in millions)
Working capital and general corporate purposes	SMCH	Deutsche Bank AG, Sydney Branch	A$50.0	May 2027	2.1
Total Indebtedness at SMR Group					**763.6**
Loan Special Transaction I	GEMS Group	Bank Mandiri	$50.0	December 2024	18.0
Loan Special Transaction II	GEMS Group	Bank Mandiri	$65.0	December 2024	25.7
Term Loan I	GEMS Group	Bank Mandiri	$32.0	August 2024	19.0
Term Loan II	GEMS Group	Bank Mandiri	$50.0	December 2026	47.0
Working Capital	GEMS Group	Bank Mandiri	$64.5	June 2023	47.0
Pre-Shipment Financing (PSF) & Open Account Financing (OAF)	GEMS Group	Bank Danamon	$5.0	March 2023	4.6
Total indebtedness at GEMS Group					**161.3**
Total Indebtedness[(2)]....					**1,305.9**

(1) Repaid in full as of October 21, 2022.

(2) The total indebtedness after deducting the unamortized discount and unamortized transaction costs is $1,264.7 million.

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 Issuer's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Issuer'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 of the date of this Exchange Offer Memorandum, the Group and the Issuer 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, 2019, 2020 and 2021, if interest rates had been 75 basis points lower with all other variables held constant, our profit after tax would have been $3.3 million, $1.4 million and $543,000 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 periods presented.

	1 year or less	2 to 5 years	More than 5 years	Total
		($ in millions)		
2021				
Total undiscounted financial assets	650.8	34.4	7.9	693.1
Total undiscounted financial liabilities	414.4	436.5	—	850.9
Total net undiscounted financial assets/(liabilities)	236.4	(402.1)	7.9	(157.8)
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)

Credit Risk

Our exposure to credit risk arises primarily from trade and other receivables. As of June 30, 2022, 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 June 30, 2022, we had trade and other receivables of $695.2 million and cash and cash equivalents of $932.9 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 Exchange Offer 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 and Stanmore is the U.S. dollar, the functional currency of PT Roundhill Capital Indonesia, TKS, PT Karya Mining Solutions, GEMS 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. In FY2019, FY2020, FY2021, 1H2021 and 1H2022, 31.7%, 36.9%, 30.4%, 32.8% and 16.7% 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, some 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. Some Stanmore expenses are denominated in U.S. dollars with the remainder predominantly in Australian dollars. U.S. dollars expenses include the following: banking/interest charges, marketing fees, demurrage, private royalties and some HME/dragline parts. Some expenses are denominated in Australian dollars but derived from U.S. dollars, for example, fuel, royalties paid to the Queensland Government with the remainder denominated and derived in Australian dollars.

The Indonesian Rupiah has experienced periods of high volatility in the past against the U.S. dollar, in particular since 2020. The Australian dollar has also experienced periods of high volatility since 2020 against the U.S. dollar.

We hedge our foreign currency exposures where relevant. Stanmore undertakes currency hedging and involves strategic hedging relative to prevailing market conditions 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. 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,		
	2019	2020	2021
		($ in millions)	
IDR/USD			
IDR strengthened by 7%	2.5	4.2	0.5
IDR weakened by 7%	(3.0)	(4.8)	(0.6)
Australian dollar/USD			
Australian dollar strengthened by 7%	1.9	7.7	(5.8)
Australian dollar weakened by 7%	(2.2)	(8.9)	6.6

Taxation

Singapore Tax

The corporate tax rate applicable to entities in Singapore was 17.0% for 2019, 2020, 2021 and 1H2022.

Indonesian Tax

Our subsidiaries that 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 2019 and 22% for 2020, 2021 and 1H2022. 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(I).

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, 2021, we had $4.2 million of deferred tax asset related to tax losses.

Australian Tax

Stanmore and its wholly-owned subsidiaries form a tax consolidated group and are taxed as a single entity. Stanmore 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 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, 2021 and 1H2022.

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. 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.

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
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 9 Financial Instruments — Fees in the '10 per cent' test for derecognition of financial liabilities	January 1, 2022
Amendments to SFRS(I) 1 1 Classification of Liabilities as Current or Noncurrent	January 1, 2023
Amendments to SFRS(I) 1 1 Practice Statement 2: Disclosure of Accounting Policies	January 1, 2023
Amendments to SFRS(I) 1 8 Definition of Accounting Estimates	January 1, 2023
Amendments to SFRS(I) 1 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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.

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, 2021. Except where otherwise noted, information in this report is for 2021 or as of December 31, 2021, 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 otherwise 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 the raw data, the nature of the data gathering process and other inherent limitations and uncertainties. Neither GEAR nor Salva has 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 September 30, 2022. 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.

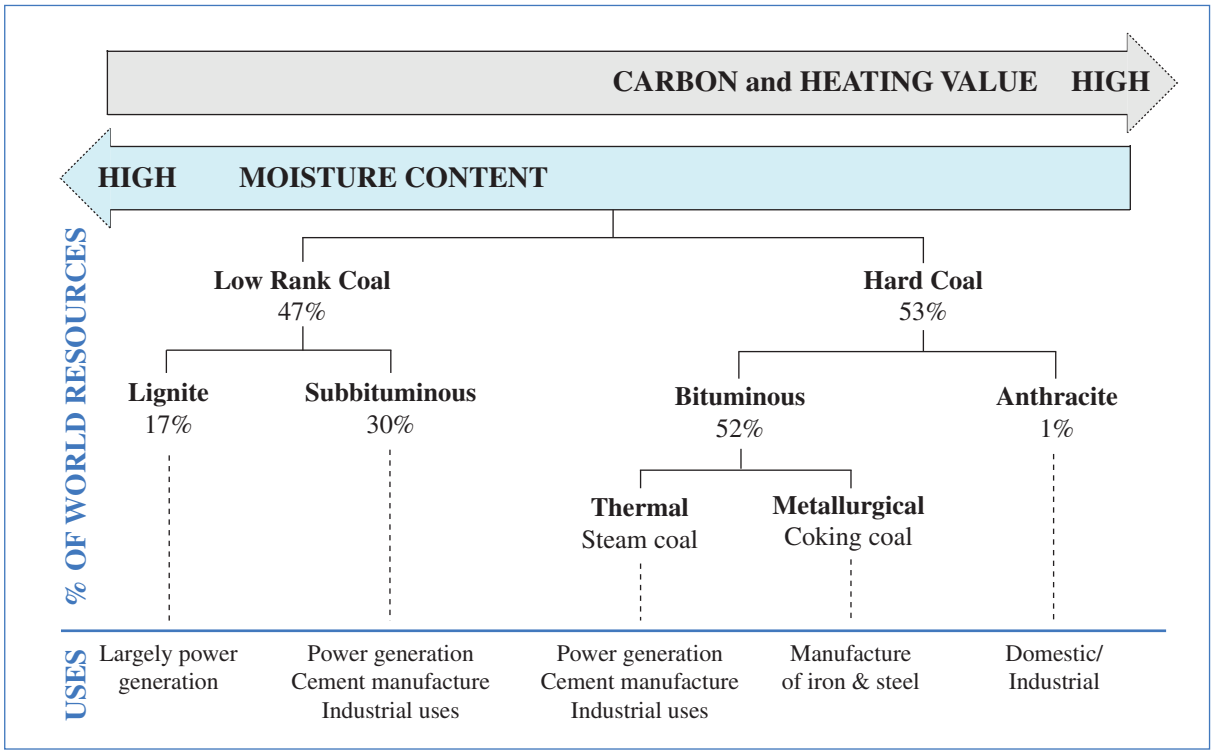
Coal Market Fundamentals

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 sulfur, 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).

Types of Coal



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 U.S., 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 Australia is mostly opencast mines including all of the Issuer's current operations.

The most significant uses of coal are in electricity generation, steel production, and cement manufacturing. Nearly 85% 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 coal-producing countries in terms of production volumes are China, India, Indonesia, and Australia and the U.S.

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.

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 BF process for primary steelmaking. The demand for metallurgical coal is highly coupled with the steel demand. Metallurgical coal is generally low in ash, moisture, sulfur and phosphorus content, and its rank is usually bituminous. Metallurgical coal differs from thermal coal, used for energy and heating, due to its carbon content and its caking ability. Caking refers to coal's ability to be converted into coke. The grade of coal and its caking ability are 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 major producers and exporters of metallurgical coal in order of production volumes are Australia, the U.S. and Canada. The three main categories of metallurgical coal are:

- HCC;
- SSCC; and
- 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 BFs.

The Issuer's various metallurgical coal mines produce the following types of coal:

- at Isaac Plains Complex mine, predominantly SSCC;
- at South Walker Creek mine, PCI coal; and
- at Poitrel mine, semi-hard coking coal ("SHCC") and PCI coal.

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, fueling 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 U.S. while the major exporters of thermal coal in order of exports for 2021 are Indonesia, Australia, South Africa, and Colombia. Coal is classified based on its rank or energy content:

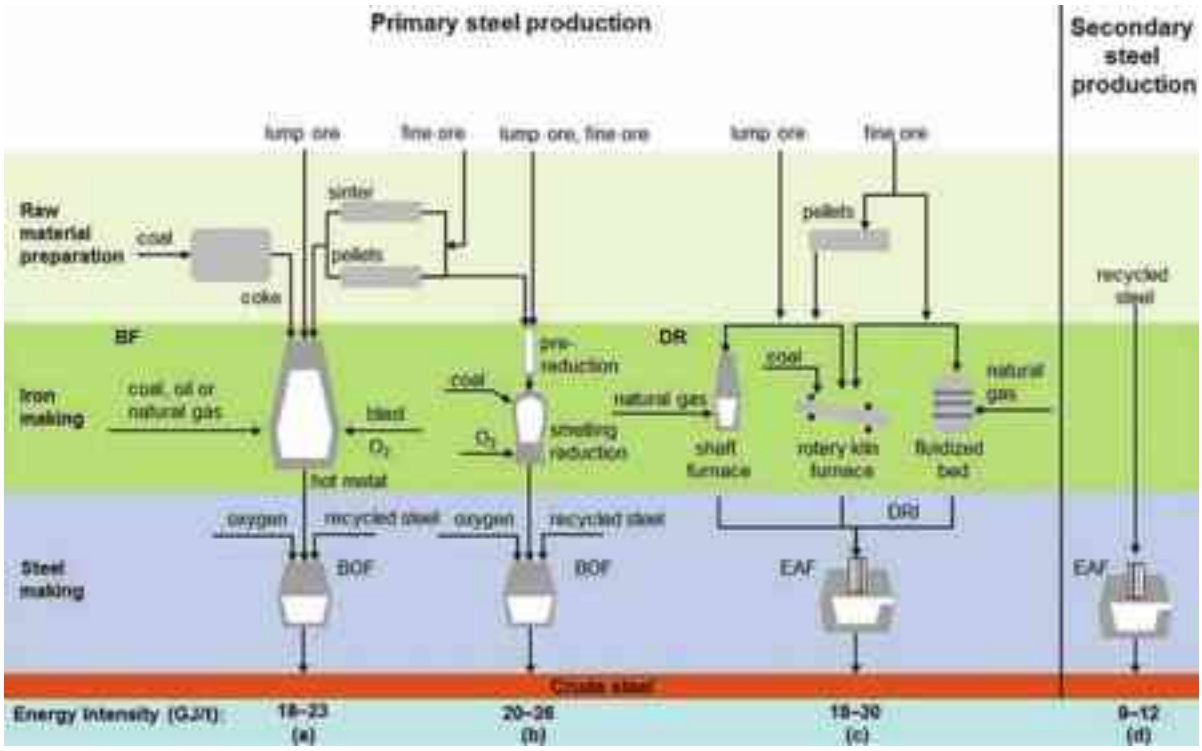
- Peat: very low energy level, moisture approximately 60%, calorific value approx. 2,600 kcal/kg;

- 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.

Metallurgical Coal

Steel Making and Metallurgical Coal

There are several methods used to make crude steel, which apply different technologies and utilize different raw material inputs. These are summarized concisely in the diagram below.



Source: World Steel Association

Most of the iron is manufactured using the 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 BF method of iron-making technology requires iron ore and coke as key inputs, while the DRI method does not require coke as a raw material input. In BF method, coke is prepared using coking coal and then layered with iron ore in the BF. The use of electric arc furnaces ("EAF") 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 processing further to steel. Unlike BF 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 BF technology, which requires metallurgical coal. The BF process is likely to remain the major technology for iron/steelmaking in the short to medium term. However, the share of 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 BF technology.

Coke is produced by heating coking coal in a coke oven in the absence of oxygen. Coke is then charged into a BF to provide fuel and to help convert iron ore into liquid iron. Coke strength is critical to the operation of the BF, and coke strength requires a certain level of HCC as an input.

While coking coal is used to prepare coke for the BF, PCI coal is injected directly into the BF 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 BF — it acts as a source of heat, acts as a reducing agent for the iron ore, and provides permeability to the BF burden. This triple role makes metallurgical coal very difficult to substitute, and therefore integral to the steel production process via the BF.

Metallurgical Coal Classification

Metallurgical coals are generally classified as having high carbon or energy levels, low moisture contents, and low impurities such as ash, sulfur and phosphorous. Metallurgical coals are required inputs into the BF method of steel production, and can generally be classified into three main categories:

- **HCC** — a necessary input in the production of strong coke. When heated in a coke oven (which has an absence of oxygen), HCC will swell to form coke.

- **PCI coal** — coal used for its heat value and injected directly into BFs (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 SSCC.

- **SSCC** — used in the coke blend along with HCC, but results in a low coke quality and more impurities. SSCC can also be sold as thermal coal.

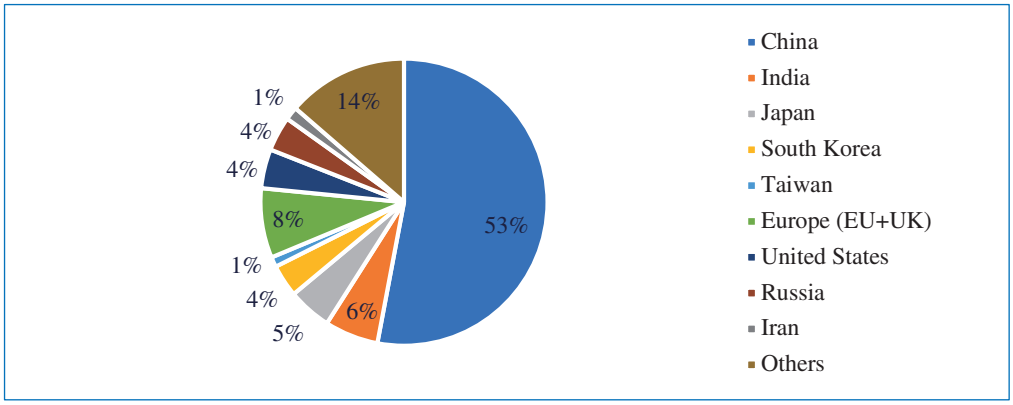
Competitive landscape

Australia is the largest exporter of metallurgical coal, accounting for over 60% of the global export trade followed by Russia, the U.S. and Canada. BHP, Teck Resources, Glencore, Anglo America and Peabody are some of the largest metallurgical coal exporters globally.

Crude Steel Production

Metallurgical coal demand is linked with crude steel production as metallurgical coal (coke) is one of the major inputs in the BF apart from iron ore. Asia accounts for a majority of the crude steel production and demand for seaborne metallurgical coal followed by Europe.

Crude Steel Production (2021)



Source: Salva

Metallurgical Coal Demand

China

Chinese Steel Production

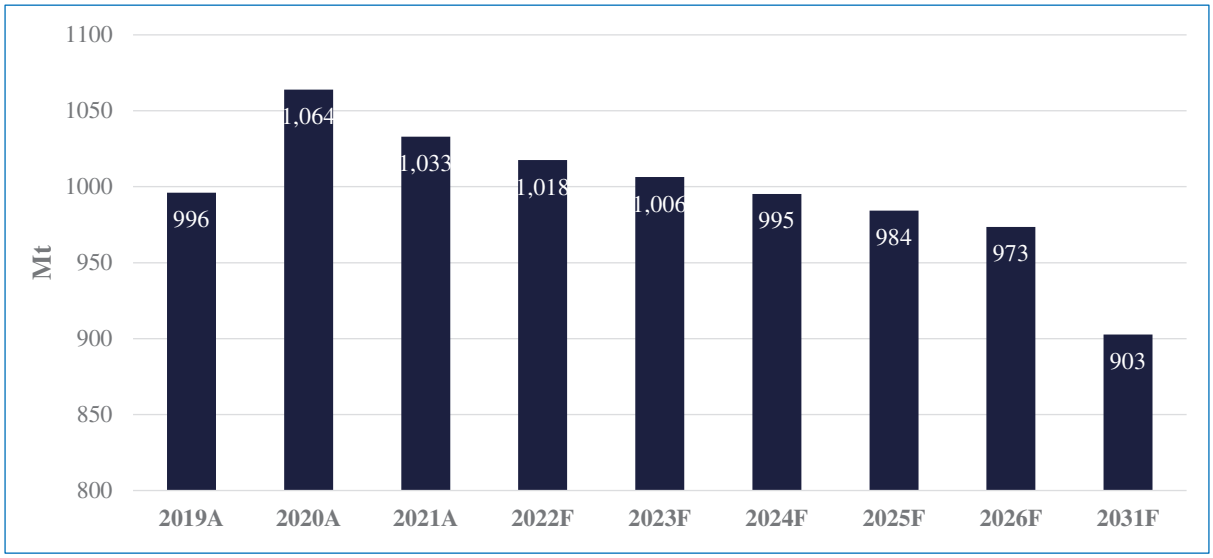
Chinese crude steel production in 2021 was 1,033 Mt, which accounted for 52.8% of global crude steel production. Chinese crude steel production has grown at a compound annual growth rate ("CAGR") of 3.9% over the last decade (2011 to 2021), although the growth has not been linear and slowed down. The clear majority of Chinese steel production is for domestic consumption. While steel exports at an estimated 67 Mt in 2021, which is considered significant by international standards, this is less than 8% of Chinese steel production.

Chinese steel intensity (i.e., consumption) was 735 kilograms per person in 2021, which is still well below the level of Japan, Korea and Taiwan. Since 2011, steel intensity per capita in China has risen at an average of 3.2% per annum. Salva is of the view that Chinese steel intensity has peaked based on its estimates. The steel intensity of the Chinese economy increased significantly during China's industrialization and urbanization since the 1990s, but this impact is likely to weaken as the economy shifts away from heavy industry and towards services. With a relatively steady population and shift from industrialisation to services, Salva has forecast steel consumption per capita in China to decline by 1.3% per annum during the 2021-31 period.

China's population at the end of 2021 was 1,402 million and is forecast by the United Nations to peak at 1,460 million by 2031 (CAGR of 0.3%). Combining the population growth forecast and the steel intensity forecast above provide 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 decline by 1.1% CAGR on account of declining domestic demand and exports.

Approximately 86% of China's steel production is via the BF route, which requires metallurgical coal. Reductions in carbon emissions and a shift to scrap use/EAF will see BF production decline to 76% by 2031 as China eyes peak carbon by 2030.

China — Steel Production



Source: Salva

Chinese steel production edged down by 3% in 2021; output was curbed by policy interventions intended to dampen steel production in line with energy consumption and environment/emissions controls, but also amidst record iron ore and metallurgical coal prices.

Chinese steel production and metallurgical coal imports edged back in the first half of 2022, constrained by falling construction activity and COVID-19 disruptions. After an earlier surge in dwelling construction and real estate speculation, China now appears to have excess capacity in parts of its residential property market, with substantial vacancy levels apparent in many cities. Real estate markets have softened in recent quarters, and dwelling construction is expected to remain relatively soft for some time. The recent easing in dwelling construction has cut steel usage, exacerbated in recent months by repeated outbreaks of COVID-19. Responding to potential declines in its growth outlook, the Chinese government has announced plans to invest in infrastructure as a stimulus measure.

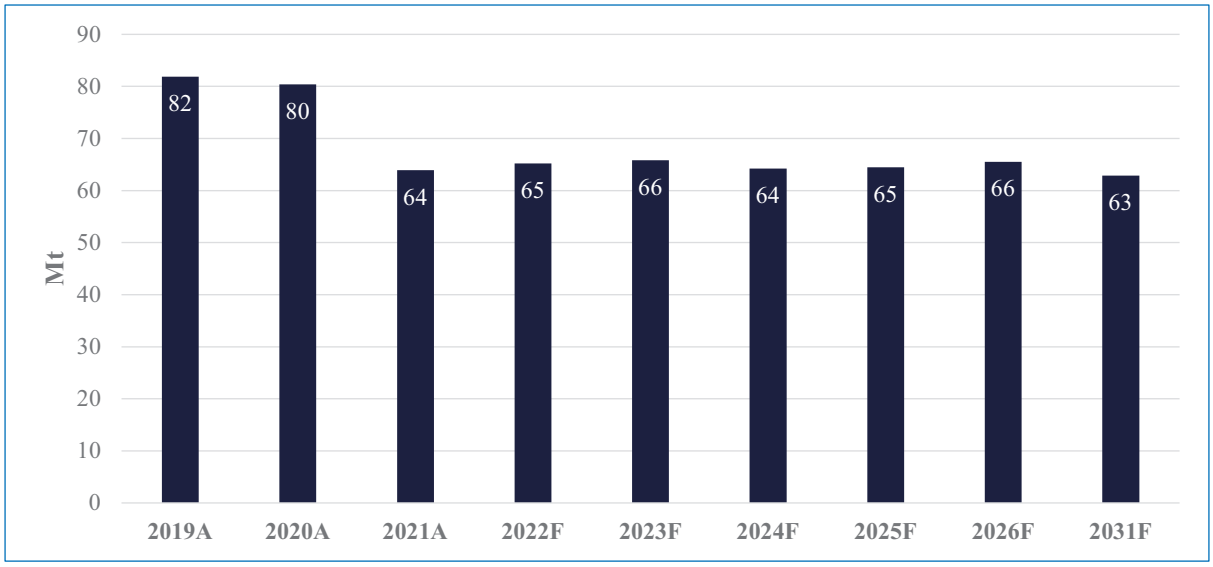
Chinese Metallurgical Coal Demand

China is a major producer of coking coal for its domestic use. Chinese domestic production peaked in 2021 at approximately 760 Mt to offset Australia's coal import ban and on the back of high prices. However, the production is set to decline to 520 Mt by 2031 with the depletion of high-quality HCC and closure of small inefficient mines. As part of China's ongoing supply-side reform, metallurgical coal production will become more concentrated among large state-owned companies and resource-abundant provinces like Shanxi.

In 2021, China imported an estimated 84 Mt of metallurgical coal, making it the largest importer of metallurgical coal globally. Of this, an estimated 20 Mt of metallurgical coal was imported via road from Mongolia, so China's seaborne metallurgical coal imports were 64 Mt.

Metallurgical coal imports into China are forecast to decline marginally from 64 Mt in 2021 to 63 Mt in 2031. This represents a CAGR of -0.2% across the period.

China — Coking Coal Import Demand



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

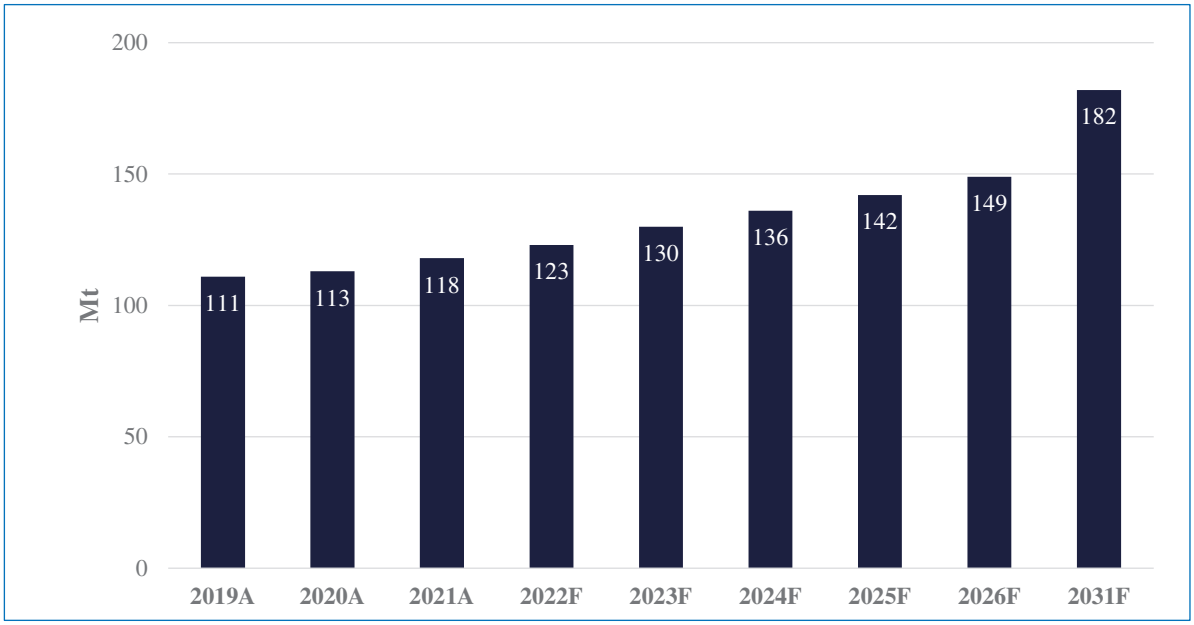
Indian Steel Production

Indian crude steel production in 2021 was 118 Mt, which accounted for 6.0% of global crude steel production. Since 2011, Indian crude steel production has grown at a CAGR of 5.1% over the period from 2011 to 2021. The vast majority of Indian steel production is for domestic consumption, with net exports in 2021 of around 5 Mt, which represents less than 5% of production (predominantly to Vietnam).

Indian steel intensity was 77 kilograms per person in 2020, 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 at an average of 4.4% per annum. Salva has forecast steel consumption per capita in India to continue growing at 4.0% per annum over the next 10-year period. India is entering the industrialization 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 that Indian growth will be approximately half the Chinese rate through this period of development.

India's population at the end of 2021 was 1,393 million and is forecast by the United Nations to rise significantly over the forecast period to 1,515 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 4.8% CAGR by 2026 and 4% during the 2026-31 period. Production growth is supported by strong purchasing managers' index (PMI), capital intensive cycle and the government's 'Make in India' initiative along with supply chain resetting with China+1 supply chain thinking by global companies. Additionally, India may be able to replace some of the lost steel tonnages from China as China moves towards a net zero carbon policy.

India — Steel Production



Source: Salva

Approximately 60% of India's steel production is via the BF route, which requires metallurgical coal. Approximately 30 Mt of steel capacity addition is in the pipeline mostly through the blast furnace — basic oxygen furnace ("BF-BOF") route by 2026 which will increase production by the BF route to over 66%.

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 characterized by high ash and low sulfur, but only around 8% of the total coal produced is suitable for steel-making purposes after undergoing extensive processing in coal washeries.

At present, raw coking coal washing capacity is about 23 Mt per annum including 9 Mt of captive capacity in the private sector. With a yield of approximately 38%, our estimate for metallurgical coal production for India is approximately 9 Mt. Coal India Limited is planning to double its washing capacity, but historically its production expansion is slow. Salva estimates these projects may be operational during the 2026-31 period.

Indian Metallurgical Coal Import Demand

In 2021, India imported an estimated 70 Mt of metallurgical coal. All of this was imported from the seaborne market, so India is the largest seaborne importer of metallurgical coal. Indian metallurgical coal imports have increased strongly and steadily over the last decade (2011 to 2021), from below 40 Mt in 2011 to well over 70 Mt in 2021, driven by strong domestic demand for steel due to urbanization, infrastructure development, and strong economic growth.

Assuming a constant ratio of BF iron production to crude steel production, metallurgical coal imports into India are forecasted to increase from 70 Mt in 2021 to 108 Mt in 2031, as tabled below. This represents a CAGR of 4.4% in the period.

India — Coking Coal Import Demand

Source: Salva

India is heavily reliant on Australian metallurgical coal, which supplied over 71% of imports (50 Mt) in 2021. Smaller volumes are imported from Russia, Canada, U.S. and Mozambique. India targets high-cost HCC from Australia while seeking lower-cost PCI/SSCC from other countries to optimize cost and furnace performance. No significant hydrogen injection to reduce PCI coal consumption is anticipated during the forecast period.

Japan

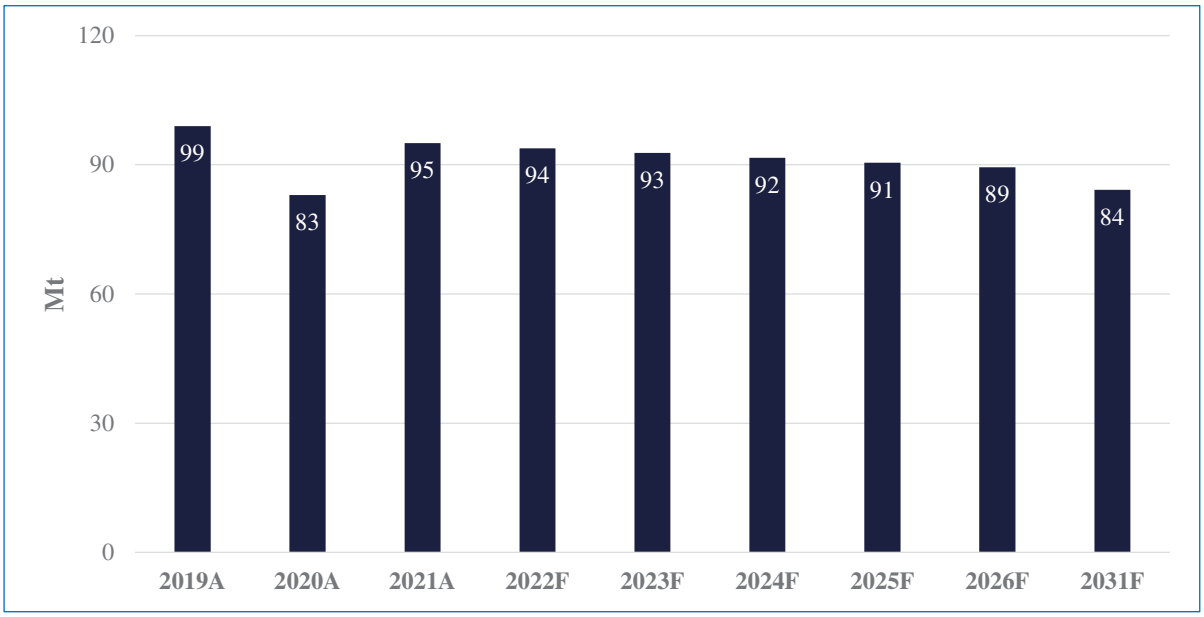
Japanese Steel Production

Japanese crude steel production in 2021 was 95 Mt, which accounted for 4.8% of global crude steel production. Since reaching a peak of 120 Mt in 2007, Japanese crude steel production has contracted at a CAGR of -1.2% during the past 10 years.

Japanese steel intensity in 2021 was 780 kilograms per person, which is very high by global standards. Since 2010, steel intensity per capita in Japan has fallen on average by 0.8% per annum, although it has stabilized in recent years. 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 during the 2021-31 period.

According to the United Nations, Japan's population at the end of 2021 was 124.6 million and is forecasted to fall over the forecast to around 120.5 million by 2030 (CAGR of -0.4%). Based on the steel intensity and population decline, steel demand is forecast to decline by 1.2% CAGR.

Japan — Steel Production



Source: Salva

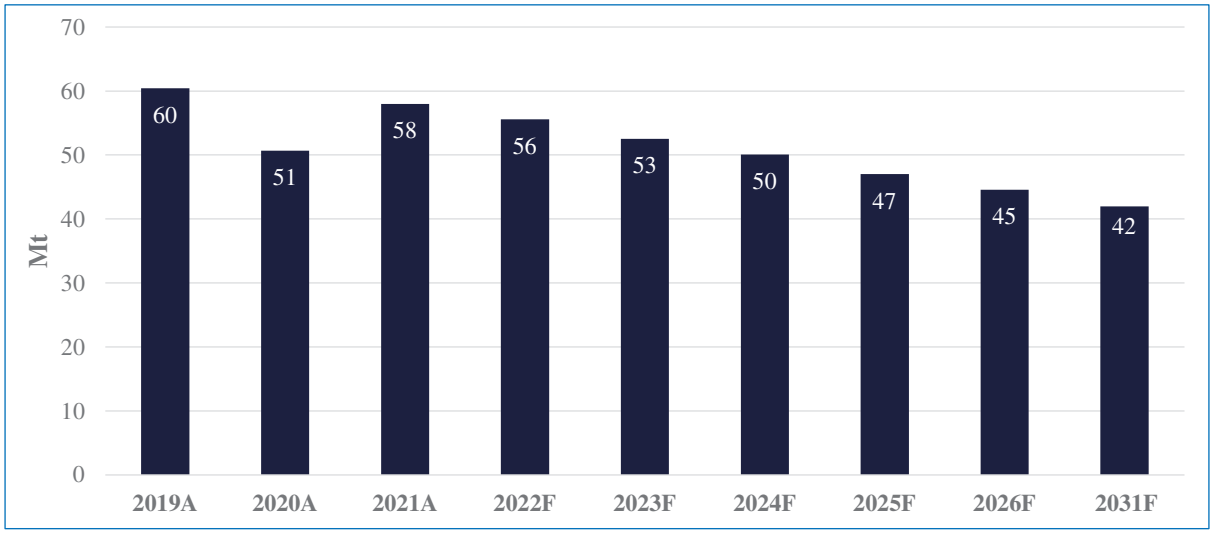
Salva estimates that 76% of Japan's steel production (or 72 Mt in 2021) is via the BF route, which requires metallurgical coal. As Japan targets to reach zero emissions by 2050, an accelerated shift to greener steelmaking will lower BF metal production and met coal demand. Japan is shutting BF capacity and installing EAF as a partial replacement. Japanese steel mills have announced 22 Mt declines in BF steel capacity by 2025-26 by plant closures which are planned to be replaced with 16 Mt of EAF capacity.

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 2021, Japan imported an estimated 58 Mt of metallurgical coal, all from the seaborne market. Japan's imports of metallurgical coal have been falling steadily as steel production declined. Metallurgical coal imports into Japan are forecast to decline from 58 Mt in 2021 to 45 Mt in 2026 and 42 Mt in 2031 after the closure of 22 Mt of BF capacity. This represents a CAGR of -3.2% across the period.

Japan — Coking Coal Import Demand



Source: Salva

Most of Japan's metallurgical coal imports are from Australia, which accounted for over 65% of volumes, followed by Russia (10%), the U.S. (9%), and Canada (9%).

South Korea

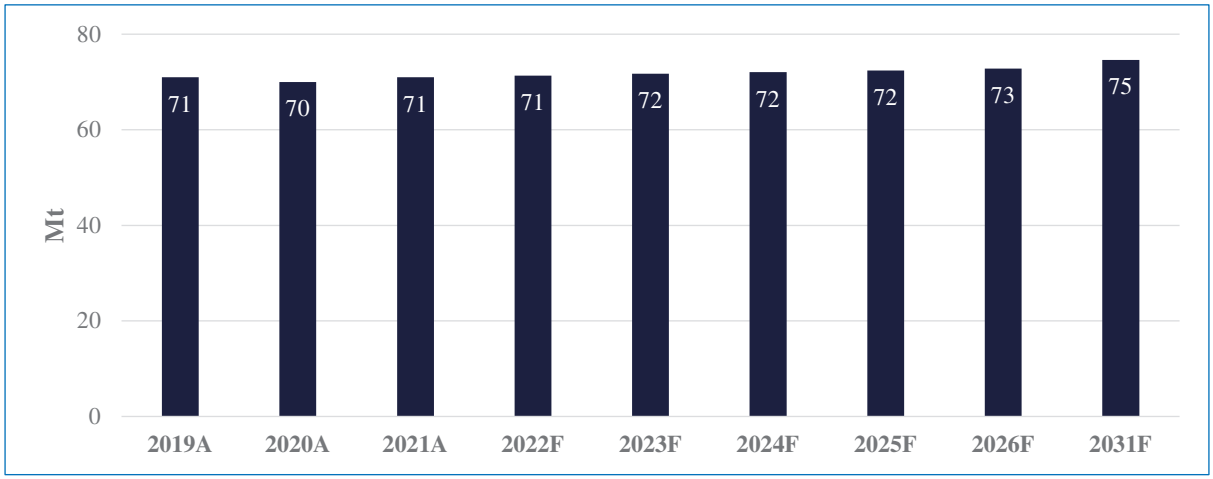
Korean Steel Production

Korean crude steel production in 2021 was 71 Mt which accounted for 3.6% of global crude steel production. Korean crude steel production has grown at a CAGR of 0.45% over the last decade (2011 to 2021).

Korean steel intensity in 2021 was almost 1,200 kilograms per person, the highest level in the world by some margin due to Korea's massive heavy manufacturing and shipbuilding sectors. Salva assumes that Korea will increase the intensity by higher export of value-added and high-strength speciality steel for automobiles and machinery. Salva has forecast a 0.5% CAGR growth in Korean per capita steel consumption to 2031.

According to the United Nations, Korea's population at the end of 2021 was estimated at 51.3 million and is forecast to be 51.1 million by 2031. Based on the marginal increase in steel intensity and relatively flat population, steel demand is forecasted to grow at 0.5% CAGR from 71 Mt in 2021 to 75 Mt in 2031.

Korea — Steel Production



Source: Salva

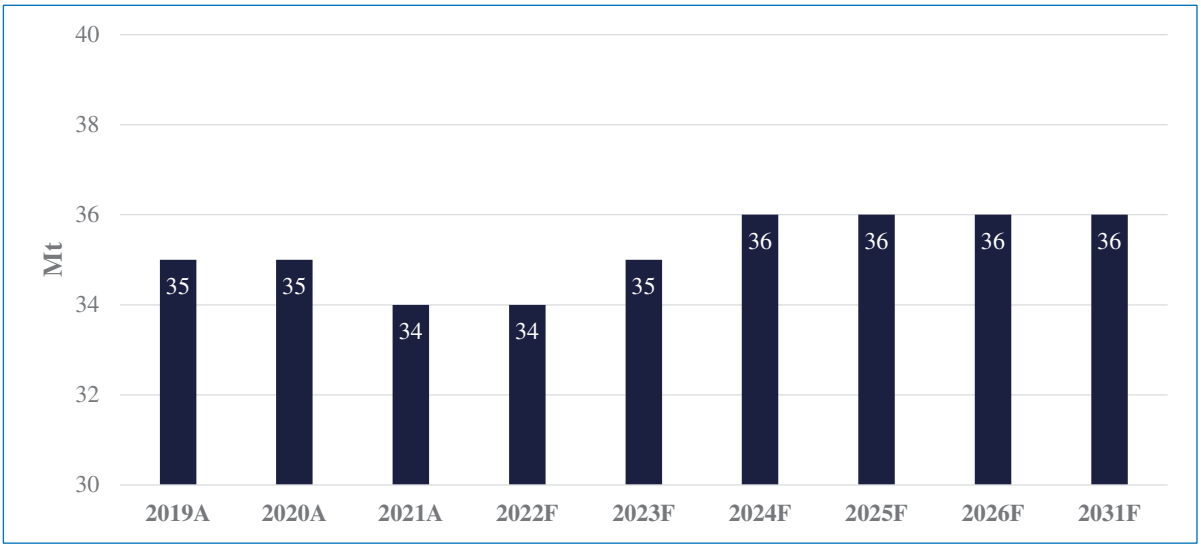
Salva estimates that 70% of Korea's steel production (or 50 Mt in 2021) is via the BF route, which requires metallurgical coal. Salva estimates that most of the new capacity will be via the non-BF route.

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 2021, Korea imported an estimated 34 Mt of metallurgical coal, all from the seaborne market. Metallurgical coal imports into Korea are forecast to increase marginally increase from 34 Mt in 2021 to 36 Mt in 2026 and remain flat during the 2026-31 period. This represents a CAGR of 0.6% between 2021 and 2031.

Korea — Coking Coal Import Demand



Source: Salva

The main suppliers of metallurgical coal imports for Korea in 2021 were Australia (62%), Russia (16%), Canada (12%) and the U.S. (6%).

Taiwan

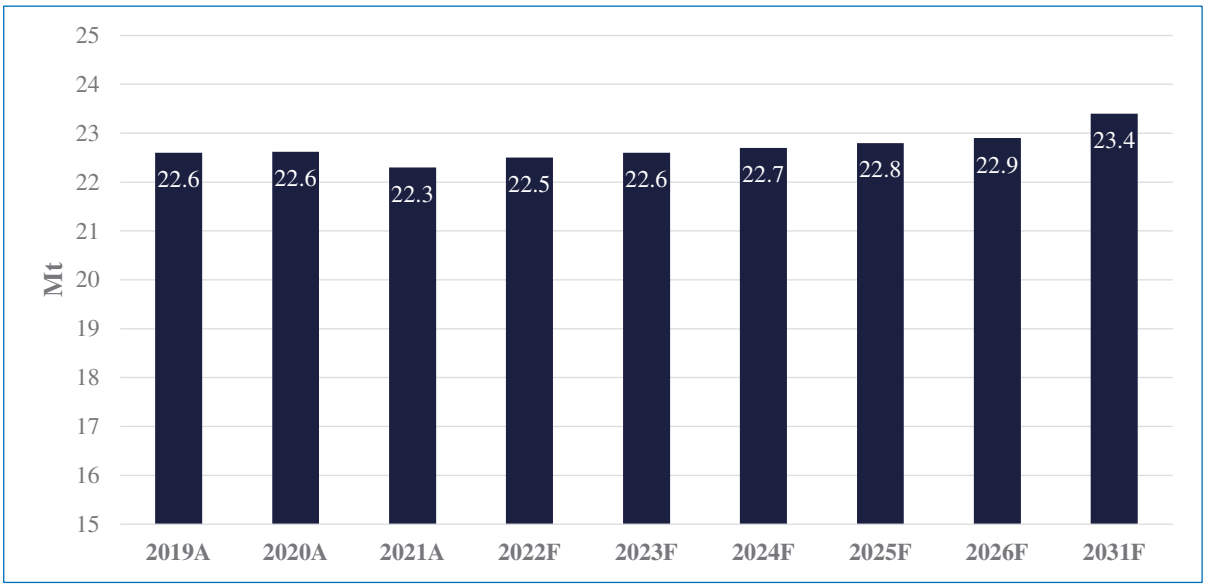
Taiwanese Steel Production

Taiwanese crude steel production in 2021 was 22 Mt, which accounted for 1.1% of global crude steel production. Taiwanese crude steel production has grown at a CAGR of 0.7% over the last decade (2011 to 2021), although the growth has not been linear.

Taiwanese steel intensity was 940 kilograms per person in 2021, 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 forecasted zero growth in Taiwanese per capita steel consumption from 2021-31, given the uncertainty associated with investing in Taiwan in the current hostile Chinese environment.

According to the United Nations, Taiwan's population at the end of 2021 was 23.9 million and is forecast to rise slightly to 24.0 million by 2031. 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 14 Mt in 2021) is via the BF route, which requires metallurgical coal, with the remaining 38% of steel production utilizing 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. Australia will remain a key supplier. Canada and Russia will continue to export metallurgical coal to Taiwan to diversify supply and quality.

Salva estimates that Taiwan's metallurgical coal imports in 2021 were 10 Mt. Assuming a constant ratio of BF iron to crude steel production, metallurgical coal imports into Taiwan are forecast to increase from 10 Mt in 2021 to 11 Mt in 2031 (CAGR of 0.5%).

Taiwan — Coking Coal Demand

Source: Salva

Europe[1] (the European Union and the United Kingdom)

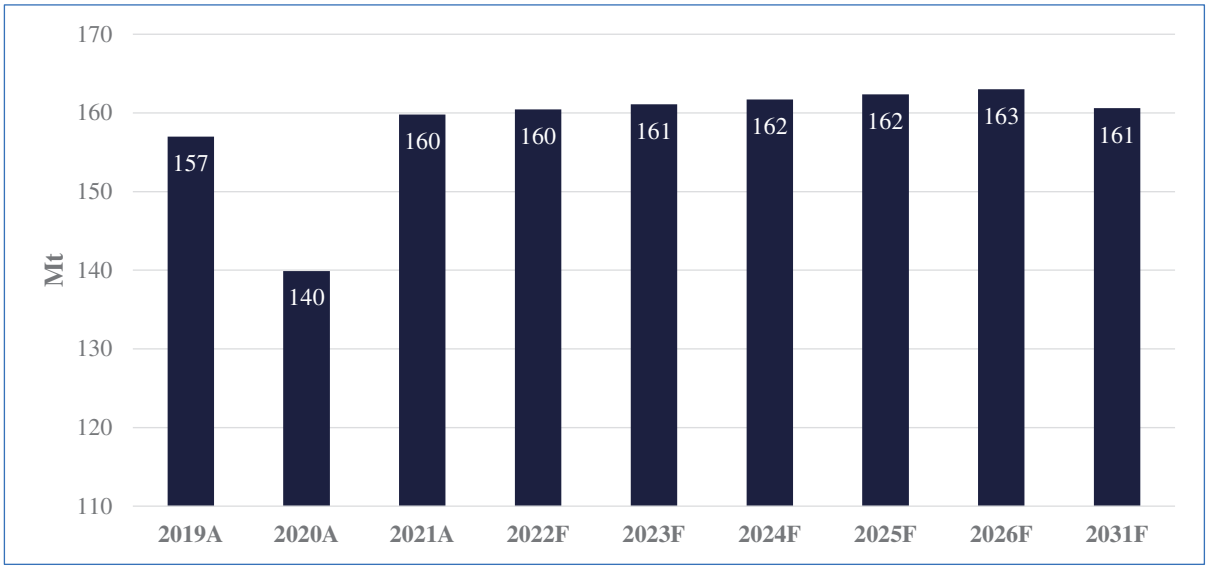
European Steel Production

European crude steel production in 2021 was 160 Mt, which accounted for 7.5% of global crude steel production. European crude steel production has contracted at an annual average rate of 1.3% over the last decade (2011 to 2021).

European steel intensity was 325 kilograms per person in 2021. Since 2011, steel intensity per capita in Europe has increased marginally by an average of 0.25% per annum. Considering this trend of broadly steady demand, Salva has forecast steel consumption per capita to remain flat per annum until 2031.

According to the United Nations, Europe's (EU27) population at the end of 2021 was 447 million and is forecast to decline by 2.0% by 2050. A mature economy and low population growth combined with a first mover push towards energy transition could see European hot metal production steadily decline over the long term. Based on the small increase in steel intensity and a steady population, steel production is forecast to remain flat until 2031.

Europe — Steel Production



Source: Salva

Salva estimates that 54% of European steel production (or 86 Mt in 2021) is via the BF route, which requires metallurgical coal.

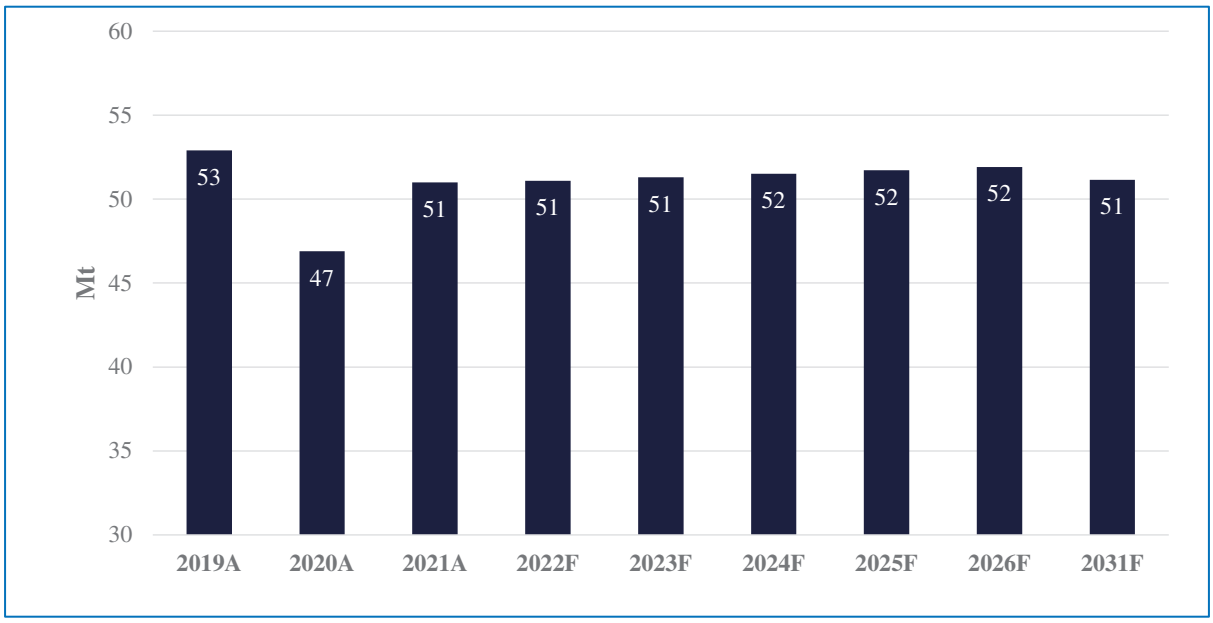
European Metallurgical Coal Import Demand

In 2021, Europe imported an estimated 51 Mt of metallurgical coal. Imports of metallurgical coal have fallen over the last decade (2011 to 2021). This partly reflects the fact that Europe is increasingly importing finished steel products, particularly from Asia.

Assuming a constant ratio of BF iron to crude steel production, metallurgical coal imports into Europe are forecast to remain at approximately 51 Mt per annum over the period 2021 to 2031.

1 Europe includes European Union Countries (EU27) + United Kingdom

Europe — Coking Coal Import Demand



Source: Salva

Other Major Importers of Metallurgical Coal

Brazil

The Brazilian economy continues to grow steadily over the duration of our forecast with a population expected to grow by 10 million people by 2031 (from 214 million to 224 million, representing a CAGR of 0.5%). Crude steel production is expected to grow 10 Mt by 2031 (from a base of 36 Mt in 2021), dominated by BF-BOF on expanded domestic demand and exports. Metallurgical coal imports are expected to increase from 15.7 Mt in 2021 to 20 Mt by 2031 (CAGR of 2.5%). Most of the coal imports in 2021 were from the U.S. followed by Australia.

Vietnam

A rapid growth in crude steel production is forecasted to meet growing demand amid a focus on urbanization, increasing manufacturing investment (China + 1 strategy) and infrastructure upgrades over the long term.

Crude steel production is expected to reach 23 Mt by 2031, rising from 12 Mt in 2021. Most of the capacity increase is via the BF route. Metallurgical coal imports are expected to increase from 7.1 Mt in 2021 to 14 Mt by 2031 (CAGR of 7.0%). Most of the coal imports in 2021 were from Australia followed by Canada and the U.S.

Indonesia

Indonesia is emerging as a new entrant to crude steel production. A rapid growth in crude steel production is forecasted to meet the needs of the growing population, urbanization, infrastructure and increasing manufacturing investment in the automobile sector over the long term. Crude steel production is expected to rise from 9 Mt in 2021 to 18 Mt by 2031. Most of the capacity increase is via the BF route. Some of the metallurgical coal is expected to be sourced from emerging domestic met coal production. Met coal imports (predominantly from Australia) are forecast to grow from 4 Mt to 12 Mt by 2031.

Metallurgical Coal Supply

Supply — Australia

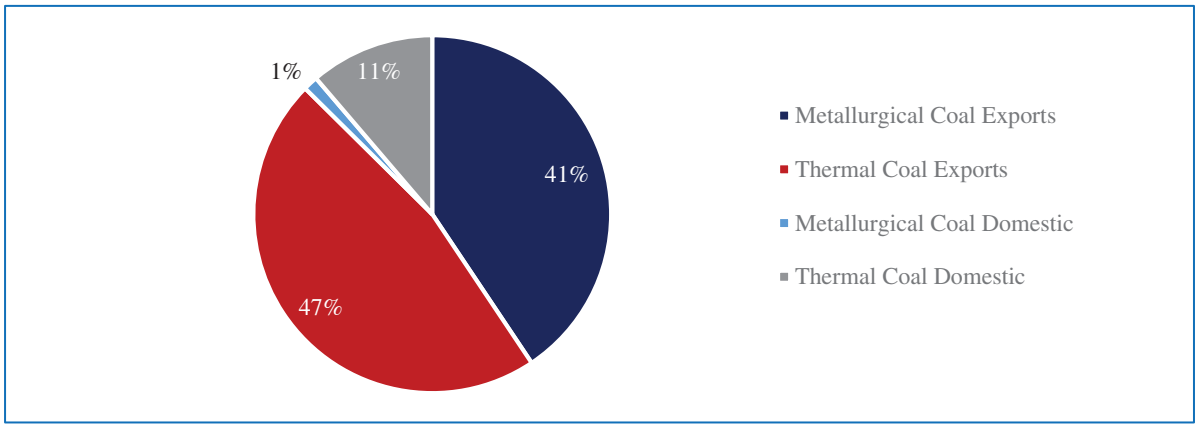
Australian Black Coal Production

Australia is the fifth largest producer of black coal globally, behind China, India, the U.S. and Indonesia. Almost all this black coal (96%) was produced in the states of Queensland and New South Wales, with some minor volumes in Western Australia and Victoria. Australia's black coal production has three key markets:

- Thermal coal is exported for use in power generation (generally in Asia).
- Metallurgical coal is exported for use in steel production (generally in Asia).
- Thermal (Black and Brown) coal is used domestically for power generation.
- A small volume of metallurgical is also consumed domestically.

In 2021, the approximate split of black coal production by these categories was:

Australia — Black Coal Production Split 2021 (Mt)



Source: Salva

Of the 170 Mt of metallurgical coal that was exported from Australia in 2021, the estimated distribution by coal type was as follows:

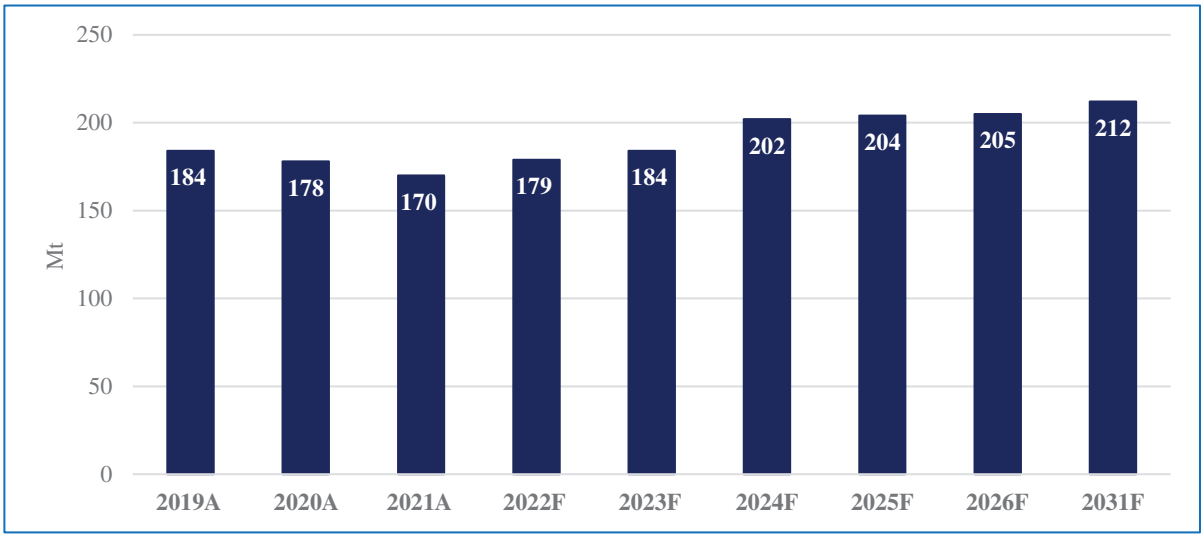
- HCC: 112 Mt.
- SSCC: 24 Mt.
- PCI coal: 34 Mt.

Australian Metallurgical Coal Exports

Australian metallurgical coal exports in 2021 were 170 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 a marginal decline in exports from Australia between 2019 and 2021 due to demand stagnation (due to softening demand due to COVID-19 and the import ban of Australian coal in China).

In 2021, Australia's exports of HCC and PCI represented 85% of total metallurgical coal exports with the 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 generally attracts a higher price if sold into the former. However, in the current environment, thermal coal is priced higher than metallurgical coal; as such, some of the non-contracted SSCC is being sold as thermal coal.

Australia — Metallurgical Coal Exports



Source: Salva

In 2021, supply was disrupted by wet weather in the first quarter of 2021, mine suspensions at Anglo American's Moranbah North and Grosvenor and scheduled maintenance at BHP Mitsubishi Alliance ("BMA") mines in the second half of 2021. The continued La Nina in Queensland in the first half of 2022 has impacting production and likely to impact production moderately (~5-10%) in the second half of 2022.

The effect of a ban on the import of Australian coal in China resulted in a drop in Australian exports to 170 Mt during 2021 along with softening demand for steel production due to COVID-19. Australian metallurgical coal producers expanded to non-Chinese markets for their metallurgical coal. There was a sense of "musical chairs" playing out in the metallurgical markets where Australia is displacing supply from Russia, Canada, the U.S. and elsewhere, while those suppliers look to replace the Australian product in 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 "Cost and freight" ("CFR") China prices. Australia has replaced some of the Russian coal in South Korea, Taiwan and Vietnam to offset supply restrictions to China. Brazil, typically a minor market for Australian coal, has seen rapid growth in recent months. Exports to European Union ("EU") rose by almost 25% in 2021.

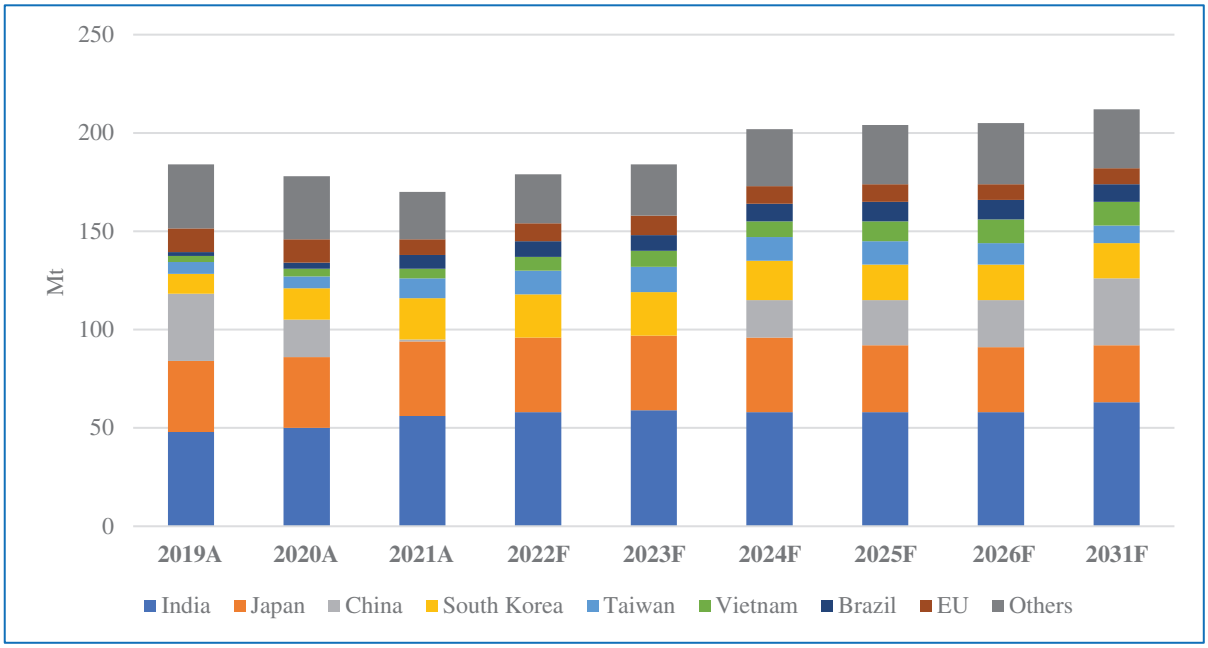
Going forward, the dispute between Mainland China and Australia continues to be the single most influential driver in the seaborne metallurgical markets in the short to medium term. Australian metallurgical coal producers remain steadfast regarding finding alternative markets for their coal, including increasing demand in Vietnam along with emerging markets in Brazil and the EU.

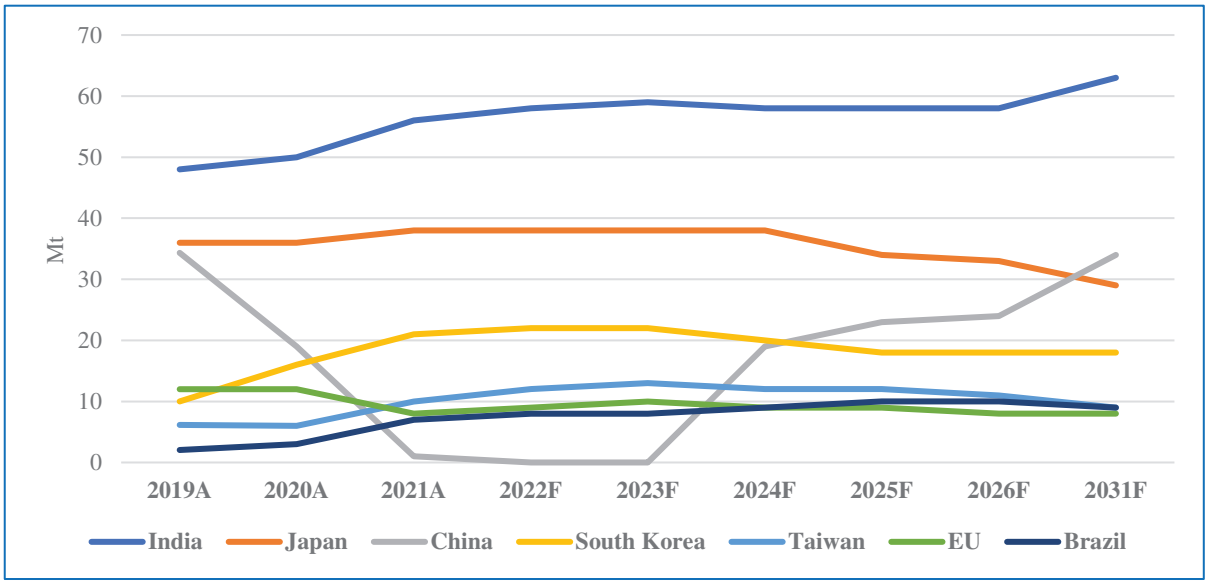
However, in the background of current events is an improving steel market, as global manufacturing is looking towards market recovery in 2022 with the probable end of suppressed economic activity from COVID-19. Salva's model is based on the assumption that the restrictions on Australian coal in China will end around the end of the fourth quarter of 2023. While this is an estimate based on our market intelligence, there is very high uncertainty around that estimate.

In July 2022, the Queensland Government increased royalties on coal extraction. The state has a tiered system where the royalty rate effectively increases as prices increase: miners pay 7% on the first $100 of the sale price, then increased amounts on the incremental sales price above that. In July, the Queensland Government added three tiers on the high end, including 40% on the portion of the sales price above $300/tonne. This will impact the potential economics of the expansion and new projects. For example, in August 2022, BHP announced that it would cease funding expansions for its BMA coal.

On the mine supply side, QCoal Group's Cook mine is now operational again. This mine is one of several small restarts and expansions. Major projects over the forecast period include Pembroke Resources's Olive Downs Complex and Whitehaven Coal's Vickery and Winchester South. Beyond 2031, we consider QCoal Group's Byerwen Phase 2, South32 Limited's Eagle Downs (currently up for sale), and GEAR's Wards Well and Anglo American's Moranbah South to be the next pipeline of projects. This will result in a CAGR growth of 3.8% to 2026 (due to ramp-up) and 2.2% (due to new capacity) to 2031.

Australia Metallurgical Coal — Major Export Destinations





Source: Salva

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 HCC 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.

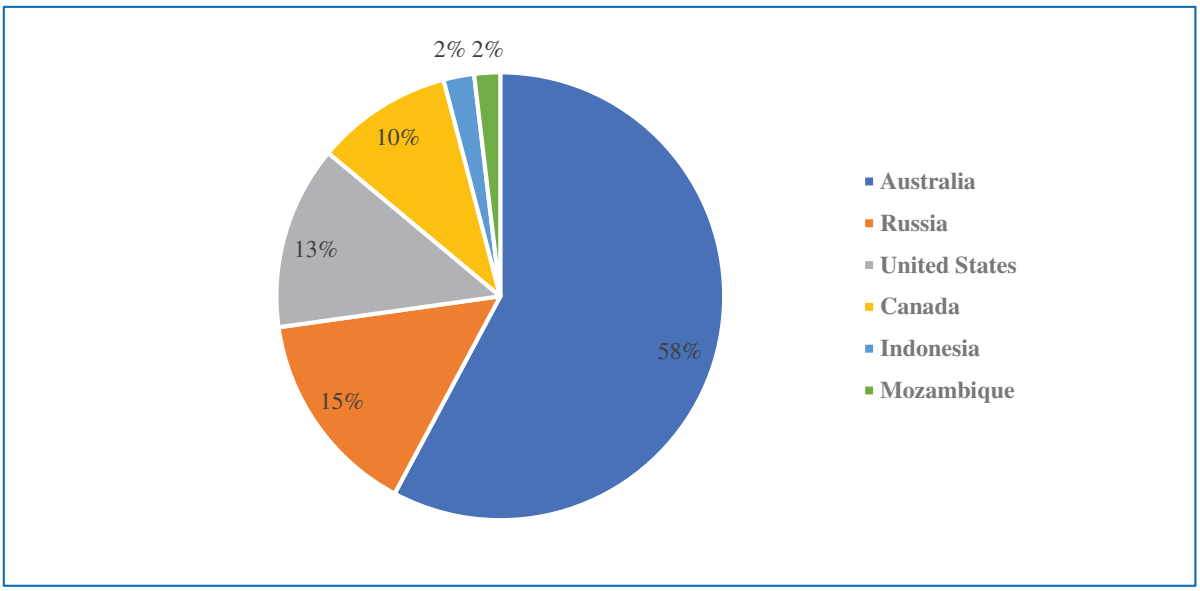
The underlying demand stability from the long-term importers of Australian metallurgical coals (India, Japan, Korea and Taiwan), driven largely by significant steel production in these regions, provides substantial underlying support for production security. The significance of their dependency on Australian 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 58% of the overall supply. Its major competitors in seaborne exports in volume terms are Russia (44 Mt, 15%), the United States (metallurgical coal exports of 39 Mt, 13% in 2021) and Canada (metallurgical coal exports of 29 Mt, 10% in 2021). Other exporters include Indonesia and Mozambique. Indonesia is the most recent addition of met coal exporter after the commencement of Adaro's met coal mines in Central Kalimantan.

The distribution of seaborne metallurgical coal exports in 2021 is charted below.

Major Metallurgical Coal Seaborne Exporters (2021)



Source: Salva

Russia

Russia exported 44 Mt of metallurgical coal in 2021, making it the second-largest exporter globally. It exports over 28% of its coal to China (13 Mt), followed by Japan (6 Mt, 14%), South Korea (5 Mt, 13%), EU (5 Mt, 12%) and India (4.5 Mt, 10%). Russia's Kuzbassrazrezugol OAO is the largest exporter of PCI globally. After the Russia Ukraine war, many countries have banned Russian coal and are alternatively purchasing Australian and US met coals. However, the trade embargo on Russia is having little impact on overall exports as sales to EU countries account for a small percentage of sales, which is picked up by China (Australian substitute strategy) and India.

Russian exports are expected to increase to 52 Mt by 2026 and 53 Mt by 2031 (CAGR of 1.9%). The increase is predominantly located in the Far-East Russian Region. The Kolmar Coal Co. in southern Yakutia (Neryungri Region) plans to double its coal production by 2023. Similarly, Elga Coal operated by Mechel and Gazprombank AO in the southeast Sakha Republic recently secured global funding of US$1.7 billion for their massive expansion. However, Far East producers are limited by the rail infrastructure capacity and quotas for eastbound exports which needs optimization.

In a long term, India is likely to absorb a significant portion of this expanded Russian PCI coal capacity to meet the growing demand for PCI coal in India. Lower-cost PCI exports from Russia will compete favorably against Australian PCI and SSCC for cost and availability.

United States

In 2021, the United States exported 39 Mt of metallurgical coal, making it the third-largest exporter globally. The U.S. 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 U.S. sector services a large domestic steel industry as well as exporting metallurgical coal. The U.S. exports are expected to remain relatively flat to 2026 while increasing moderately (0.3% CAGR) to 2031 due to a decline in domestic demand and closure of high-cost operations.

In 2021, the U.S. produced 86 Mt of crude steel (30 Mt using a basic oxygen furnace), compared to 14 Mt in Canada and 5 Mt in Australia. So, many U.S. 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 U.S. metallurgical coal exports over the last decade (2011 to 2021), which is highly variable. The U.S. 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 U.S. 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.

Brazil remains a major market of U.S. coals with steady BF steel production growth and its proximity to the U.S. (5 Mt in 2021). We expect a rise to over 6 Mt by 2031. Japan is expected to decline from 5 Mt in 2021 to 4 Mt by 2031.

India will anchor long-term U.S. higher-volatile coal exports, due to their appetite for a higher-volatile coke blend and appetite to diversify supply sources (heavily dependent on Australia). U.S. exports to India will reach almost 7 Mt by 2031 as compared to 4 Mt in 2021.

In the short term, United States metallurgical coal suppliers are moving more cargoes to China to capture the high CFR prices (9 Mt in 2021) and ban of Australian coal in China. However, new investment to cater to this market is not evident due to policy uncertainty.

Canada

Metallurgical coal exports from Canada have been remarkably consistent over the last decade (2011 to 2021). Canada exported 29 Mt of metallurgical coal in 2021, 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) in 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.

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 Atrum Coal Ltd. In March 2022, the province of Alberta announced expanding restrictions on all new coal exploration and development activities on the eastern slopes of the Rocky Mountains until it finalizes new land use policies.

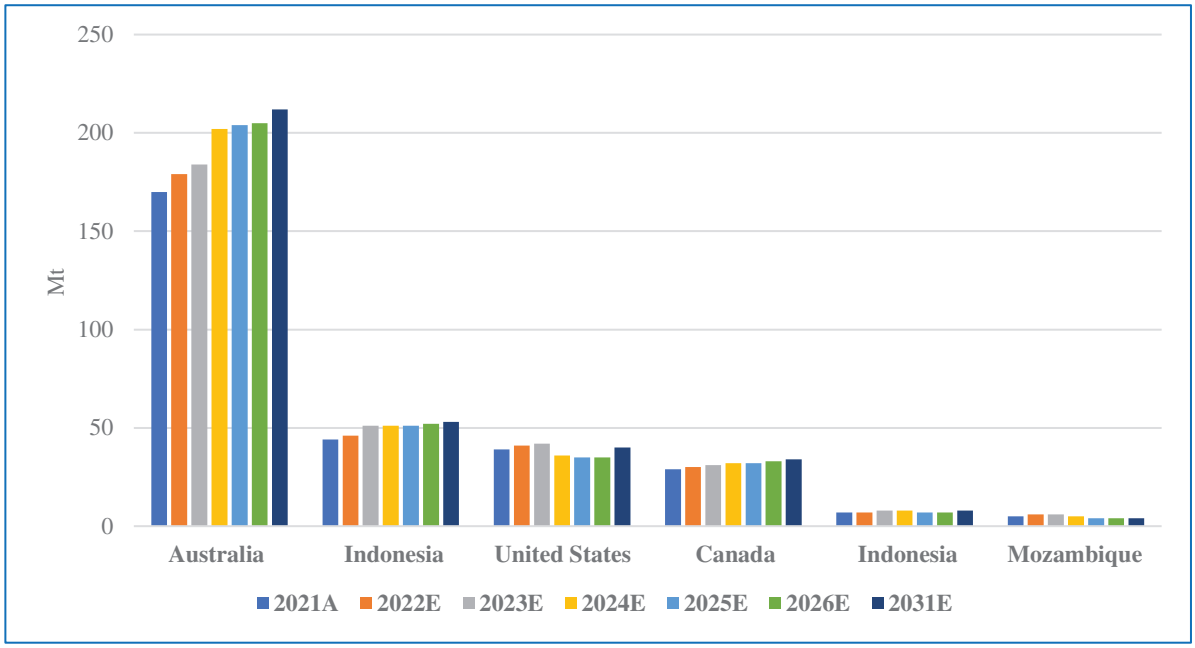
Canadian high-quality low volatile ("LV") and medium volatile ("MV") HCC production remain important to traditional customers in Japan (5 Mt in 2021) and South Korea (5 Mt in 2021). China purchased over 9 Mt in 2021 to diversify from Australia. India becomes the highest growth destination for Canadian metallurgical coal (2 Mt in 2021) and is expected to surpass Japan and South Korea by 2031, especially with its preference for MV HCC.

The northern portion of British Columbia provides longer-term export expansion opportunities including the Murray River, Telkwa and Sukunka projects. However, strict selenium/water quality regulations, land use policies and an engaged public could risk mine developments in southeast British Columbia and Alberta.

Supply Side Summary

The pattern of exports from these major suppliers and the forecast are charted below.

Metallurgical Coal Exporters



Source: Salva

World Metallurgical Coal Trade

World trade in metallurgical coal grew to an estimated 320 Mt in 2021. Robust demand for metallurgical coal was supported by strong world industrial production growth, and thus strong steel output, which grew by 2% CAGR over the past decade. The world metallurgical coal trade is projected to continue to grow over the outlook period at an average annual rate of 1.7%, to reach 380 Mt in 2031.

India is expected to be the key source of import demand growth after overtaking China as the world's largest seaborne metallurgical coal importer, driven by the ongoing expansion of its domestic steel sector. South East Asia (Vietnam and Indonesia) is forecast to grow strongly albeit with a small current base as some of the global manufacturing is shifting away from China (China + 1 strategy). In contrast, China's import demand is expected to decline, 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	2021A	2022E	2023E	2024E	2025E	2026E	2031E	CAGR (2021-31)
World trade	Mt	320	335	345	355	360	365	380	1.7%
Metallurgical coal — Imports									
China	Mt	64	65	66	64	65	66	63	-0.2%
India	Mt	70	73	77	80	84	89	108	4.4%
Japan	Mt	58	56	53	50	47	45	42	-3.2%
South Korea	Mt	34	34	35	36	36	36	36	0.6%
Taiwan	Mt	10	10	10	10	10	10	11	0.5%
Europe (EU)	Mt	51	54	54	54	54	54	54	0.5%
Brazil	Mt	16	18	19	20	20	20	20	2.5%
Vietnam	Mt	7	9	12	12	12	12	14	7.0%
Indonesia	Mt	4	5	6	7	8	9	12	11.6%
Metallurgical Coal — Seaborne Exports									
Australia	Mt	170	179	184	202	204	205	212	2.2%
Russia	Mt	44	46	51	51	51	52	53	1.9%
United States	Mt	39	41	42	36	35	35	40	0.3%
Canada	Mt	29	30	31	32	32	33	34	1.6%
Indonesia	Mt	7	7	8	8	7	7	8	1.3%
Mozambique	Mt	5	6	6	5	4	4	4	-2.2%

Source: Salva

While global metallurgical coal production was relatively down in 2021, metallurgical coal production was highly profitable during 2021 due to high prices. These persistently strong market conditions have encouraged the restart of some idled operations in the U.S. The expansion of existing mines and the development of new mines, especially in Australia and Russia to a lesser degree, are 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 2031. Exports from the U.S. and Mozambique are projected to decline as some of these producers sit to the right of the cost curve, and will be vulnerable to price declines.

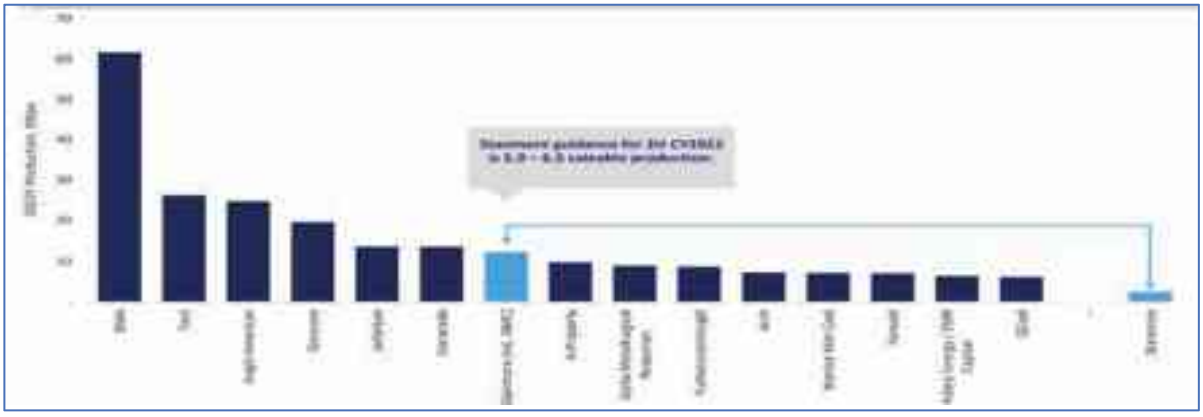
Stanmore Assets

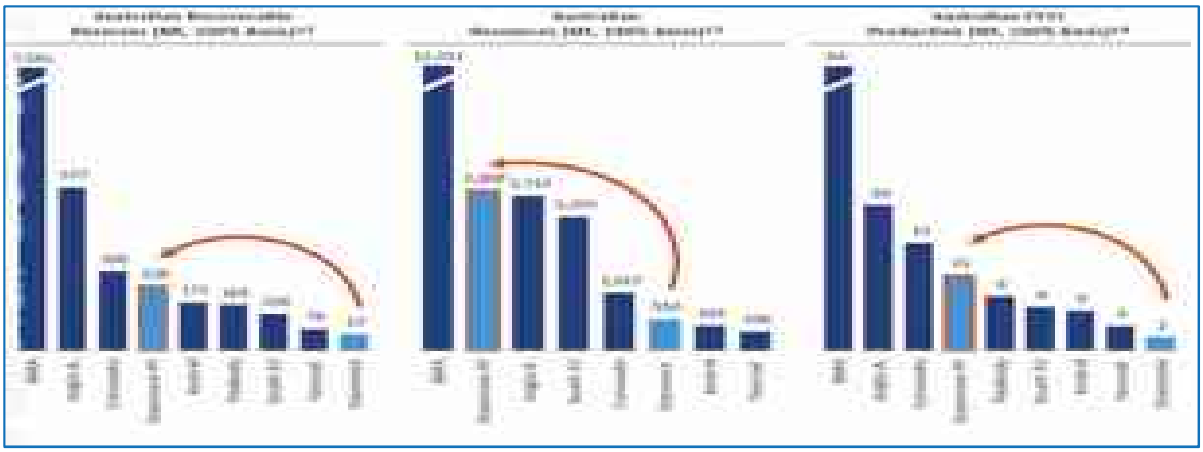
Stanmore's assets include the Isaac Plains Complex along with the recently acquired operating South Walker Creek and Poitrel Mines along with the Wards Well project.

Source: Stanmore, ASX announcement August 12, 2022

The Stanmore assets are tier 1 metallurgical coal assets. As a result of the acquisition of the SMC assets, Stanmore is one of the leading seaborne metallurgical coal exporters (4th within Australia and 7th globally) with significant coal resources and reserves exceeding 25 years of production.

Stanmore — Relative Size





Source: Stanmore, ASX announcement November 8, 2021 and March 3, 2022

South Walker Creek Operations — Competitiveness

South Walker Creek was acquired as part of the SMC Acquisition on May 3, 2022. The remaining 20% was acquired from Mitsui in October 2022.

South Walker Creek is an open pit mine located approximately 35 km west of Nebo in the northern region of the Bowen Basin with a mine life of over 25 years, producing high quality, LV PCI coal for export to steel mills. SWC has been operating since 1996 using two draglines along with excavators, dozers and haul trucks (owner-operator).

South Walker Creek contributed 1.0 Mt of saleable production across May and June 2022 (equates to annual production 6 Mtpa of saleable product), despite wet weather conditions needing to be managed for mining operations and impacting feed qualities and yields.

South Walker Creek is currently being mined at an annualized saleable production rate of 6 Mtpa with a FOB cash cost ex. royalty of US$76.6/tonne during May-June 2022. The average selling price realized during May-June 2022 was US$435/tonne. Strong realized PCI pricing for May and June 2022 was driven by peak PCI prices due to tight market and supply disruptions resulting from sanctions on Russian coals.

Some of the salient features of the South Walker Creek project include:

- Mine life of approximately 25 years.
- C1 cash cost within first quartile of Asia-Pacific ("APAC") metallurgical coal C1 cash cost curve.
- PCI Coal produces from South Walker Creek typically sells at a small premium to the benchmark prices. South Walker Creek PCI coal is one of the highest-performing PCI products in steel furnaces given its low VM and ability to replace a significant amount of coke in steelmaking.
- SMC is the second largest exporter of PCI coal after Russia's Kuzbassrazrezugol.
- PCI coal demand is increasing in the long term as steel furnaces switch to a higher portion of PCI coal in the furnace blend to reduce cost by replacing coke and providing greater operational flexibility.
- Coal reserves of 186 Mt ROM (166 Mt Proved reserves and 20 Mt Probable reserves).

- Marketable Coal reserves of 145 Mt of PCI Coal.

- Coal resources of 684 Mt with over 82% in the Measured and Indicated resource category.

- Production levels of ROM coal matched to coal capacity of the 8.4 Mtpa coal processing plant to produce approximately 6 Mtpa of product.

Poitrel Operations — Competitiveness

Poitrel operations was acquired as part of the SMC Acquisition on May 3, 2022. The remaining 20% was acquired from Mitsui in October 2022.

Poitrel is an open pit mine located ~20km southeast of Moranbah in the northern region of the Bowen Basin with a mine life of +10 years, producing a mix of SHCC and LV PCI coal for export to steel mills. Poitrel has been operating since 2006 using a fleet of excavators, haul trucks and dozers (owner-operator).

Poitrel contributed 0.7 Mt of saleable production across May and June 2022 (equates to annual production of approximately 4 Mtpa of saleable product), despite wet weather conditions.

Poitrel is currently being mined at an annualized saleable production rate of approximately 4 Mtpa with a FOB cash cost ex royalty of US$108.6/tonne during May-June 2022. The average selling price realized during May-June 2022 was US$390/tonne. Strong selling price realized for May and June was driven by strong metallurgical coal prices and PCI prices trading close to spot HCC prices due to tight market and supply disruptions resulting from sanctions on Russian coals.

Some of the salient features of the Poitrel project include:

- Mine life of approximately 10 years.

- Product mix of 65% SHCC and 35% PCI coal.

- Poitrel coal can function in any blend and fits within the target band of coals for the Indian market, a critical future market given anticipated growth in absolute demand.

- Coal reserves of 46 Mt ROM (28 Mt Proved reserves and 18 Mt Probable reserves).

- Marketable coal reserves of 32Mt of SHCC/PCI coal.

- Coal resources of 152 Mt with over 68% in the Measured and Indicated Resource category.

- Poitrel Coal processing plant has a surplus capacity (9 Mtpa Red Mountain CHPP). Linking the Isaac Plains Complex to the Poitrel CHPP will allow the washing of incremental Isaac Downs coal generated in earlier years from rapid uncovering of coal by the dragline at low strip ratios, opening room for the potential development of the Isaac Plains Underground and Isaac South resources in future years.

Isaac Plains Complex — Competitiveness

Stanmore is listed on the Australian Securities Exchange ("ASX"), and is a subsidiary company of Golden Energy and Resources Limited (an SGX-ST-listed company), with a focus on the production of metallurgical coal for the seaborne coal market selling into various steel mills 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. However, given the relatively short mining life within Isaac Plains East, Stanmore acquired the Wotonga South coal resource from Peabody Energy, later renamed the Isaac Downs project.

The Isaac Plains Complex includes Isaac Plains East, Isaac Downs, Isaac Plains Underground and Isaac South.

Mining operations were transitioned from the Isaac Plains East to the lower stripping ratio Isaac Downs project area, which is currently being mined at an annualized saleable production rate of 2.3-2.4 Mtpa with a low strip ratio of 5.6 with a FOB cash cost excluding royalty of US$83.7/tonne during the first half of 2022. The average selling price realized during the first half of 2022 was US$311/tonne.

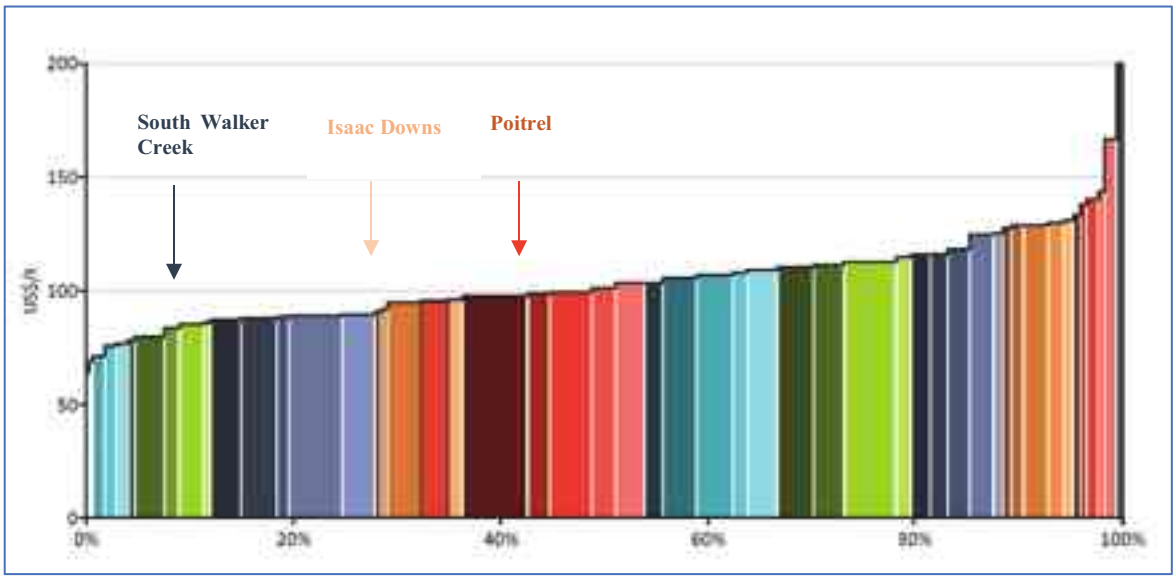
Isaac Plains Complex exports over 50% of its coal to Japan, with the rest predominantly to India, South Korea, and Europe. Some of the salient features of the Isaac Plains Complex project include:

- Mine life of approximately 20 years.
- Isaac Downs C1 cash cost within second quartile of APAC metallurgical coal C1 cash cost curve.
- Coal reserves of 21.5 Mt ROM (21 Mt Proved reserves and 0.5 Mt Probable reserves) at Isaac Downs with total coal reserves of 42.5 Mt across Isaac Plains Complex.
- Marketable coal reserves of 14.4 Mt (13.9 Mt is coking coal at 9.1-9.5% ash and 0.5 Mt is thermal coal) at Isaac Downs with total marketable coal reserves of 31.2 Mt across Isaac Plains Complex
- Coal resources of 163 Mt with over 70% in the Measured and Indicated resource category across Isaac Plains Complex.
- Approximately 80% of the ROM Production target is from Proved coal reserves.
- Production levels of ROM coal matched to the 3.5 Mtpa capacity at the Isaac Plains coal processing plant to produce approximately 2.4 Mtpa of product. Upgrade of the Isaac Plains CHPP from 500 tonnes per hour (tph) to 600 tph is scheduled for the fourth quarter of 2022.

Metallurgical Coal Cost Curve

The cost curve for the APAC seaborne metallurgical coal (including HCC, PCI and SSCC) showing the cost competitiveness of Isaac Downs, South Walker Creek and Poitrel is set forth in the figure below.

APAC — Metallurgical Coal C1 Cash Cost Curve (US$/tonne)



Source: Salva

C1 cash cost for the South Walker Creek mine is in first quartile while the C1 cost for Isaac Downs is in second quartile.

The median cost was estimated at US$103/tonne. The first quartile C1 cash cost was estimated at US$89/tonne, while the third quadrant cost was US$112/tonne. The vast majority of the Australian metallurgical coal exporters have cost in the second quadrant of the global cost.

BUSINESS

Overview

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

Metallurgical Coal. In 2018, GEAR began to diversify its business operationally and geographically through its acquisition of interests in Stanmore. Stanmore is an Australian coal producer focused on metallurgical coal that owns and operates, among others, the Isaac Plains Complex in Queensland's prime Bowen Basin region. Stanmore is listed on the ASX under stock symbol "SMR." In December 2021, GEAR entered into a share purchase agreement with Ascend Global to acquire its 20.3% shareholding in the share capital of GIAPL, following which GIAPL became a wholly-owned subsidiary of GEAR, and GEAR's effective interest in Stanmore increased to 75.3%. In March 2022, Stanmore announced a partially underwritten 7 for 3 pro rata accelerated renounceable entitlement offer, following which GEAR's effective interest in Stanmore was diluted to approximately 64.0%. As of June 30, 2022, GIAPL owned approximately 64.0% of Stanmore.

In May 2022, Stanmore, through its wholly-owned subsidiary, completed the acquisition of an 80% interest in SMC through the acquisition of all of the shares in Dampier from BHP. In August 2022, Stanmore, through Dampier, signed a definitive share sale agreement with Mitsui to acquire the remaining 20% interest in SMC held by Mitsui. The Final SMC Acquisition was completed on October 7, 2022, following which SMC became a wholly-owned subsidiary of Stanmore.

The SMC Acquisition provides Stanmore with a portfolio of high quality assets in the Bowen Basin, a leading global metallurgical coal basin in Queensland, Australia. In addition, these assets are in close proximity to Stanmore's existing operating assets and there is potential for the combined Stanmore Group to benefit from shared infrastructure, corporate functions and coal blending opportunities. The SMC Acquisition allowed Stanmore to become one of the leading seaborne metallurgical coal exporters (4thwithin Australia and 7th globally.

Following the SMC Acquisition, the Stanmore Group's mining operations include (i) the Isaac Plains Complex, (ii) the South Walker Creek and Poitrel mines and the Wards Well development asset, which were acquired as part of the SMC Acquisition and (iii) the Millennium and Mavis Down mine, which is held through a 50/50 joint venture between Stanmore and M Resources and operated by a M Resources affiliated entity.

Stanmore currently operates, among others, the following assets in the Bowen Basin in Queensland, Australia:

- Isaac Plains Complex — The Isaac Plains Complex encompasses a portfolio of operational areas and interests in exploration projects at various stages of development. In 1H2022, mining activities at Isaac Plains Complex were transitioned from Isaac Plains East to the Isaac Downs mine which has a lower strip ratio. Current JORC resource and reserves were estimated as at December 31, 2021, by Measured Group and Optimal Mining. These estimates noted that Isaac Downs contains total JORC resources of 32 Mt, and Isaac Downs has an estimated 21.5 Mt of Proved and Probable ROM coal reserves, noting that reserves are a subset of the resources. See "*— Stanmore Metallurgical Coal Mining — Coal Reserves, Resources and Quality of Stanmore*."

- South Walker Creek — The current Palaris Australia JORC Report for the South Walker Creek mine was completed by Palaris Australia and estimates 186 Mt of Proved and Probable ROM coal reserves and 684 Mt of estimated coal resources (inclusive of the coal reserves), as of June 30, 2022. See "*— Stanmore Metallurgical Coal Mining — Coal Reserves, Resources and Quality of Stanmore*."

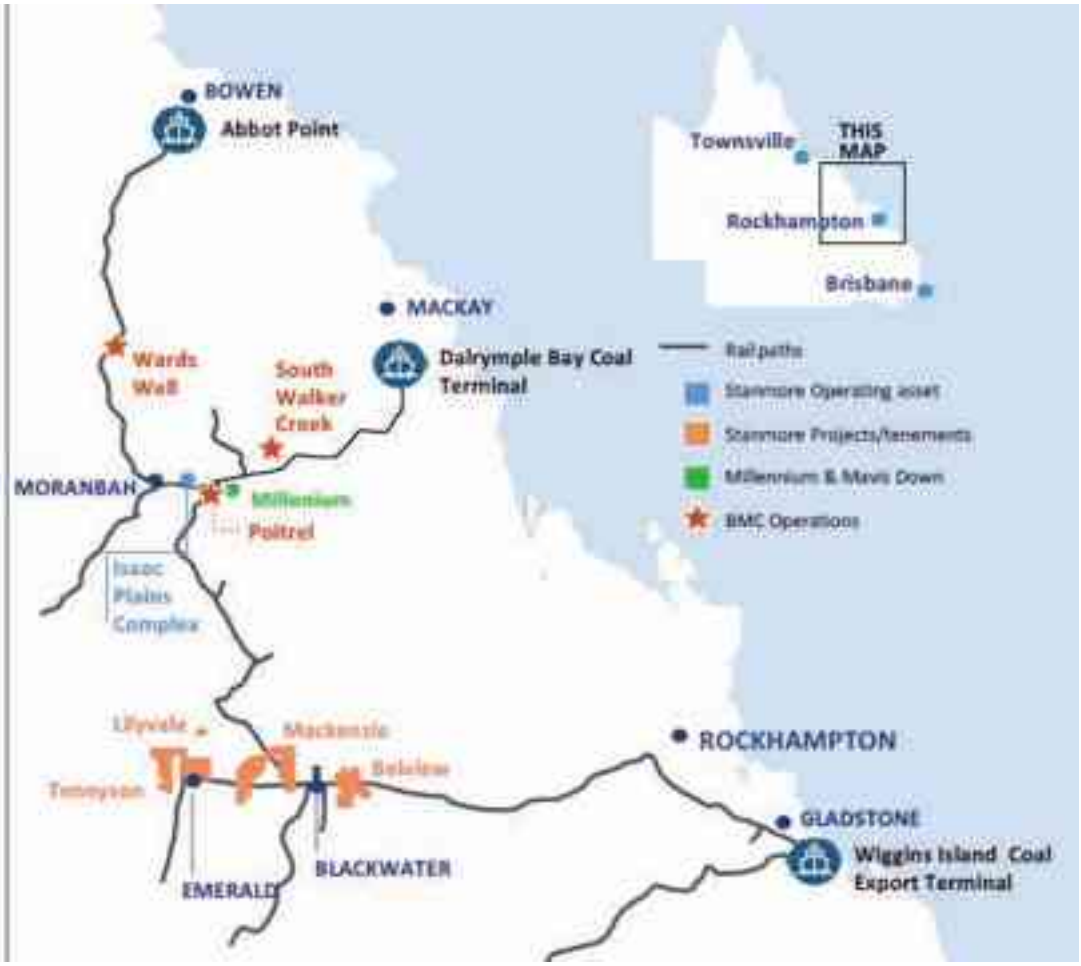
- Poitrel — The current JORC report for Poitrel mine was completed by Palaris Australia and estimates 46 Mt of Proved and Probable ROM coal reserves and 152 Mt of coal resources (inclusive of the coal reserves), as of June 30, 2022. See "*— Stanmore Metallurgical Coal Mining — Coal Reserves, Resources and Quality of Stanmore*."

- Wards Well — The Wards Well deposit is a large-scale, undeveloped, underground project in the Bowen Basin, covering the Moranbah Coal Measures. The Goonyella Upper, Middle, and Lower seams are all represented and contribute to a substantial underground coal resource. The Wards Well coal resource is similar to the HCC deposits at the North Goonyella, Riverside and Goonyella mines, which are located immediately south of the Wards Well deposit. See "*— Stanmore Metallurgical Coal Mining — Coal Reserves, Resources and Quality of Stanmore*."

For a description of the Wards Well development asset and the Millennium and Mavis Down mine, see "*— Stanmore Metallurgical Coal Mining — Metallurgical Coal Concession Areas — Wards Well development asset*" and "*— Stanmore Metallurgical Coal Mining — Metallurgical Coal Concession Areas — Millennium and Mavis Down mine*", respectively. In FY2020, FY2021 and 1H2022, the Isaac Plains Complex produced 1.4 Mt, 2.1 Mt and 1.1 Mt of saleable coal, respectively. In the fiscal years ended June 30, 2019, 2020 and 2021, South Walker Creek and Poitrel produced 10.3 Mt, 9.5 Mt and 8.7 Mt of saleable coal, respectively.

Revenue from our metallurgical coal segment accounted for 15.3% and 45.1% of our revenue in FY2021 and 1H2022, respectively.

The diagram below sets forth the location of the Stanmore Group's mines as of June 30, 2022:



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 June 30, 2022, 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. These mining concession areas generally hold sub-bituminous and bituminous energy coal. In 2019, 2020, 2021 and 1H2022, the GEMS Group produced 30.9 Mt, 33.4 Mt, 29.2 Mt and 17.6 Mt of coal, respectively. Revenue from the energy coal segment accounted for 84.6% and 54.9% of our revenue in FY2021 and 1H2022, respectively.

As part of the Issuer's plan to reduce its exposure to energy coal, the Issuer may in the future segregate all or substantially all of its existing energy coal business, which is in line with the Issuer's plan to reduce its exposure to energy coal. This potential segregation may result in a transfer, distribution or other divestment of all or substantially all of its interests and/or ownership of the issued and paid-up shares in the capital of GEMS, which could be implemented through a variety of methods, including a transfer, sale, distribution and/or dividend *in specie* through a capital reduction or otherwise (the "Potential Segregation"). There is no certainty as to when the Potential Segregation will be undertaken or completed, if at all. The Potential Segregation will also be subject to applicable legal, tax, commercial, regulatory and other considerations.

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 through our joint venture investment with EMR, which is a specialist mining private equity fund that invests in global resource projects and companies. We entered into the gold mining business with a view to reducing our exposure to coal price cycles, as gold is generally a counter-cyclical precious metal.

The Ravenswood Gold Mine is located in Queensland, Australia. Since becoming part of our Group on March 31, 2020 through June 30, 2022, the Ravenswood Gold Mine has produced 177.7 koz of gold. In FY2021 and 1H2022, we recognized a share of loss of a joint venture (net of tax) of $20.9 million and $12.1 million, respectively, 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 247,713 hectares across four regions in South Kalimantan, Indonesia.

Renewables. We incorporated a subsidiary, GEAR Renewables Pte Ltd ("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 photovoltaics ("PV") systems in target geographies of Taiwan, Japan and Australia.

In FY2019, FY2020, FY2021, 1H2021 and 1H2022, our revenue was $1,115.8 million, $1,162.7 million, $1,874.1 million, $806.7 million and $2,431.6 million, respectively.

Our revenue in FY2020, FY2021, 1H2021 and 1H2022 included $97.2 million, $286.6 million, $72.2 million and $1,096.2 million, respectively, from the Stanmore Group, and our revenue in FY2019, FY2020, FY2021, 1H2021 and 1H2022 included $1,107.5 million, $1,061.4 million, $1,586.0 million, $733.6 million and $1,334.7 million respectively, from the GEMS Group. Our Adjusted EBITDA for 2019, 2020, 2021, 1H2021 and 1H2022 was $129.7 million, $147.9 million, $503.3 million, $189.0 million and $866.0 million, respectively.

We are listed on the Mainboard of the SGX-ST under the stock symbol "AUE." Our market capitalization was S$2,097 million as of September 30, 2022.

Our Competitive Strengths

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

A leading metallurgical coal producer with ownership of high quality metallurgical coal and gold assets, with substantial reserves

As a result of the acquisition of the SMC assets, Stanmore is one of the leading seaborne metallurgical coal exporters (4th within Australia and 7th globally) with significant coal resources, reserves exceeding 25 years of production and a combined production capacity of 13 Mt, according to Salva.

Stanmore currently operates, among others, the following assets in the Bowen Basin in Queensland, Australia:

- Isaac Plains Complex — The Isaac Plains Complex encompasses a portfolio of operational mines and interests in exploration and development projects at various phases. In 1H2022, mining activities at Isaac Plains Complex were transitioned from Isaac Plains East to the Isaac

Downs mine which has a lower strip ratio. According to the Optimal Mining JORC Report and the Measured Group JORC Report, the Isaac Downs mine had an estimated 21.5 Mt of Proved and Probable ROM coal reserves and 32 Mt of estimated coal resources, respectively, as of December 31, 2021. The Isaac Plains Complex is expected to be in production for approximately 20 years, based on an anticipated production run rate of 2.4 million product tonnes per annum.

- South Walker Creek — South Walker Creek is an open-cut coal mine operating since 1996 and producing high quality, LV PCI coal for export. According to the Palaris Australia JORC Report, the South Walker Creek mine had an estimated 186 Mt of Proved and Probable ROM coal reserves and 684 Mt of estimated coal resources, including coal reserves, as of June 30, 2022. The life of mine for South Walker Creek is more than 25 years, based on the production run rate of 6.3 million product tonnes per annum.

- Poitrel — Poitrel is an open-cut coal mine operating since 2006 and producing a mix of SHCC and PCI coal with low ash and low sulphur qualities primarily for export markets. According to the Palaris Australia JORC Report, the Poitrel mine had an estimated 46 Mt of Proved and Probable ROM coal reserves and 152 Mt of estimated coal resources, including coal reserves, as of June 30, 2022. The life of mine for Poitrel is more than 10 years, based on the production run rate of 4.2 million product tonnes per annum.

- Wards Well — The Wards Well deposit is a large-scale, undeveloped, underground project in the Bowen Basin, situated to the west and north of Stanmore's other assets and the coal resources are part of the Moranbah Coal Measures. According to the Palaris Australia JORC Report, the Wards Well mine had an estimated 1,417 Mt of estimated coal resources, as of June 30, 2022.

In March 2020, we acquired a 50% interest in the Ravenswood Gold Mine in Queensland, Australia. Apart from quality ore reserves, Ravenswood Gold Mine owns existing infrastructure, including a gold processing plant which is currently undergoing an expansion to increase production capacity to 7.2 Mtpa and capability to produce over 200,000 oz of gold per annum.

Ownership of integrated high quality infrastructure

Following the SMC Acquisition, Stanmore has four mines and three CHPPs within an approximately 50 km radius, which presents it with a combined metallurgical coal production capacity of 13 Mt. The Millennium and Mavis Downs is operated by a M Resources affiliated entity.

The existing infrastructure at the Isaac Plains Complex includes a CHPP, which has the capacity to process up to 3.5 Mtpa ROM coal, port and rail capacity, which is secured by long-term contracts. 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 Caterpillar 6060 ("CAT 6060") hydraulic excavator at the Isaac Plains Complex. Stanmore also owns a train loop and loading facility to facilitate smooth transportation of coal mined from the mine to the port.

The assets acquired by Stanmore in connection with the SMC Acquisition include significant infrastructure, including an 8.4 Mtpa CHPP at South Walker Creek, a 9 Mtpa Red Mountain Infrastructure CHPP in close proximity to Poitrel, two rail loops and train loading facilities, two Marion 8050 draglines and a fleet of excavators, dozers and haul trucks along with secured long-term contracts for rail and port capacities to complement the marketing activities.

Ravenswood Gold Mine's existing infrastructure includes a gold processing plant, which was upgraded in 2019 and has the capacity to process up to 5.0 Mtpa, 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 is currently undertaking an expansion to increase its production capacity to 7.2 Mtpa and production capability to over 200,000 oz of gold per annum.

Low cost structure allowing market resilience through periods of volatility

The proximity of our operations to nearby ports helps to reduce our logistical and transportation costs at Stanmore. Stanmore's tenements located in Bowen Basin (Queensland) are situated near rail infrastructure and Stanmore owns train loop and loading facilities which enables smooth transportation of the coal from each mine to the port.

According to Salva, South Walker Creek mine and Isaac Downs mine are in the first and second quartiles of the Asia-Pacific seaborne metallurgical coal C1 cash cost curve, respectively. At Isaac Plains Complex, our cash cost remained relatively stable in 1H2022 as compared with 2H2021, despite the production impact from the transition of mining activities from Isaac Plains East to the Isaac Downs mine and adverse weather, coupled with one-off costs associated with the transition of the mine services provider.

Strong historical financial performance

We have demonstrated strong historical financial performance.

Our Adjusted EBITDA increased from $129.7 million in FY2019 to $147.9 million in FY2020 and $503.3 million in FY2021 and increased from $189.0 million in 1H2021 to $866.0 million in 1H2022, on account of continued production ramp up, increase in realizations, economies of scale, prudent cash cost management, and specifically in relation to the increase in 1H2022, largely due to the impact of the SMC Acquisition. Our Adjusted EBITDA margin increased from 11.6% in FY2019 to 12.7%, 26.9% and 35.6% in FY2020, FY2021 and 1H2022, respectively.

Our financial performance was supported by a stable balance sheet and cash position. As of June 30, 2022, we had total debt (excluding operating lease liabilities which are required to be capitalized in accordance with IFRS 16 Leases and before deducting unamortized discount and unamortized transaction costs relating to the Existing Notes and term loan facilities) of $1,305.9 million and a cash balance of $932.9 million (not including restricted cash).

Our financial position and capital management enabled us to operate throughout business cycles. With no fixed dividend policy, we preserve cash for any contingencies, debt servicing and working capital. We also hedge our foreign currency exposures where relevant. Stanmore undertakes currency hedging and involves strategic hedging relative to prevailing market conditions 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 dollars. Similarly, Ravenswood partly hedges the gold price exposure in Australian dollars.

Diversified operations with strategically positioned mines to service markets in Asia

For metallurgical coal, compared to our American coal producing counterparts, we enjoy lower freight and logistical costs given our closer proximity to the key consumption markets of Japan, Korea and India.

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

- Product Portfolio Diversification — We produce metallurgical coal products and gold through Stanmore and Ravenswood, respectively. Following the SMC Acquisition, we have four operating mines producing a range of different metallurgical coal products, namely SSCC, PCI coal and SHCC. In addition, the assets acquired in connection with the SMC Acquisition are in close proximity to Stanmore's existing operating assets, which, in turn, allows the combined Stanmore Group to benefit from shared infrastructure, corporate functions and coal blending opportunities.

  According to Salva, about 70% of iron is manufactured using the BF technology, which requires the use of metallurgical coal. The BF process is likely to remain the major technology for iron and steelmaking in the 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 BF 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 a wider range of customers, spanning iron 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 FY2019 to 15.5%, 10.8% and 8.4% of our revenue in FY2020, FY2021 and 1H2022, respectively. As a result of our increasing focus on metallurgical coal and the SMC Acquisition, we have 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.

- Geographic Diversification — Our acquisitions of Stanmore, SMC and Ravenswood in Australia have helped reduce our exposure to and reliance on Indonesia as a market.

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

Our senior management at GEAR and Stanmore have extensive and diverse experience in mining, operations, engineering, finance and risks 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 and ASX. 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. 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. See "— *Corporate Social Responsibility*" for more information on our corporate social responsibility programs.

Our Strategy

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

To increase production volume where required

We are in the process of upgrading our Stanmore mine infrastructure to accommodate future production volume growth through various initiatives.

Ravenswood Gold Mine returned to open-pit mining at Buck Reef West pit in December 2020. Ravenswood is currently undertaking an expansion plan to increase production capacity to 7.2 Mtpa and capability to produce over 200,000 oz of gold per annum. This expansion is estimated to be completed in the fourth quarter of 2022.

Strategic inorganic growth in coal mining

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. In May 2022, we completed the acquisition of an 80% interest in SMC. In August 2022, Stanmore entered into the Final SMC Acquisition to acquire the remaining 20.0% interest in SMC. The Final SMC Acquisition was completed on October 7, 2022, following which SMC became a wholly-owned subsidiary of Stanmore.

The SMC Acquisition allowed for Stanmore to become a leading coal producer with a portfolio of high quality assets with long life and track record of generating strong earnings.

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 ("ESG") 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, plant and animal management and water resource management. We continue to explore ways to ensure energy efficiency and to reduce the environmental impact of our operations. Apart from our mining operations, in November 2019, we 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 is currently undertaking an expansion plan to increase production capacity to 7.2 Mtpa and capability to produce over 200,000 oz of gold per annum.

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.

We may implement the above 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.

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 United Fiber System Limited ("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. Stanmore is a primarily metallurgical coal-focused company.

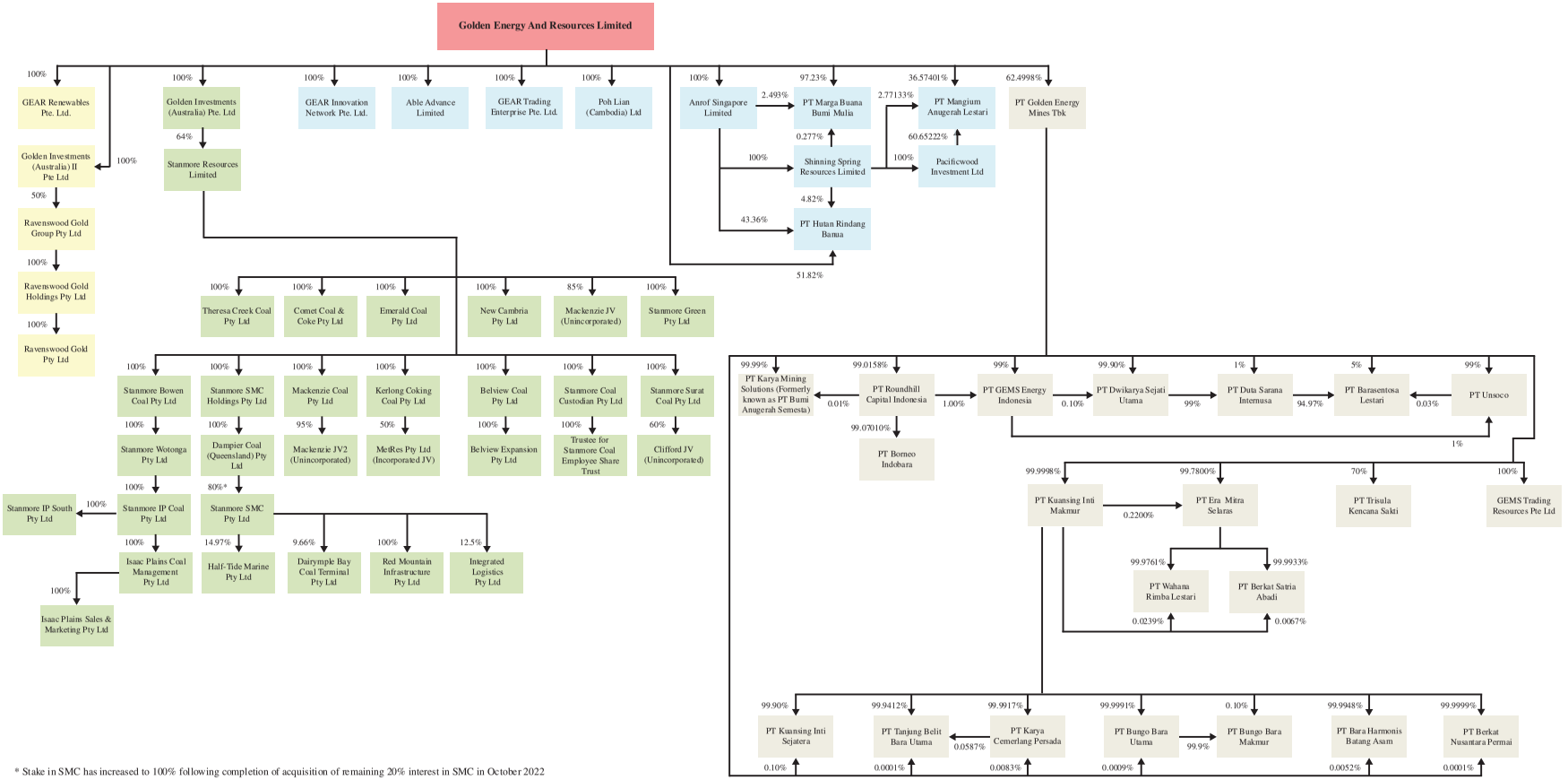
The following table sets forth a number of key milestones in our corporate history.

Year	Event
1997	• GEMS was incorporated as a limited liability company in Indonesia on March 13, 1997.
2006	• GEMS obtained its first coal concession in the concession areas of BIB in South Kalimantan.
2009	• GEMS obtained its second coal concession in the concession areas of KIM in Jambi (a province in Sumatra).
2010	• GEMS obtained its third coal concession in the concession areas of TKS in Central Kalimantan.
2011	• GEMS completed its initial public offering to list its shares on the IDX.
2016	• GEMS acquired its fourth concession in the concession areas through the acquisition of the EMS group of companies.
2018	• 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	• 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).
	• GEAR incorporated GEAR Renewables, its subsidiary for investing in renewable energy projects.
	• GEAR established the GEAR Innovation Network Pte Ltd, a tech innovation center supported by the Economic Development Board of Singapore.
2020	• 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	• In March 2021, GEAR completed the sale of 264,705,885 shares in the capital of GEMS to Ascend Global, which resulted in our shareholding in GEMS decreasing from 67.0% to 62.5%.
	• In May 2021, GEAR issued US$285.0 million 8.5% Senior Secured Notes due 2026 (the "Original Existing Notes").
	• In July 2021, MetRes, a 50/50 joint venture between Stanmore and M Resources, completed the acquisition of the Millennium and Mavis Downs mine from Peabody Energy Australia.
	• In July 2021, Stanmore announced that the mining leases for the Isaac Downs project had been granted by the Minister for Resources of Queensland.

Year	Event
	• In December 2021, GEAR entered into a share purchase agreement with Ascend Global to acquire its approximately 20.33% shareholding in the share capital of GIAPL, following which GIAPL became a wholly-owned subsidiary of the Issuer.
2022.....	• In February 2022, GEAR entered into a placement agreement with KGI Securities (Singapore) Pte. Ltd. to issue up to 285,000,000 new ordinary shares in GEAR.
	• In March 2022, GEAR issued additional US$90.0 million 8.5% Senior Secured Notes due 2026, which were consolidated and formed a single series with the Original Existing Notes.
	• In March 2022, Stanmore announced an approximately A$694 million partially underwritten 7 for 3 pro rata accelerated renounceable entitlement offer, with retail rights trading, of new fully paid ordinary shares in Stanmore ("New Stanmore Shares") at an offer price of A$1.10 per New Stanmore Share, to provide funding for the SMC Acquisition. Following the issuance of New Stanmore Shares, GEAR's effective shareholding interest in Stanmore decreased from 75.3% to approximately 64.0%.
	• In May 2022, Stanmore completed the acquisition from BHP of its 80% interest in SMC.
	• In October 2022, Stanmore completed the acquisition of the remaining 20% interest in SMC.

Group Structure

The following chart provides an overview of our corporate structure as of June 30, 2022.



* Stake in SMC has increased to 100% following completion of acquisition of remaining 20% interest in SMC in October 2022

metallurgical coal business
gold business
energy coal business
other business

Stanmore Metallurgical Coal Mining

Metallurgical Coal Concession Areas

Stanmore operates the Isaac Plains Complex as well as the South Walker Creek and Poitrel mines which were acquired as part of the SMC Acquisition completed on May 3, 2022, in the Bowen Basin, a prime metallurgical coal region in Queensland, Australia.

The Isaac Plains Complex covers an aggregate area of approximately 13,000 hectares in Queensland, Australia, and encompasses a portfolio of operational mines and interests in exploration projects at various stages of development. In 1H2022, mining activities at Isaac Plains Complex were transitioned from Isaac Plains East to the Isaac Downs mine which has a lower strip ratio.

In FY2020, FY2021 and 1H2022, the Isaac Plains Complex produced 1.4 Mt, 2.1 Mt and 1.1 Mt of saleable coal, respectively. In the fiscal years ended June 30, 2019, 2020 and 2021, South Walker Creek and Poitrel produced 10.3 Mt, 9.5 Mt and 8.7 Mt of saleable coal, respectively.

The diagram below sets forth the location of the Stanmore Group's mines as of June 30, 2022:

Each of the Stanmore Group's projects is described below.

Isaac Plains Complex

The Isaac Plains Complex comprises the following:

- the Isaac Downs project — Stanmore acquired Isaac Downs, previously Wotonga South in June 2018, and consequently explored and permitted it as a satellite open cut development within the overall Isaac Plains complex. Isaac Downs has provided Stanmore the ability to extend the life of the Isaac Plains Complex. In 1H2022, mining activities were transitioned from Isaac Plains East to the Isaac Downs mine which has a lower strip ratio, which resulted in 1.1 Mt of saleable production at Isaac Downs in 1H2022. Current JORC resource and reserves were estimated as at December 31, 2021, by Measured Group and Optimal Mining. These estimates noted that Isaac Downs contains total JORC resources of 32Mt, and Isaac Downs has an estimated 21.5 Mt of Proved and Probable ROM coal reserves, noting that reserves are a subset of the resources. See "— *Stanmore Metallurgical Coal Mining — Coal Reserves, Resources and Quality of Stanmore*";

- the Isaac Plains East metallurgical coal 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 development project — a bankable feasibility study was completed in the fiscal year ended June 30, 2019, which confirmed the financial viability of the Isaac Plains Underground project with potential production of on average 1.2 Mt 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 near completion of open-cut mining at Isaac Downs; and

- 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 a total estimated JORC resource of 51.8 Mt, comprising approximately 11.9 Mt of Measured resource, 14.5 Mt of Indicated resource and 25.4 tonnes of Inferred resource. The Stanmore Group plans to undertake further studies that will ultimately lead to an updated feasibility study and economic viability assessment for future mining operations at Isaac South.

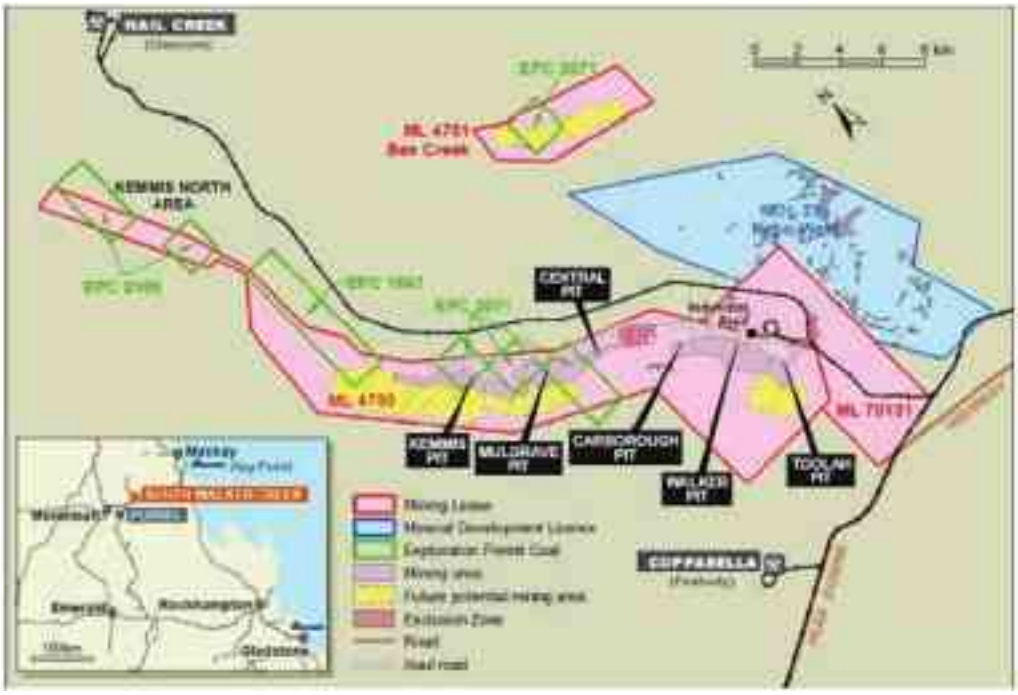
The Stanmore Group also has an interest in additional exploration projects in the Bowen and Surat Basins.

South Walker Creek mine

South Walker Creek is an open cut metallurgical coal mine, approximately 35km west of Nebo, in the Northern Bowen Basin. South Walker Creek produces and markets a high quality LV PCI coal product. The mine began operation in 1996 and sits approximately 125 km west of DBCT. For the fiscal year ended June 30, 2021, South Walker Creek produced 4.9 Mt of PCI coal.

The current Palaris Australia JORC Report for the South Walker Creek mine was completed by Palaris Australia and estimates 186 Mt of Proved and Probable ROM coal reserves and 684 Mt of estimated coal resources (inclusive of the coal reserves), as of June 30, 2022. See "— *Stanmore Metallurgical Coal Mining — Coal Reserves, Resources and Quality of Stanmore*."

The diagram below sets forth the site infrastructure map of South Walker Creek:



South Walker Creek has a mine life in excess of 25 years and also a large resource base of 684 Mt of total resources, which include 145 Mt of marketable coal reserves. Based on current reserves and rates of production, South Walker Creek has a mine life in excess of 25 years. Additional to South Walker Creek resources, the SMC Bee Creek (ML4751) and Nebo West (MDL235) tenements are close to South Walker Creek infrastructure and have estimated coal resources of 23 Mt and 71 Mt, respectively. The South Walker Creek resource is well defined with more than 6000 chip and core holes (coal quality) providing key information for the development of the geological models.

The coal product quality associated with the declared marketable reserve is a LV PCI coal with target specification of 9.2% ash; 13.6% of low volatile matter; and 0.35% of low sulfur, to an air-dried basis.

South Walker Creek has two fully owned Marion 8050 draglines in operation, a contracted fleet of seven excavators, nine mining Caterpillar D11 ("CAT D11") dozers and 40 haul trucks, as well as a fully owned fleet to support the dragline and CHPP operations. Saleable coal production is generated by the 8.4 Mtpa (ROM) CHPP, including ROM crusher, coal processing plant, product stockpile and rail load-out facilities.

South Walker Creek adopts a multi-bench, open-cut mining method utilizing a dragline operated by SMC, and truck and hydraulic excavators operated by a contractor; and a combination of stripping methods, including cast and dozer excavation in the shallower pits and draglines in the deeper southern pits. ROM coal is stockpiled prior to crushing before being transported to the CHPP, also operated by SMC.

Saleable coal from South Walker Creek is transported for export via rail to DBCT, and then for sale into the seaborne market. There is sufficient rail and port capacity to support export through DBCT. South Walker Creek is the closest mine in the whole Bowen Basin to the coal terminals at Hay Point.

The operations are powered by the Queensland electricity grid connection, with long-term contracted energy purchased via retail agreements.

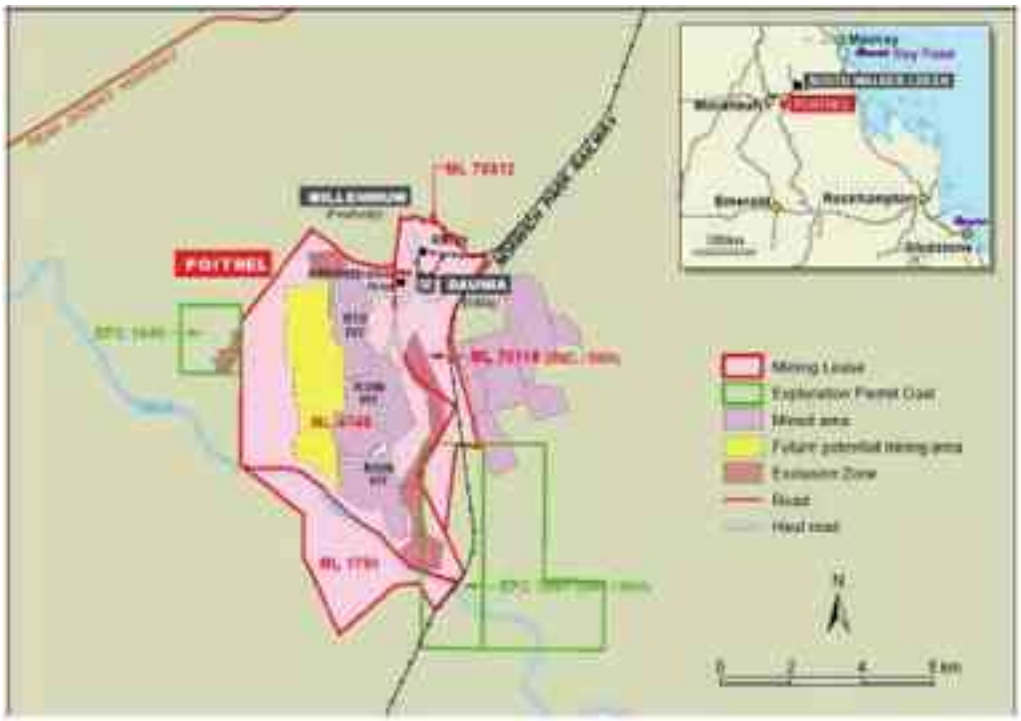
Poitrel mine

Poitrel is an open cut coal mine which has been in operation since 2006, producing a mix of approximately 65% SHCC and 35% PCI for export to overseas customers. For the fiscal year ended June 30, 2021, Poitrel produced 3.9 Mt of coal.

Poitrel is located approximately 20 km southeast of Moranbah in the Bowen Basin. The Poitrel deposit is located within the Rangal Coal measures, and Poitrel mines the well-known Leichhardt and Vermont seams which are also extracted from Millennium and Mavis Downs mine, Daunia mine, and Isaac Downs mine.

The current JORC report for Poitrel mine was completed by Palaris Australia and estimates 46 Mt of Proved and Probable ROM coal reserves and 152 Mt of coal resources (inclusive of the coal reserves), as of June 30, 2022. See "*— Stanmore Metallurgical Coal Mining — Coal Reserves, Resources and Quality of Stanmore*."

The diagram below sets forth the site infrastructure map of Poitrel:



Based on marketable reserves of 32 Mt, Poitrel has a mine life of approximately 10 years. The Poitrel resource is well defined with more than 5,000 chip holes and core holes (coal quality) contributing key information for the development of geological models.

The declared marketable reserves at Poitrel are a combination of SHCC and MV PCI. Basic specification is 8.3% ash, 24.0% volatile matter and 0.40% sulfur for the SHCC; and 9.3% ash; 22.9% volatile matter and 0.35% of sulfur for the PCI. All specifications noted are to an air dried-basis.

Poitrel's operations are supported by a fleet of six excavators, 35 haul trucks and 23 mining dozers (Caterpillar D11T, D10T and 854K). Coal is mined using conventional open-cut strip mining methods, employing a mix of truck and/or excavator, and dozer push mining.

ROM coal is transported to Red Mountain Infrastructure ("RMI"), which is wholly owned by Stanmore SMC, where it is either direct fed or stockpiled prior to crushing and washing through the CHPP and loading to rail via the train load out facilities. The RMI CHPP has a nominal capacity in excess of 9 Mtpa, resulting in latent capacity at current production levels.

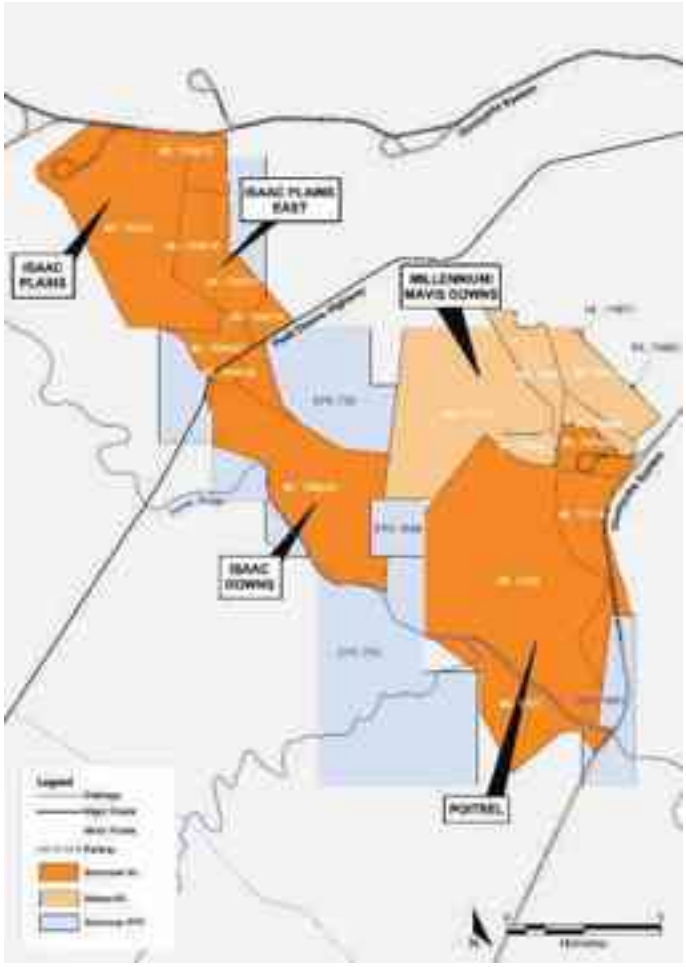
Coal is transported via rail to DBCT for export primarily and may also be railed to North Queensland Export Terminal. There is sufficient rail and port capacity to support export through NQXT and potentially DBCT.

Millennium and Mavis Down mine

In April 2021, Stanmore entered into a 50/50 joint venture to conditionally acquire the Millennium and Mavis Downs mine from Peabody Energy Australia for an upfront cash consideration of $1.25 million and royalty agreement (capped at $1.25 million). A further "super royalty" of A$3.5/tonne is in effect for five years post deal completion, which is triggered when HCC prices are above US$175/tonne FOB Australia. The acquisition was completed in July 2021.

Historically, Millennium has produced benchmark level HCC64 HCC and PCI coals, complementary products to the existing Stanmore mines which may allow for beneficial coal blending synergies.

The diagram below sets forth the location of the Millennium and Mavis Down mine:



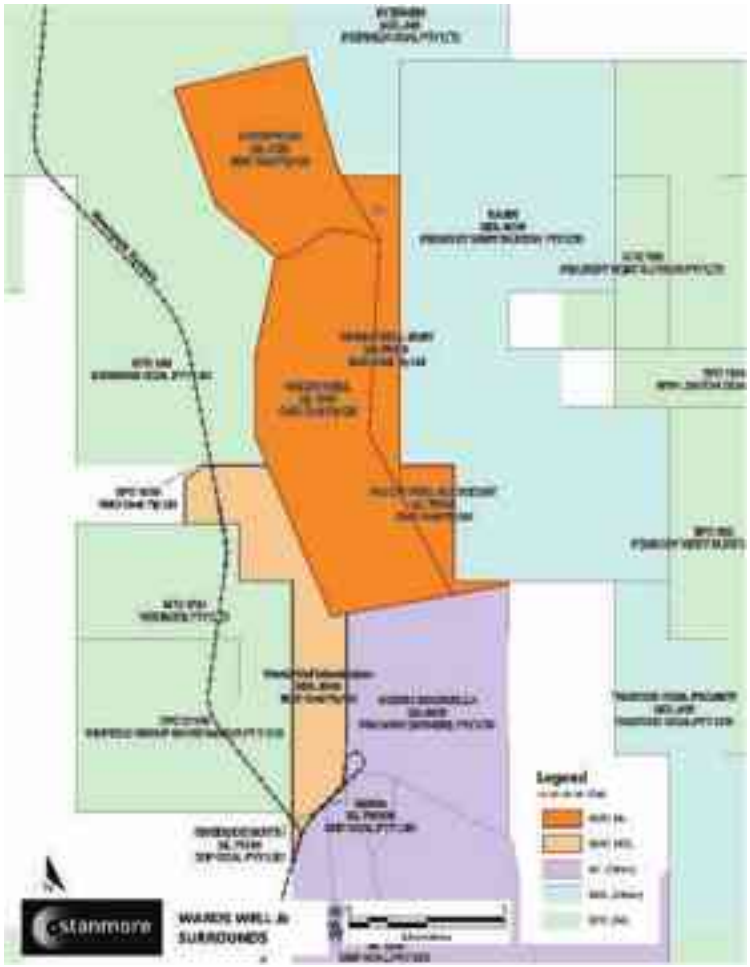
The Millennium and Mavis Downs mine is located adjacent to Stanmore's Isaac Downs mine and is operated by a M Resources affiliated entity. The Millennium and Mavis Downs mine is currently winding down as a conventional open-cut truck and shovel operation, combined with auger mining from available highwalls. Coal washing is undertaken at the RMI CHPP via a fully executed toll washing and train loading agreement. The preparation and construction of the Mavis underground mine is continuing.

Its ROM coal production commenced in the third quarter of 2021, using a coal augur contractor to extract coal from available standing highwalls. Coal washing is undertaken at the Red Mountain Infrastructure CHPP via a fully executed toll washing and train loading agreement.

Wards Well development asset

The Wards Well deposit is a large-scale, undeveloped, underground project in the Bowen Basin, within covering the Moranbah Coal Measures. The Goonyella Upper, Middle, and Lower seams are all represented and contribute to a substantial underground coal resource. The Wards Well coal resource is similar to the HCC deposits at the North Goonyella, Riverside and Goonyella mines, which are located immediately south of the Wards Well deposit.

The diagram below sets forth the general location of the Wards Well deposit:



Coal Reserves, Resources and Quality of Stanmore

The following table summarizes certain information relating to Isaac Plains Downs, the South Walker Creek, Poitrel and Wards Well mines, as of the dates indicated, according to the relevant JORC Reports.

Project Name	Concession Holder	Ownership Percentage	Concession Expiry	Coal Type	Coal Reserves		Coal Resources[1]			
					Proved	Probable	Measured	Indicated	Inferred[2]	Total
							(Mt)			
Isaac Downs[3] ...	Stanmore IP South Pty Ltd	100%	July 31, 2046	SSCC	21.1	0.4	29.2	2.9	0	32.1
South Walker Creek[4]	SMC	100%	Permits expire between July 2020 and October 2025[5]	PCI	166	20	258	303	123	684
Poitrel[6]	SMC	100%	Permits expire between November 2023 and July 2041[7]	SHCC and PCI	28	18	59	45	47	152
Wards Well[8]	SMC	100%	Permits expire between August 2016 to July 2041[9]	likely HCC	0	0	547	769	101	1,417
Total.....					215.1	38.4	893.2	1,119.9	271	2,285.1

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 to 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 2022 and a report by Measured Group dated January 2022.

(4) According to a report by Palaris Australia dated October 2022.

(5) SMC holds three tenements (mining leases) that expired in July 2020 with a twenty-one year renewal lodged for these three tenements (mining leases) in January 2020, one tenement expiring in September 2025, two tenements expiring in October 2025 and one tenement expiring in March 2023.

(6) According to a report by Palaris Australia dated October 2022.

(7) SMC holds one tenement expiring November 2023, one tenement expiring June 2025, one tenement expiring December 2034, and two tenements expiring July 2041; SMC and BHP jointly hold a tenement expiring in December 2031.

(8) According to a report by Palaris Australia dated October 2022.

(9) SMC holds one tenement expiring August 2026, two tenements expiring May 2038 and two tenements expiring July 2041.

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 BF steelmaking, with furnace productivity, stability and economics closely linked to the quality of coke, and consequently the metallurgical coal inputs. The Stanmore Group's energy coal is a byproduct of its metallurgical coal production.

The following table sets forth the coal specifications of the coal reserves in the Isaac Downs, South Walker Creek and Poitrel mines. Stanmore produces a range of different metallurgical coal products, namely SSCC, PCI coal and SHCC, across these mines.

		Coal Specification		
Concession	Product Type	Ash (adb %)	Volatile Matter (adb %)	Total Sulfur (adb%)
Isaac Downs	SSCC	9.5	25.3	0.34
South Walker Creek	PCI	9.2	13.6	0.35
Poitrel	PCI	9.3	22.9	0.35
	SHCC	8.3	24.0	0.40

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.

Metallurgical Coal Mining Operations and Logistics

Mining operations at Isaac Plains Complex 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.

Mining operations at South Walker Creek are conducted using open-cut mining methods, through multi-bench operations. ROM coal is hauled by a fleet of front-end loader and trucks to the crushing stations, before feed enters the processing plants. Mining operations are supported by a fleet of excavators, draglines, CAT D11 dozers and haul trucks.

Mining operations at Poitrel are conducted conventional open-cut strip mining methods. The mine utilizes drill and blast techniques followed by excavator, truck and dozer fleet to remove overburden waste rock and then extract raw coal ore. Coal is transported to the Red Mountain Infrastructure CHPP and blended to produce SHCC and PCI for export. Mining operations are supported by a fleet of excavators, draglines, CAT D11 dozers and haul trucks.

Mining operations at Millennium and Mavis Down mine are conducted using conventional open-cut strip truck and shovel operations, combined with auger mining from available highwalls. Coal washing is undertaken at the Red Mountain Infrastructure CHPP via a fully executed toll washing and train loading agreement.

Excavation, Crushing, Processing and Stockpiling

ROM coal from Isaac Downs is processed through Stanmore's CHPP facility. The CHPP facility was commissioned in 2006 and has a nameplate throughput capacity of 500 tph (3.5 Mtpa 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.

ROM coal from South Walker Creek is processed through South Walker Creek's CHPP facility. The South Walker Creek CHPP is operated on a 24 hour per day, seven day per week basis, excluding monthly planned maintenance and any annual major shutdowns. ROM coal is stockpiled and then rehandled into ROM bin feed with a loader. The ROM coal is stockpiled prior to crushing before being transported to the approximately 8.4 Mtpa capacity CHPP. The required blend of ROM coal is achieved by selecting coal from specific ROM stockpiles. The crushing stations crush all feed to the processing plants and the processing plants are heavy medium plants with fines circuits. Coarse rejects are back-hauled to reject disposal dumps and plant tailings are pumped into tailings dams.

ROM coal from Poitrel is processed through the Red Mountain Infrastructure CHPP, which is operated on a 24 hour per day, seven day per week basis, excluding monthly planned maintenance and any annual major shutdowns. It consists of the ROM dump hopper and crusher, the coal processing plant, product stockpile and train load-out facilities. ROM coal is either direct fed or stockpiled prior to crushing before being transported to the Red Mountain Infrastructure CHPP. The required blend of ROM coal is achieved by selecting coal from specific ROM stockpiles.

Rail and Shipment

In relation to the Isaac Plains Complex and Poitrel mines, coal from the CHPP is loaded by train load-out bins into rail cars, which deliver export metallurgical and energy coal to DBCT, approximately 172 kilometers away. Isaac Plains Complex has access to a rail loop situated on the Goonyella rail system, which links to 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. Both mines also have rail access via the Goonyella rail system to the Newlands Rail Corridor rail system, which links to NQXT where Stanmore currently sends approximately 300ktpa.

In relation to the South Walker Creek mine, coal from the CHPP is loaded by train load-out bins into railcars, which deliver export metallurgical coal to DBCT. South Walker Creek has access to a rail loop situated on the Goonyella rail system, which links to DBCT.

Stanmore has long-term rail agreements and long-term port agreements in place.

Reclamation

In accordance with the mining leases, 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 with 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 this Exchange Offer 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.

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 a spot basis to end users primarily located in Asia. 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 — Stanmore Transactions with Related Parties — Marketing Services Agreement.*"

GEMS Energy Coal Mining

In Indonesia, we are a leading coal producer operating through our subsidiary, GEMS, and its subsidiaries. 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. These mining concession areas generally hold sub-bituminous and bituminous energy coal.

In FY2019, FY2020, FY2021 and 1H2022, the GEMS Group produced 30.9 Mt, 33.4 Mt, 29.2 Mt and 17.6 Mt of coal, respectively, and had a sales volume of 31.0 Mt, 34.0 Mt, 29.5 Mt and 18.1 Mt of coal, respectively.

Energy Coal Reserves and Resources

The following table summarizes certain information relating to GEMS' five mining concession areas in Indonesia as of June 30, 2022. Coal reserves and coal resources levels are as of December 31, 2021 and derived from our prior independent qualified person's reports prepared by a reputable third-party consultant.

Concession	Concession Holder(s)	Concession Expiry	Area	Block	Coal Reserves		Coal Resources[1]			
					Proved	Probable	Measured	Indicated	Inferred[2]	Total
			(hectares)		(Mt, unless otherwise indicated)					
BIB[3]	BIB	February 2036	24,100	Kusan Girimulya	563.6	92.5	876	321	315	1,512
				Batulaki South	12.1	6.6	19	27	155	201
				Sebamban South	11.4	4.5	18	10	15	43
				Sebamban North	5.6	2.4	12	10	48	70
				Pasopati	3.0	1.2	10	10	10	30
				Total	595.6	107.2	935	378	543	1,856
KIM	KIM PT Bara Harmonis Batang Asam PT Berkat Nusantara Permai PT Bungo Bara Utama PT Karya Cemerlang Persada PT Tanjung Belit Bara Utama PT Bungo Bara Makmur PT Kuansing Inti Makmur	Permits expire between December 2024 and December 2029[4]	2,610	East KIM and West KIM	41.8	12.8	107	56	92	255

Concession	Concession Holder(s)	Concession Expiry	Area	Block	Coal Reserves		Coal Resources[1]			
					Proved	Probable	Measured	Indicated	Inferred[2]	Total
			(hectares)		(Mt, unless otherwise indicated)					
BSL	BSL	March 2041	23,300	BSL	139.0	49.6	219	134	89	443
WRL.....	WRL	March 2026	4,739	WRL	33.8	53.4	55	100	161	316
TKS	TKS	August 2026	1,748	TKS Ampah	0.2	0.4	1.9	3.4	2.3	7.6
		April 2026 and April 2028	9,707	TKS	0.0	0.0	24.7	26	24	74.7
Total			**66,204**	**—**	**810.5**	**223.4**	**1,342.6**	**697.4**	**911.3**	**2,952.3**

Notes:

(1) Coal resources are inclusive of coal reserves.

(2) Rounded to the nearest five Mt.

(3) Information on BIB excludes the Batulaki North block, which has not been well explored as of June 30, 2022.

(4) KIM holds one Mining Permit 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.

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 FY2019, FY2020 and FY2021, 1H2021 and 1H2022, our energy coal sales to related parties were $141.4 million, $169.4 million, $207.9 million, $96.1 million and $96.7 million, or 12.7%, 14.6%, 11.1%, 11.9% and 4.0% of our revenue for such periods, respectively, and primarily comprised energy coal sales.

One of our largest related party customers in FY2019, FY2020 and FY2021, 1H2021 and 1H2022 was Indah Kiat, an Indonesian pulp and paper producer that is 53.3% owned by Purinusa, a member of the Sinar Mas Group, as of December 31, 2021, according to the Indah Kiat's 2021 annual report. Coal sales to Indah Kiat in FY2019, FY2020 and FY2021, 1H2021 and 1H2022 accounted for 5.9%, 7.9%, 5.6%, 6.5% and 2.3% of our revenue in each respective period.

For more information see "*— Major Customers and Suppliers — Major Customers*" and "*Risk Factors — Risks Relating to Our Coal Mining Businesses — We have in the past engaged, and may in the future engage, in various transactions with related parties*."

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. 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.

Since becoming part of our Group on March 31, 2020 through June 30, 2022, the Ravenswood Gold Mine has produced 177.7 koz of gold. In FY2021 and 1H2022, we recognized a share of loss of a joint venture (net of tax) of $20.9 million and $12.1 million, respectively, related to Ravenswood.

The Ravenswood Gold Mine comprises developed infrastructure which includes triple stage crushing, ball mill grinding, and Carbon-in-Leach processing. 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. EMR, through Raven Gold, is the operating partner of Ravenswood, and has primary responsibility for operational 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. 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 sell their interests in the Ravenswood Group. For more information, see "*Description of Material Agreements — Ravenswood Shareholders' Deed*."

Development Plan for Ravenswood Gold Mine

Ravenswood is currently undertaking an expansion to increase production capacity to 7.2 Mtpa and its capability to produce over 200,000 oz of gold per annum. The current expansion is estimated to be completed in the fourth quarter of 2022.

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 247,713 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 solar PV 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 2019, 2020, 2021 and 1H2022 accounted for 63.0%, 57.1%, 46.6% and 49.0% of our total revenue in such periods, respectively. Our largest customer in each of 2019, 2020, 2021 and 1H2022 accounted for 17.4%, 15.5%, 10.8% and 8.4% of our total revenue in such periods, respectively.

The following table summarizes our revenue attributable to our 10 largest customers in FY2019, FY2020, FY2021 and 1H2022.

		Year Ended December 31,						Six Months Ended June 30,	
		2019		2020		2021		2022	
Customer	Relationship commenced	Revenue	% of Revenue	Revenue	% of Revenue	Revenue	% of Revenue	Revenue	% of Revenue
		($ in millions, except percentages)							
Customer 1^	>10 yrs	—	—	—	—	*	*	204.3	8.4%
Customer 2^	>10 yrs	—	—	—	—	78.4	4.2%	197.5	8.1%
Customer 3#	2014	193.7	17.4%	180.6	15.5%	153.1	8.2%	169.0	6.9%
Customer 4^	>10 yrs	—	—	*	*	—	—	137.2	5.6%
Customer 5^	>10 yrs	—	—	*	*	52.9	2.8%	117.3	4.8%
Customer 6#	>10 yrs	—	—	—	—	*	*	87.4	3.6%
Customer 7#	>10 yrs	*	*	*	*	—	—	83.8	3.4%
Customer 8#	2017	116.1	10.4%	80.6	6.9%	203.0	10.8%	81.1	3.3%
Customer 9^	2022	—	—	—	—	—	—	63.9	2.6%
Customer 10^	>10 yrs	—	—	—	—	—	—	57.0	2.3%
Customer 11#	2010	65.6	5.9%	92.4	7.9%	104.6	5.6%	*	*
Customer 12#	2018	55.8	5.0%	40.4	3.5%	101.0	5.4%	*	*
Customer 13#	2018	35.1	3.1%	34.8	3.0%	54.4	2.9%	*	*
Customer 14#	2015	61.1	5.5%	61.6	5.3%	46.6	2.5%	*	*
Customer 15#	2015	41.4	3.7%	34.4	3.0%	41.1	2.2%	*	*
Customer 16^	>10 yrs	—	—	—	—	38.3	2.0%	*	*
Customer 17#	2017	29.4	2.6%	33.6	2.9%	*	*	*	*
Customer 18#	2016	28.8	2.6%	*	*	*	*	*	*
Customer 19#	2017	76.5	6.8%	67.2	5.8%	*	*	—	—
Customer 20#	2019	*	*	38.1	3.3%	—	—	—	—
Total		**703.5**	**63.0%**	**663.7**	**57.1%**	**873.4**	**46.6%**	**1,198.5**	**49.0%**

* Indicates that we had sales to the customer in the year/period, but such customer was not among our top 10 customers for such year/period.

\# Customers from GEMS.

^ Customers from Stanmore.

Customer 11 is a member of the Sinar Mas Group. For more information, see "*Related Party Transactions*."

Third-Party Mining Services Providers

The mining activities at Isaac Downs and South Walker Creek are undertaken by EPSA, a wholly-owned subsidiary of the Spain-based EPSA Group, and HSE Mining, respectively. 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 (in the case of South Walker Creek and Poitrel) and our draglines. See also "*Description of Material Agreements — EPSA Mining Services Agreement*" and "*Description of Material Agreements — HSE 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. Stanmore engages EPSA at Isaac Downs as mining services operator. HSE Mining is engaged at South Walker Creek to operate the pre-strip fleet. Sedgman is engaged at Poitrel to operate the CHPP. Each major contractor has supporting contracts in place. We engage Pacific National Pty Ltd ("Pacific National") for above rail operations, Aurizon Network Pty Ltd ("Aurizon Network") for the below rail operations and DBCT and NQXT for port operations. 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 FY2019, FY2020, FY2021 and 1H2022.

			Year Ended December 31,						Six Months Ended June 30,	
			2019		2020		2021		2022	
Supplier	Relationship commenced	Nature/type of service	Costs	% of Cost of Sales	Costs	% of Cost of Sales	Costs	% of Cost of Sales	Costs	% of Cost of Sales
			($ in millions, except percentages)							
Supplier 1[#]	2005	Tax authority	145.9	19.4%	131.1	13.3%	199.6	18.9%	218.6	16.2%
Supplier 2[#]	2014	Mining contractor	191.9	25.5%	171.7	17.4%	206.8	19.5%	191.4	14.2%
Supplier 3[#]	2006	Mining contractor	142.5	19.0%	92.6	9.3%	83.3	7.9%	55.0	4.1%
Supplier 4[#]	2019	Mining contractor	*	*	55.6	5.6%	66.3	6.3%	44.1	3.3%
Supplier 5[^]	2016	Mining contractor	—	—	*	*	119.1	11.3%	40.1	3.0%
Supplier 6[^]	2012	Mining contractor	—	—	—	—	—	—	36.7	2.7%
Supplier 7[#]	2020	Mining contractor	—	—	*	*	19.5	1.8%	35.5	2.6%
Supplier 8[^]	2013	Mining contractor	—	—	—	—	—	—	21.2	1.6%
Supplier 9[^]	2020	Mining contractor	—	—	*	*	21.4	2.0%	19.4	1.4%
Supplier 10[^]	2012	Mining contractor	—	—	—	—	—	—	14.8	1.1%
Supplier 11[#]	2012	Hauling contractor	19.8	2.6%	*	*	19.2	1.8%	*	*
Supplier 12[#]	2014	Mining contractor	15.6	2.1%	16.4	1.7%	15.5	1.5%	*	*
Supplier 13[#]	2018	Road maintenance contractor	15.5	2.1%	19.6	2.0%	14.6	1.4%	*	*
Supplier 14[#]	2014	Hauling contractor	11.5	1.5%	13.4	1.3%	—	—	—	—
Supplier 15[#]	2012	Mining contractor	13.4	1.8%	11.6	1.2%	*	*	*	*
Supplier 16[#]	2014	Coal supplier	*	*	11.6	1.2%	*	*	—	—
Supplier 17[#]	2015	Hauling contractor	*	*	10.0	1.0%	—	—	—	—

Supplier	Relationship commenced	Nature/type of service	Year Ended December 31, 2019 Costs	2019 % of Cost of Sales	2020 Costs	2020 % of Cost of Sales	2021 Costs	2021 % of Cost of Sales	Six Months Ended June 30, 2022 Costs	2022 % of Cost of Sales
			($ in millions, except percentages)							
Supplier 18#	2012	Mining contractor	21.6	2.9%	*	*	*	*	—	—
Supplier 19#	2011	Coal supplier	17.7	2.3%	—	—	—	—	—	—
Total			**595.4**	**79.2%**	**533.6**	**54.0%**	**765.3**	**72.4%**	**676.8**	**50.2%**

* Indicates that we had purchases from the supplier in the period, but such supplier was not among our top 10 suppliers for such period.

\# Suppliers from GEMS.

^ Suppliers from Stanmore.

Competition

In relation to metallurgical coal, our main competitors include BHP Mitsubishi Alliance, Glencore, Peabody, Coronado Coal and New Hope. In relation to energy coal, in the Indonesian coal market, we compete with a number of large Indonesian coal producers such as PT Adaro Energy Indonesia Tbk, PT Indo Tambangraya Megah Tbk, PT Bukit Asam Tbk, PT Bayan Resources Tbk, PT Indika Energy Tbk and Geo Energy Resources Limited. Our main competitors in the international export markets are other large coal producers from Australia, South Africa, Canada, China and India.

The regulation of coal production in 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 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 GEAR's Financial Condition and Results of Operations — Results of Operations*."

See also "*Risk Factors — Risks Relating to Our Coal Mining Businesses — Coal markets are highly competitive and are affected by factors beyond our control*" and "*Risk Factors — Risks Relating to Our Coal Mining Businesses — 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

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 corporate social responsibility ("CSR") program. Stanmore has established an environmental management system, 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 environmental management system documents detail the environmental controls employed at the site, assist with communication and implementation, and facilitate auditing and review of environmental performance. Stanmore is also currently working towards tracking and disclosing its climate-related risks and opportunities in line with the Taskforce on Climate Related Financial Disclosure framework.

Some of Stanmore's ESG-related highlights in FY2021 and FY2022 include:

- *Health and Safety* — 0.91 per million hours worked of Total Recordable Injury Frequency Rate as of September 2022, which is lower than the industry average;

- *People* — releasing a diversity policy in August 2021, and conducting new cultural heritage training for all employees and contractors;

- *Governance & Ethical Business Practices* — releasing corporate governance and modern slavery statements;

- *Rehabilitation Efforts* — approximately 193 hectares of land reshaped, 164 hectares of land topsoiled and 52 hectares of land seeded; and

- *Environment* — Scope 1 and 2 emissions totaled 170,745 tCO_2-e in FY2021 to FY2022.

We have implemented a comprehensive environmental management system in each of our sites. In particular, GEMS' subsidiary — BIB's environmental 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 November 2024. Periodic audits are conducted to ensure robustness of the systems implemented.

We analyze our environmental impact primarily based on six factors:

(i) air quality management;

(ii) energy consumption and greenhouse gas emissions;

(iii) land management;

(iv) solid waste management;

(v) water resource management; and

(vi) biodiversity.

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.

Isaac Plains has established ongoing monitoring programs and dust mitigation strategies, including real-time monitoring, automatic water monitoring stations, weather monitoring stations and vibration and overpressure monitors for blast monitoring, as well as dust suppression activities such as water sprays, wind breaks, covering and enclosing coal stockpiles. These monitoring and mitigation measures are detailed in site specific Environmental and Dust and Noise Management Plans and in situations where Stanmore may experience increasing dust creation; a Trigger Action Response Plan and Site Shut Down Procedures have been developed and implemented.

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. Stanmore reported a decline in its greenhouse gas emission during FY2021, which can be attributed to slightly lower overall production in its operation from a ROM of 2,943kt in FY2020 to 2,768kt in FY2021.

Across Stanmore, due to the acquisition of SMC assets, Stanmore's greenhouse gas emissions increased in FY2022. Reporting to track change in emissions profile has commenced for new assets. Work is underway to determine opportunities for energy efficiencies and greenhouse gas emissions abatement. Stanmore has established a subsidiary called "Stanmore Green," through which Stanmore will partner with organizations and governments to identify technologies and projects for reducing carbon emissions and improve environmental performance. Stanmore Green is currently exploring diversification opportunities in the renewable energy sector that offer synergies and add value to Stanmore's existing and future operations such as solar energy and gas capture for commercialized use.

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 FY2019, 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, in turn acquired solar PV systems in Taiwan in November 2019.

Land management: Site specific Environmental Management Plans that provides guidelines and procedures for the land reclamation process. Some of the guidelines are that erosion should be minimized during and after the reclamation process, and the aim is to ensure the size of the reclaimed area should be equal to the size of the mined area. This is reflected in our recently submitted Progressive Rehabilitation and Closure Plan ("PRCP") at Isaac Plains. PRCP's for our other sites are being developed. We are committed to ensuring the effectiveness of our land management approach. The approved plan subsequently serves as a guide for our rehabilitation efforts. Rehabilitation milestones including the re-shaping, top-soiling and revegetating of land, the required criteria that the activities must meet and the procedures for ongoing monitoring are set out in the PRCP. Stanmore intends to maintain its track record of rehabilitation performance at South Walker Creek and Poitrel mines.

Solid waste management: We have in place waste management plans which outline the tools and safeguards in place to securely collect, transport and treat solid waste generated from our operations.

Stanmore employs a waste management hierarchy at our facilities, which outlines the processes and practices utilized to minimize and manage waste at our operations. Waste avoidance is the number one objective, followed by waste re-use, waste recycling, energy recovery from waste, with waste disposal as a last resort. Stanmore's management method includes providing color coded waste receptacles, to ensure waste is segregated and stored correctly for disposal or recycling. This, together with other key aspects of waste management, is communicated to its staff, contractors and visitors during site inductions. Stanmore is able to mitigate the potential adverse impacts associated with waste through ensuring the correct handling of its different waste streams. Stanmore is able to achieve this as the waste generated on the sites is managed by a licensed waste contractor, who operates under prescribed legislative requirements, and provides Stanmore with monthly waste production data, as well as details on percentage contamination levels, allowing Stanmore to monitor waste effectively. Stanmore has identified the following hazardous streams which are produced as a result of its coal mining operations: waste oil; hydraulic hoses; oily rags; batteries; and septic. Stanmore ensures that these substances are handled and removed correctly through its licensed waste contractor, who is responsible for the disposal and/or treatment of these waste streams. Stanmore also ensures that mineral waste including tailings are tracked and managed appropriately for disposal in accordance with environmental license conditions.

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.

Water resource management: We have in place water management and monitoring processes. As part of these processes, we monitor the quality and quantity of water used and produced on the site. Ravenswood has in place a water reuse program to minimize raw water input and water quality monitoring mechanisms, to ensure that Ravenswood's operations comply with the Australian government's environmental authority and the site's environmental management plan.

Our environmental management plans also include measures that seek to mitigate the impact of our operations on surrounding wildlife and vegetation. The key controls include mining fauna surveys to identify and, where required, relocate wildlife. Any handling of wildlife is conducted by suitably qualified wildlife handlers. Stanmore has identified opportunities in rehabilitated areas for implementation of fauna habitat features, such as nest boxes.

Stanmore has a responsibility to local stakeholders to manage water usage and quality to prevent the overuse and contamination of water that might be used within the local community. The Water Management Plan ("WMP") specifies the monitoring and measurement activities that are required to be undertaken to ensure that water quality meets the requirements of the environmental permits, that aquatic ecosystems remain healthy, and waterways are safe. Key monitoring activities undertaken at the operations include quarterly sampling of all surface waters and event sampling of all receiving water as per the permit requirements; and water tracking and electronic reporting system data submitted to the Australian Department of Environment and Science annually to regulate water releases into the environment. The Water Management System ("WMS") complements the WMP and has been developed to ensure that the mine has a strategy in place to prevent discharge that could be detrimental operationally, socially and environmentally. The WMS is comprised of (i) sediment dams for management of sediment-laden water runoff from spoil dumps, (ii) release dams for releasing water to the environment in accordance with permit requirements, (iii) a raw water dam for storing the allocated raw water supply and (iv) a drainage system which allows for clean water run-off collected by the catchment to be diverted away from the active mining areas.

Biodiversity: Stanmore is committed to conserving and protecting the biodiversity of the regions in which it operates as part of its responsible and sustainable approach to ESG matters.

To meet its obligations under the applicable Commonwealth and State legislation and protect current biodiversity in the regions in which it operates, biodiversity offsets have been procured for all of our projects.

Under the Commonwealth Environment Protection and Biodiversity Conservation Act ("EPBC Act"), these environmental offsets are required to compensate for unavoidable impacts on significant environmental matters, such as valuable species and ecosystems on its operational sites, by securing land at another site and managing that land over time to replace the environmental matters that were lost.

Stanmore has established offsets management plans for each of the projects to legally secure offsets areas and set out ongoing management and monitoring measures of the offsets areas required to meet the requirements of the Commonwealth's Offsets Policy. The offsets areas which have been established are all located in the Bowen Basin region of Queensland. The locations were selected as they have habitat suitable for each of the Matters of National Environmental Significance that are impacted by the projects for which the offsets are required.

In addition, Stanmore has recently partnered with the Central Queensland University along with Earthtrade and Fitzroy Basin Association to provide a PhD scholar with a three-year Elevate scholarship to complete a research project on the health of koalas in Central Queensland. The program which has been established is the first project of its kind in Central Queensland and aims to use non-invasive methods to collect data to analyze and obtain information on multiple elements of koala health.

To do its part in improving and protecting the local biodiversity, Stanmore seeks to contribute to research and rehabilitation projects and initiatives by partnering with organizations to support the monitoring and protection of its surrounding native habitats and ecosystems. Stanmore's involvement in such initiatives allows it to protect native flora and fauna and assists it in further understanding the impact of its operations on the local biodiversity. In FY2021, Stanmore continued to be an active member of the Fitzroy Partnership for River Health (of which it has been a member since 2016). Stanmore maintains relationships with research institutes and local universities, such as, for example, to conduct research work on mega fauna at South Walker Creek.

For more information on environmental regulation relating to Stanmore and GEMS, see "*Regulation*."

Corporate Social Responsibility

Our 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.

Stanmore has established the Isaac Plains Community Grant Program which has supported various local initiatives since 2018. This has been extended to all three sites that it operates. 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 FY2020, Stanmore also made contributions to Central Queensland schools, local community groups and various non-profit organizations. In FY2021, Stanmore supported the communities in which its operations are located with a number of grants, sponsorships, important community initiatives and events undertaken during the year, with 40 local community organizations receiving over A$109,000 in funding during the year. In addition, significant 'in-kind' time was also dedicated to regional industry bodies and professional groups to enhance local industry and services in the region.

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.

In respect of the management of environmental and safety matters and obligations, Stanmore has an environmental management system in place and ensures that its principal contractor has a Safety and Health Management System ("SHMS") which applies to its mining and coal handling and preparation plant activities and operations. These outline Stanmore's specific environmental and health and safety policies and procedures and the tools Stanmore uses to manage and comply with its obligations and how it aims to continuously improve its performance. The SHMS also ensures that Stanmore's legal requirements are met from an industry, state and national level, including under the ISO31000:2018 Risk Management — Guidelines. Stanmore's teams also participate in critical training programs that ensure health and safety culture awareness remains at the forefront of its operations, including the promotion of a range of safety initiatives to drive better safety performance, such as the inclusion of Life Saving Rules and supporting the integration of principal hazard management plans into the site SHMS, and facilitating independent compliance and effectiveness audits. Throughout 2021, Stanmore has continued to integrate its SHMS and has implemented a range of health and safety initiatives.

We take the occurrence of any work injuries seriously, and Stanmore has implemented efforts to prevent the re-occurrence of high-consequence injuries, which include:

- including life-saving rules into the site SHMS;
- supporting the integration of critical controls from its updated principal hazard management plans;
- undertaking planned safety observations as part of our contract partner's field leadership programs at South Walker Creek and Poitrel sites;
- executing capital works that reduce risk and improve workplace conditions;
- managing fatigue risk through Stanmore's local housing allowance policy which delivers financial support to employees living locally who can demonstrate compliance with fatigue management requirements, including authorized journey management plans;
- 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 behavior observations and audits 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;
- strong focus on leading indicators such as field leadership as well as hazard identification and the Critical control Verification; and Safety systems implementation still in progress and scheduled internal and external audits organized (CMO/SSE obligations) for Q42022 and Q12023.

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.

Stanmore's Emergency Management Plan ensures that any potential hazard or risk that has been identified will be dealt with as efficiently as possible, through outlining in-depth emergency planning and response procedures. Stanmore's sites are resourced effectively, through the provision of trained staff and equipment. Stanmore also ensures that external parties, such as local emergency services and the Queensland Government, are kept updated on any foreseen requirements for emergency services during the operations of a project.

Stanmore has ensured that all of their sites have an Emergency Response Plan ("ERP") which ensures a timely and appropriate emergency response can be provided. The ERP defines the roles and responsibilities of the Emergency Response Team ("ERT"), which is comprised of full time equivalent employees or contractors who have successfully applied for the role. These individuals are responsible for following the Emergency Protocol outlined in the ERP to ensure an immediate and organized response to emergency situations such as accidents, fatalities, technical failures, missing persons events and fires. In large-scale emergencies, or crises, the Crisis Management Team is engaged, whose response process is outlined in a Business Continuity Management Procedure. The ERT undertakes annual formal training, which is provided through a reputable provider, as well as continuation training which the ERT Coordinator is responsible for providing. Emergency simulations are also conducted every six months to evaluate the emergency preparedness and response at IPC and range from assessing the ERT response to an emergency, to involving the Crisis Management Team and external response agencies.

Safety continues to be a major focus of Stanmore as it assumes and integrates operational responsibilities for South Walker Creek and Poitrel, which have traditionally had a strong safety culture and performance.

Economy and Infrastructure

We seek to support economic development growth by providing the local communities with employment opportunities through exploring ways of maximizing the use of local materials and human resources, and helping to build a sustainable and self-reliant local economy.

Isaac Plains has in place a Social Impact Management Plan ("SIMP") which contains objectives and measures that Stanmore will take to mitigate potential negative social impacts and to enhance potential benefits for the Isaac Downs project. Areas specifically covered in the SIMP include (i) a Workforce Management Plan to ensure that local employment is maximized and opportunities are provided for Aboriginal people, and members of local communities are supported in entering the workforce by way of contributions to improved childcare services and employment pathways for young people, (ii) a Housing and Accommodation Plan to reduce pressure on the local housing market by funding construction of additional housing, increasing availability of affordable housing, and providing employees with housing choice, (iii) a Local Business and Industry Procurement Plan to establish plans and procedures that allow for local procurement and suppliers to be utilized in delivery of goods and services required by Stanmore, and (iv) a Stakeholder Engagement Plan to ensure that local community engagement methods are established and are efficient and effective, and to ensure that community members are updated on relevant and applicable Stanmore activities. Stanmore also aims to develop and continually enhance a working and collaborative relationship with the Barada Barna people, who are the traditional owners of the land on which Stanmore operates.

Ravenswood endeavors to empower the community through job creation in the North Queensland Region. Currently, 92% of Ravenswood's workforce is living in the region. Ravenswood aims to create more job opportunities in the region and increase the current workforce as the business expands.

Socio-cultural

Traditional indigenous land use agreements ("ILUAs") at South Walker Creek were concluded in 1H2022 which will provide employment, education and economic development opportunities for the community. In return, these ILUAs provide support and consent from traditional owners for Stanmore's operations and projects at these mines. Stanmore has an active grants program supporting more than 40 local community organizations around these mines, and regular relationship meetings with stakeholders have commenced. As part of the SMC Acquisition, Stanmore inherited a number of existing contracts, including contracts for the supply of fuel, tires and consumables. Stanmore intends to continue to engage local businesses as well as traditional owner and indigenous businesses in the community to procure products for the mine.

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.

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 acknowledging them as the traditional owners of the land and committing to an Indigenous Participation Plan and Cultural Heritage Management Plan to extend the existing strong relationship. 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.

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.

Each of GEAR, Stanmore and GEMS is listed on SGX-ST in Singapore, ASX in Australia and IDX in Indonesia, respectively, 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, ASX and IDX.

The composition of our boards of directors at GEAR and Stanmore help to ensure a high level of corporate governance in both entities. Board of directors at GEAR comprise more than 50% independent directors while the board of directors at Stanmore comprised 50% independent directors.

We have established practices and policies in order to comply with the respective 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.

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. To ensure transparency and accountability, in addition to the regular dissemination of financial results, GEAR also publishes a detailed sustainability report annually, which is prepared in accordance with the Global Reporting Initiative standards.

In FY2021 and 1H2022, there were no reports of strikes, lockouts, corruption, fraud or non-compliance with any applicable law or regulation across our operations.

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 1,221 employees as of June 30, 2022, all of whom were located in Australia, Indonesia and Singapore. Substantially all of the mining activities in our concession areas in GEMS are conducted through mining services providers and port operators, under our management's supervision.

The following table sets forth the breakdown of our full-time employees by function as of the dates indicated.

	As of December 31,			As of June 30,
	2019	2020	2021	2022
	($ in millions)			
By Function:				
President Office/Management	6	10	9	13
Administration and Human Resources	32	32	33	35
Finance and Accounting	57	62	65	74
Legal and Corporate Secretarial	18	21	18	21
Investments	4	5	6	5
Marketing and Trading	6	4	27	23
CSR & Security	115	112	84	80
Operations	424	424	315	935
Other	3	4	24	35
Total	665	674	581	**1,221**

	As of December 31,			As of June 30,
	2019	2020	2021	2022
	($ in millions)			
By Geography:				
Singapore	29	28	32	35
Australia	—	20	26	669
Indonesia	636	626	523	517
Total	665	674	581	**1,221**

We believe that we have good relationships with our employees. We encourage our workers and supervisors to build a 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 FY2021, Stanmore provided 427 training opportunities to its employees and contractors. The training provided included generic training topics for position inductions and appointments, as well as specific training sessions such as hazardous substance and working at heights training. Stanmore believes that training is critical in ensuring the safety of its employees and instilling safe practices within its businesses.

In FY2021, GEMS carried out competency development for employees in the form of internal training, inhouse/external training and Mylearning. Internal training is organized by the Company and is prepared for employees and all business partners. Inhouse/external training is provided in the form of seminars, workshops, or courses organized by vendors or educational/certification institutions outside the Company. Mylearning is a digital platform that allows employees to learn online anytime and anywhere. As of December 31, 2021, the Company has implemented various competency development programs attended by 252 employees, with a fund allocation of Rp.1,349,123,936.

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.

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.

As of the date of this Exchange Offer 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 June 30, 2022, we had consolidated indebtedness (excluding operating lease liabilities which are required to be capitalized in accordance with IFRS 16 Leases and before deducting unamortized discount and unamortized transaction costs relating to the Existing Notes and term loan facilities) with a principal amount outstanding totaling $1,305.9 million.

Description of Indebtedness	Borrower	Lender	Original Principal Amount	Maturity	Amount Outstanding as of June 30, 2022
			(in millions)		($ in millions)
Existing Notes	GEAR	—	$375.0	May 2026	375.0
Term Loan[(1)]	GEAR	PT Bank Mandiri (Persero) Tbk, Singapore Branch	$15.0	December 2022	6.0
Total Indebtedness at GEAR					**381.0**
Equipment financing	Stanmore IP Coal	Caterpillar Financial Australia Limited	A$13.7	November 2024	5.8
Funding for repayment of working capital adjustment for SMC Acquisition	Stanmore	Ascend Capital Advisor(s) Pte. Ltd (acting as agent for Virtue Investments Corporation)	$120.0	March 2025	120.0
Funding for purchase price of SMC	SMCH	Global Loan Agency Services Australia Pty Ltd (as agent for syndicate lenders)	$625.0	March 2027	625.0
Financing for SMC annual insurance premiums	Stanmore	Clearmatch Originate Pty Ltd	A$18.9	June 2023	10.7
Working capital and general corporate purposes	SMCH	Deutsche Bank AG, Sydney Branch	A$50.0	May 2027	2.1
Total Indebtedness at SMR Group					**763.6**

Description of Indebtedness	Borrower	Lender	Original Principal Amount	Maturity	Amount Outstanding as of June 30, 2022
			(in millions)		($ in millions)
Loan Special Transaction I	GEMS Group	Bank Mandiri	$50.0	December 2024	18.0
Loan Special Transaction II	GEMS Group	Bank Mandiri	$65.0	December 2024	25.7
Term Loan I	GEMS Group	Bank Mandiri	$32.0	August 2024	19.0
Term Loan II	GEMS Group	Bank Mandiri	$50.0	December 2026	47.0
Working Capital	GEMS Group	Bank Mandiri	$64.5	June 2023	47.0
Pre-Shipment Financing (PSF) & Open Account Financing (OAF)....	GEMS Group	Bank Danamon	$5.0	March 2023	4.6
Total indebtedness at GEMS Group...					**161.3**
Total Indebtedness[(2)]					**1,305.9**

(1) Repaid in full as of October 21, 2022.

(2) The total indebtedness after deducting the unamortized discount and unamortized transaction costs is $1,264.7 million.

Material Indebtedness of GEAR

Existing Notes

On May 14, 2021, the Issuer issued US$285.0 million in aggregate principal amount of 8.5% Senior Secured Notes due 2026 (the "Original Existing Notes"). On March 9, 2022, the Issuer issued an additional US$90.0 million in aggregate principal amount of 8.5% Senior Secured Notes due 2026, which were consolidated and formed a single series with the Original Existing Notes (together with the Original Existing Notes, the "Existing Notes"). The Existing Notes are guaranteed by Golden Investments (Australia) Pte. Ltd.

The Existing 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 Issuer, effecting a merger or consolidation and limitations on issuance of guarantees of indebtedness.

As of June 30, 2022, an aggregate principal amount of $375.0 million of the Existing Notes was outstanding. Upon the terms and subject to the conditions set forth in this Exchange Offer Memorandum, we are offering eligible holders of the Existing Notes (subject to offer restrictions, see "*Offer Restrictions*") to exchange the Existing Notes.

Material Indebtedness of Stanmore

The material financing arrangements of the Stanmore Group comprise: an equipment finance facility provided by Caterpillar Financial Australia Limited (the "Caterpillar Facility"); a loan for funding of repayment working capital adjustment for the SMC Acquisition and provided by Ascend Capital Advisor(s) Pte. Ltd. (the "Ascend Facility"); a loan for funding for purchase price of SMC provided by Global Loan Agency Services Pty Ltd (as agent for syndicate lenders) (the "SMC Acquisition Financing"); financing for SMC's annual insurance premiums provided by Clearmatch Originate Pty Ltd (the "Insurance Premium Funding"); a working capital loan provided by Deutsche Bank AG, Sydney Branch (the "Working Capital Funding"); and a general working capital facility provided by the Issuer (the "Stanmore GEAR Facility"), each of which are described in more detail below.

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 ("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. The CFAL MLA is secured by mortgages granted by the customer to CFAL over the equipment financed under the facility. As of June 30, 2022, the principal amount outstanding under the CFAL MLA is A$7.9 million (or equivalent $5.8 million).

Ascend Facility

On March 2, 2022, Stanmore entered into a facility agreement with Ascend Capital Advisor(s) Pte Ltd. (acting as agent and security trustee for Virtue Investments Corporation) in respect of a three-year $120.0 million senior secured loan facility at an interest rate of 8.0% per annum, for the general corporate purposes of Stanmore including to fund working capital needs. Pursuant to the facility agreement, the facility is secured against certain assets of Stanmore's subsidiary, Stanmore IP Coal, as first ranking security. The secured assets include a Bucyrus 1370W dragline and all coal handling preparation plan infrastructure located at the Isaac Plains Complex. As of June 30, 2022, the outstanding amount was $120.0 million.

SMC Acquisition Financing

On January 7, 2022, Stanmore, through its wholly-owned subsidiary, SMCH, entered into a facility agreement with certain financiers advised or managed by Värde Partners, Canyon Capital Advisors LLC, Farallon Capital Asia Pte. Ltd., and other credit funds in respect of a $625.0 million senior secured, first-lien amortizing loan note facility which matures five years from the date of first utilization. The purpose of the debt facility is to partially finance the SMC Acquisition. The facility carries a fixed cash interest rate of 11.5% per annum payable quarterly in arrears. The debt facility is guaranteed by and secured against all assets of SMCH and Dampier. As of June 30, 2022, the outstanding amount was $625.0 million.

Insurance Premium Funding

On May 3, 2022, Stanmore entered into a short-term agreement to access financing for its annual insurance premiums for the period ending February 2, 2023, which is due to be repaid within the next reporting period with Clearmatch Originate Pty Ltd. On May 12, 2022, Stanmore requested a drawdown of A$18.9 million (which is repayable through 10 installments). As of June 30, 2022, the outstanding amount under the insurance premium funding was A$14.9 million (or equivalent $10.7 million).

Working Capital Funding

On May 3, 2022, SMCH entered into a loan facility agreement with Deutsche Bank AG, Sydney Branch, in respect of an aggregate A$110.0 million facility. The facility comprises a A$50.0 million revolving credit facility for working capital and general corporate purposes, and a A$60.0 million bank revolving contingent instrument facility for providing performance support and satisfying bonding requirements in connection with the Poitrel and South Walker Creek projects. This facility was used by SMC to provide the security and credit support required under some of its long term contracts such as rail and port agreements for the Poitrel and South Walker Creek operations, and for working capital if and required at the SMC level. This facility is secured against all assets of SMC and its wholly owned subsidiary, Red Mountain Infrastructure, including mortgages over key mining tenements held by SMC. As of June 30, 2022, the outstanding amount under was A$3.025 million (or equivalent $2.1 million).

Stanmore GEAR Facility

See "*Related Party Transactions — Stanmore Transactions with Related Parties — Stanmore GEAR Facility Agreement.*"

EPSA Mining Services Agreement

Stanmore IP Coal entered into a five year open-cut mining services agreement with EPSA in 2022 with a current value of A$564 million at its Isaac Downs mine (the "EPSA Mining Services Agreement"). EPSA is a key services provider to Stanmore and its services include statutory coal mine operator responsibilities. EPSA also provides equipment (such as excavators and trucks), plant, facilities, services, materials, supplies, resources and labor required to carry out these services.

HSE Mining Services Agreement

SMC entered into a four year term mining services framework agreement with HSE Mining Pty Ltd in 2021 in relation to the operation of the South Walker Creek mine that applies to site work packages issues for various mining services, including excavate, load, haul and dump various materials, coal mining and haulage, reject hauled and bulk dozer push.

Sedgman CHPP Agreement

SMC, through a subsidiary, entered into a four year term CHPP agreement with Sedgman in 2019 in relation to the operation of the South Walker Creek mine and the Poitrel mine (Red Mountain). SMC recently entered into an amending deed which extends the agreement for an additional two year term.

Aurizon Haulage Services Contract

SMC has a haulage services contract with Aurizon Operations Limited in relation to rail haulage services from both South Walker and Poitrel mines through to the Dalrymple Bay Terminal. The contract is expiring in mid-2028.

Abbot Point User Port Agreement

SMC has coal handling agreement with North Queensland Export Terminal Pty Ltd in relation to coal handling services through the Abbot Point Coal terminal. The agreement is in standard form for arrangements with Abbot Point Coal terminal. The contract is expiring at the end of 2026, however there is an option to extend for up to a further 10 years.

Dalrymple Bay Port Agreement

SMC has a series of coal handling agreements with Dalrymple Bay Infrastructure Management Pty Ltd in relation to coal handling services through the Dalrymple Bay Terminal. The volumes under the various agreements expire progressively at the end of 2028, mid-2029, mid-2030, and at the end of 2034. There is an option to extend each of these volumes by five years, or more.

Rail Haulage Agreement — Poitrel

SMC has a haulage services contract with Pacific National in relation to rail haulage services from Poitrel to Abbot Point Coal Terminal. The contract is expiring in mid-2028.

Rail Infrastructure Access Agreements

The Stanmore Group has rail infrastructure access agreements with Aurizon Network in relation to track access from South Walker Creek to DBCT and from Poitrel to the Abbot Point Coal terminal. Both agreements are in standard form for track access on the Central Queensland Rail and are able to be extended for terms of 10 years for so long as the mines have sufficient resources to support the agreements and maintain access to the relevant ports.

MetRes Shareholders' Deed

The Issuer is a party to a shareholders' deed entered into on March 26, 2021 between Stanmore through Kerlong Coking Coal and M Resources through Marmilu Pty Ltd (the "MetRes Shareholders' Deed"). The MetRes Shareholders' Deed governs the relationship of Stanmore and M Resources as shareholders of MetRes, with respect to their respective shareholding in MetRes and the management of the Millennium and Mavis Downs coal mine areas.

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.

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 Listing Manual of the SGX-ST (the "Listing Manual").

Overview

We have a comprehensive interested persons transactions policy for related party transactions. This section includes a summary of our transactions in FY2019, FY2020, and FY2021, and the six months ended June 30, 2022 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 Transactions Mandate

Under the Listing Manual, when a company listed on the SGX-ST, 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.

Stanmore Transactions with Related Parties

Overview

This section includes a summary of Stanmore's transactions in FY2019, FY2020, FY2021 and the six months ended June 30, 2022 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. In July 2021, the facility limit was increased from $40.0 million to $70.0 million. In February 2022, the facility termination date was extended from June 30, 2022 to June 30, 2023.

Marketing Services Agreement

M Resources, and its owner, Matt Latimore, are substantial shareholder of Stanmore. Matt Latimore is also a director of Stanmore.

In July 2020, Stanmore entered into a marketing services agreement with 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 three 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.

M Resources also provides logistics services to Stanmore.

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 nine 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 five Non-Executive Directors, all of whom are independent. The Singapore Code of Corporate Governance 2018 (the "Code") recommends that there should be a strong and independent element on the board of directors. In this respect, the independent directors make up more than half of the Board.

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	41
Dwi Prasetyo Suseno	Executive Director and Group Chief Executive Officer	48
Mochtar Suhadi	Executive Director	40
Mark Zhou You Chuan	Executive Director and Chief Investment Officer	39
Lim Yu Neng Paul	Lead Independent Director	60
Lew Syn Pau	Independent Non-Executive Director	68
Irwandy Arif	Independent Non-Executive Director	70
Djuangga Mangasi Mangunsong	Independent Non-Executive Director	59
Noormaya Muchlis	Independent Non-Executive Director	43

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 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 Issuer. Except as provided above, Mr. Widjaja does not have any relationships including immediate family relationship with the Directors or the Issuer as defined in the Code. Mr. Widjaja was re-elected to the Board on June 25, 2020. Mr. Widjaja has more than 18 years of experience in general management and supervisory responsibilities in the coal industry. Mr. Widjaja was previously a Commissioner of GEMS and is currently a Commissioner of 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 29, 2021. Mr. Suseno has over 27 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 (listed on the ASX). He has previously been an Independent Director of Malacca Straits Acquisition Company Ltd (listed on the NASDAQ) and has worked with PT Indo Straits Tbk (listed on the IDX), Straits Asia Resources Limited (previously listed on the SGX-ST 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. 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 Issuer 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 Issuer. 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 Issuer. Mr. Zhou was re-elected to the Board on April 29, 2021. Mr. Zhou has more than 13 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 Mainboard of the SGX-ST. 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 SGX-ST. 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 Issuer. 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 Issuer. Mr. Lim was re-elected to the Board on April 29, 2019. Mr. Lim has over 25 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 of SBI Ven Capital Pte Ltd. Mr. Lim is an Independent Director of China Everbright Water 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. He is presently the chairman of the Nominating Committee and Remuneration Committee and member of the Audit Committee of the Issuer. 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 the Non-executive Chairman of 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, U.S. (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. 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 and Independent Commissioner of PT Indexim Coalindo. He was previously a member of the audit committee of GEMS, 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 his Master 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 Issuer 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 Issuer. Mr. Mangunsong has many years of experience in the mining industry. He is a member of the Audit Committee of GEMS, the Vice Chairman of PT Indo Minerba Insani (Indonesian Mining Institute) and the President Director of PT Inovasi Megah Insani. He was previously a Non-executive Director of PT Media Bakti Tambang (Tambang Magazine), 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.

Noormaya Muchlis was appointed as an Independent Non-Executive Director of the Issuer on December 17, 2021. Ms. Muchlis is the co-founder and Executive Director of Women in Mining & Energy (WiME) Indonesia and the CEO of Kitong Bisa Consultant. She has been an Environmental & Biodiversity Specialist in several mining companies in Indonesia, with an extensive global and national network among the stakeholders in the mining and energy sector. Her professional work is focused on sustainability development, as well as gender diversity in the mining and energy sector. Ms. Muchlis' prior work experience includes being involved in several projects from the construction phase to the mine operations with PT Adaro Energy Tbk, IndoMet Coal Project BHP Billiton Indonesia, PT Indo Tambangraya Megah Tbk and PT Petrosea Tbk. Ms. Muchlis graduated with a Bachelor of Engineering degree in Civil Engineering from Hasanuddin University and obtained her Master of Environmental Management and Sustainability from University of South Australia.

Key Management

Name	Position	Age
Fuganto Widjaja	Executive Chairman	41
Dwi Prasetyo Suseno	Executive Director and Group Chief Executive Officer	48
Mark Zhou You Chuan	Executive Director and Chief Investment Officer	39

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 FY2019, FY2020, and FY2021, and six months ended June 30, 2021 and 2022 totaled $4.0 million and $4.1 million, $3.1 million, $1.5 million and $0.8 million, respectively. The amount of gross compensation to our key management in FY2019, FY2020, and FY2021, and six months ended June 30, 2021 and 2022 totaled $2.8 million, $2.9 million, $14.7 million, $7.1 million and $9.1 million respectively. As of June 30, 2022, our Directors and key management personnel held, directly or indirectly, less than 0.01% 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 Pengelenggara 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. 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 oversees internal and external audits, and compliance with legal and regulatory requirements. GEAR's Audit Committee comprise three Directors, all of whom 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 our 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.

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.

PRINCIPAL SHAREHOLDERS

The following table sets forth certain information with respect to ownership of GEAR's shares, as of June 30, 2022. The percentages in the table below are based on 2,638,100,380 ordinary shares of GEAR outstanding as of June 30, 2022.

Name of Shareholder	Percentage of ownership
PT Dian Swastatika Sentosa Tbk.[(1)]	77.49%
Public	22.51%

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, PT Sinar Mas Tunggal is deemed interested in all the GEAR shares held by DSS by virtue of its shareholding of no less than 20% of the issued share capital of DSS. PT Sinar Mas is deemed interested in all the GEAR shares held by DSS by virtue of its shareholding of no less than 20% of the issued share capital of PT Sinar Mas Tunggal. PT Sinar Mas Cakrawala is deemed interested in all the GEAR shares held by DSS by virtue of its shareholding of no less than 20% of the issued share capital of PT Sinar Mas. PT Sinarindo Gerbangmas is deemed interested in all the GEAR shares held by DSS by virtue of its shareholding of no less than 20% of the issued share capital of PT Sinar Mas Cakrawala. Mr. Franky Oesman Widjaja, Mr. Muktar Widjaja and Mr. Indra Widjaja are deemed interested in all the GEAR shares held by DSS by virtue of their individual shareholdings of no less than 20% of the voting shares in PT Sinarindo Gerbangmas.

REGULATION

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 19 mining leases (coal), 3 mineral development licenses and 23 exploration permits for coal and 3 applications for mining leases. It has also applied for a further three mining leases (coal) (together, the "Tenements"). Table 1 below contains key details of the Tenements based on searches as of September 20, 2022. The total area of the mining leases (excluding the 3 mining lease applications) is approximately 36,800.75 hectares. 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, ML 4750, ML 4751, ML 70131, ML 1791, ML 4749, ML 70116, ML 70312, ML 1790, ML 4752, ML 70443, ML 70495, EPC 728, EPC 755 and MDL 137, and a caveat against EPC 2157, EPC 755, MDL 137, ML 70342, ML 700016, ML 700017, ML 700019, ML 700046 and ML 700047.

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	**Grant date:** Dec 1, 2005 **Expiry date:** Dec 31, 2025	20 years	**Area:** 2143.0000 Hectares
ML 700016.....	Stanmore IP Coal	**Grant date:** Mar 1, 2018 **Expiry date:** Mar 31, 2030	12 years	**Area:** 138.5000 Hectares
ML 700017.....	Stanmore IP Coal	**Grant date:** Mar 1, 2018 **Expiry date:** Mar 31, 2030	12 years	**Area:** 387.6000 Hectares
ML 700018.....	Stanmore IP Coal	**Grant date:** Mar 1, 2018 **Expiry date:** Mar 31, 2030	12 years	**Area:** 369.1000 hectares
ML 700019.....	Stanmore IP Coal	**Grant date:** Mar 1, 2018 **Expiry date:** Mar 31, 2030	12 years	**Area:** 353.8000 hectares

Tenement	Registered holder(s)	Grant and expiry	Current term	Area
Isaac Downs				
EPC 755	Stanmore IP Coal	**Grant date:** Apr 10, 2002 **Expiry date:** Apr 9, 2023	5 years	19 Sub-blocks **Exclusions:** Any current Mining Claim, Mineral Development License or Mining Lease at the time of lodgment 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:** 59.2500 Hectares
ML 700046	Stanmore IP South Pty Ltd	**Grant date:** Jul 26, 2021 **Expiry date:** Jul 31, 2046	25 years	**Area:** 1831.0000 Hectares
ML 700047	Stanmore IP South Pty Ltd	**Grant date:** Jul 26, 2021 **Expiry date:** Jul 31, 2046	25 years	**Area:** 485.0000 Hectares
ML 700048	Stanmore IP South Pty Ltd	**Grant date:** Jul 26, 2021 **Expiry date:** Jul 31, 2046	25 years	**Area:** 49.9600 Hectares
The Range				
EPC 1112.....	Comet Coal & Coke Pty Ltd	**Grant date:** Mar 23, 2007 **Expiry date:** Mar 22, 2027	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

Tenement	Registered holder(s)	Grant and expiry	Current term	Area
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 lodgment 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	23 Sub-blocks **Exclusions:** any current Mining Claim, Mineral Development License or Mining Lease at the time of lodgment 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.
EPC 1798	Belview Expansion Pty Ltd	**Grant date:** Feb 19, 2010 **Expiry date:** Feb 18, 2023	3 years	2 Sub-blocks

Tenement	Registered holder(s)	Grant and expiry	Current term	Area
Lilyvale				
EPC 2157*	Stanmore Resources Limited	**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 lodgment of this permit pursuant to Section 132 of the Mineral Resources Act 1989.
EPC 1687*	Stanmore Resources Limited	**Grant date:** Jul 28, 2011 **Expiry date:** Jul 27, 2026	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 lodgment 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 ad is now held or currently set aside for the benefit of Aboriginals or Torres Strait Islanders or unallocated State Land, an 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).

Tenement	Registered holder(s)	Grant and expiry	Current term	Area
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, 2027	5 years	22 Sub-blocks **Exclusions:** Taunton National Park (Scientific) Any current Mining Claims, Mineral Development Licenses or Mining Leases at the time of lodgment 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.
EPC 2039	New Cambria Pty Ltd	**Grant date:** Oct 12, 2010 **Expiry date:** Oct 11, 2025	5 years	2 Sub-blocks

Tenement	Registered holder(s)	Grant and expiry	Current term	Area
EPC 2371	Stanmore Resources Limited	**Grant date:** Jul 28, 2011 **Expiry:** Jul 27, 2026	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).
South Walker Creek				
EPC 1647	SMC	**Grant date:** Oct 29, 2010 **Expiry date:** Oct 28, 2025	5 years	4 Sub-blocks
EPC 2071	SMC	**Grant date:** Oct 13, 2010 **Expiry date:** Oct 12, 2025	5 years	5 Sub-blocks **Exclusions:** Any current Mining Claim, Mineral Development Licence or Mining Lease at the time of lodgment 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 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.

Tenement	Registered holder(s)	Grant and expiry	Current term	Area
EPC 2109	SMC	**Grant date:** Mar 22, 2013 **Expiry date:** Mar 21, 2023	5 years	3 Sub-blocks **Exclusions:** Any current Mining Claim, Mineral Development Licence or Mining Lease at the time of lodgment of this permit pursuant to section 132 of the Mineral Resources Act 1989.
MDL 235.....	SMC	**Grant date:** Sep 26, 2000 **Expiry date:** Sep 30, 2025	5 years	**Area:** 8057.1404 Hectares
ML 4750 (Renewal Lodged)	SMC	**Grant date:** Jul 13, 1978 **Expiry date:** Jul 31, 2020	Under Renewal	**Area:** 11390.0000 Hectares
ML 4751 (Renewal Lodged).....	SMC	**Grant date:** Jul 13, 1978 **Expiry date:** Jul 31, 2020	Under Renewal	**Area:** 1711.0000 Hectares
ML 70131 (Renewal Lodged).....	SMC	**Grant date:** Sep 19, 1996 **Expiry date:** Jul 31, 2020	Under Renewal	**Area:** 3788.7880 Hectares
Poitrel				
EPC 1646	SMC	**Grant date:** Nov 4, 2009 **Expiry date:** Nov 13, 2023	5 years	1 Sub-block **Exclusions:** Any current mining claims, mineral development licences or mining leases at the time of lodgment of this permit pursuant to section 132 of the Mineral Resources Act 1989.
EPC 1951	SMC	**Grant date:** Jun 19, 2013 **Expiry date:** Jun 18, 2025	5 years	3 Sub-blocks **Exclusions:** Any current Mining Claim, Mineral Development Licence or Mining Lease at the time of lodgment of this permit pursuant to Section 132 of the Mineral Resources Act 1989.
ML 1791.....	SMC	**Grant date:** Jul 13, 1978 **Expiry date:** Jul 31, 2041	21 years	**Area:** 843.9000 Hectares
ML 4749.....	SMC	**Grant date:** Jul 13, 1978 **Expiry date:** Jul 31, 2041	21 years	**Area:** 3360.0000 Hectares

Tenement	Registered holder(s)	Grant and expiry	Current term	Area
ML 70116.....	SMC (50.000%) BHP (50.000%)	**Grant date:** Jul 8, 2004 **Expiry date:** Dec 31, 2031	21 years	**Area:** 754.0000 Hectares
ML 70312.....	SMC	**Grant date:** Dec 16, 2004 **Expiry date:** Dec 31, 2034	30 years	**Area:** 290.9000 Hectares
Wards Well				
EPC 1016	SMC	**Grant date:** Feb 28, 2006 **Expiry date:** Feb 27, 2024	5 years	1 Sub-block **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).
MDL 3048	SMC	**Grant date:** Aug 23, 2021 **Expiry date:** Aug 31, 2026	5 years	**Area:** 2134.0000 Hectares
ML 1790.....	SMC	**Grant date:** Jul 13, 1978 **Expiry date:** Jul 31, 2041	21 years	**Area:** 4392.0000 Hectares
ML 4752.....	SMC	**Grant date:** Jul 13, 1978 **Expiry date:** Jul 31, 2041	21 years	**Area:** 2363.0000 Hectares
ML 70443.....	SMC	**Grant date:** May 29, 2017 **Expiry date:** May 31, 2038	21 years	**Area:** 867.6000 Hectares
ML 70495.....	SMC	**Grant date:** May 29, 2017 **Expiry date:** May 31, 2038	21 years	**Area:** 489.6000 Hectares

*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 MRA, the Petroleum and Gas (Production and Safety) Act 2004 (Qld) ("P&G Act") and the MERCP Act (as relevant) may apply with respect to those overlaps. Extensive statutory protocols govern the relationships between co-existing mining and petroleum exploration and production 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 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 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 MERCP 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 provides that, with effect from July 1, 2022, the rate to be applied to the value of the coal sold, disposed of or used in the royalty return period is set out below:

- if the average price per tonne for the period is A$100 or less: 7%;
- if the average price per tonne for the 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;
- if the average price per tonne for the period is more than A$150 but less than or equal to A$175: 7% on the first A$100, 12.5% on the next A$50 and 15% on the balance;
- if the average price per tonne for the period is more than A$175 but less than or equal to $225: 7% on the first A$100, 12.5% on the next A$50, 15% on the next A$25 and 20% on the balance;
- If the average price per tonne for the period is more than A$225 but less than or equal to $300: 7% on the first A$100, 12.5% on the next A$50, 15% on the next A$25, 20% on the next A$50 and 30% on the balance; and
- If the average price per tonne is more than A$300: 7% on the first A$100, 12.5% on the next A$50, 15% on the next A$25, 20% on the next A$50, 30% on the next A$75 and 40% 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. The MRA also sets out the relinquishment (reduction of area) requirements for exploration authorities, specifying that 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.

Exploration permit areas that are converted to mineral development licenses or mining leases can contribute to the amounts required to be relinquished. The relevant 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 already in force on the commencement of amendments under the NROLA Act, 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 MERCP 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 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 the 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 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 into the 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 offense 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 offense 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 EP 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 offenses, including:

- offense of causing serious or material environmental harm;
- offense of causing environmental nuisance;
- offense of depositing prescribed water contaminants in waters and related matters; and
- offense 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, Stanmore IP Coal, Stanmore IP South and Pty Ltd SMC 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 (as referred to in the RPI 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 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 EPBC Act on July 16, 2000, was authorized 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 Climate Change, Energy, the Environment and Water ("DCCEEW")) 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). On May 26, 2021 the controlled action was granted. This approval has effect until December 31, 2060.

On December 4, 2020, the then Department of Agriculture, Water and Environment (formerly the DEE and now the DCCEEW) approved Stanmore IP Coal'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 kilometers 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 Specifies 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.

SMC has EPBC approvals in place for its operations at Poitrel, South Walker Creek, Goonyella Riverside, and Wards Wells. These approvals are subject to various conditions, including:

- the requirement not to clear land outside of the project area identified in the approval;
- mandated disturbance limits;
- in relation to the clearing of native vegetation in mining exclusion areas;
- the requirement to legally secure an offset area;
- the requirement to implement an offset management plan to offset the loss habitat, matters relating to national environmental significance;
- the requirement to register a legally binding conservation mechanism over the approved areas;
- the requirement to conduct a pre-clearing fauna survey prior to any clearing;
- measures that must be taken to avoid significant impacts on listed threatened species and communities; and
- following cessation of exploration activities, any disturbance in the endangered natural grasslands as a result of project activities must be rehabilitated.

The approvals have expiry dates between 2030 and 2075.

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. 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 DCCEEW 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)

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;
- the registered Barada Barna People determination (QUD380/2008) which was determined on June 29, 2016; and
- the registered Barada Barna People And Widi People Of The Nebo Estate #2 Shared-Country determination (QUD380/2008, QUD492/2013) which was determined on June 29, 2016;
- the registered Widi People of the Nebo Estate #1 determination (QUD372/2006) which was determined on July 31, 2019; and
- the registered Jangga People determination (QUD6230/1998) which was determined on October 9, 2012.

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 are no current native title negotiations on foot, but Stanmore has advised that where required 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 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 in place 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 and with the Barada Barna, Widi People of the Nebo Estate and Wiri People, noting that they cover areas defined by reference to certain of the Tenements (rather than the entire area of Wards Well, Poitrel and South Walker Creek). 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 eleven 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 an enterprise agreement is 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.

Individual employees covered by an award or enterprise agreement may also enter into an individual flexibility agreement ("IFA") with the employer pursuant to which the operation of specified provisions of the award or enterprise agreement may be varied, subject to certain requirements and conditions. Stanmore has advised that an estimated 20 to 30 mine site employees are covered by an IFA.

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.

As of June 30, 2022, Stanmore had 669 direct employees. All employees regardless of the award, registered agreement or type of employment contract are covered under the NES. For Stanmore, 51% of employees are covered by an enterprise agreement, whilst the remaining 49% are employed through common law contracts. Employees of subcontractors associated with the day-to-day operations are likely covered under the NES which regulates conditions including termination arrangements, pay and hours of work.

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. Other unions Stanmore has identified as covering employees include the Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union known as the Australian Manufacturing Workers' Union ("AMWU"), the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia ("CEPU") and possibly the Association of Professional Engineers, Scientists and Managers, Australia.

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. Enterprise agreements are managed by the subcontractors as the employers. However, Stanmore is aware of the following enterprise agreements in place: the WorkPac Coal Mining Agreement 2019, the Mickala Mining Maintenance Enterprise Agreement 2010 and the Kalari HSE South Walker Creek — Enterprise Agreement 2018.

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.

The same unions as identified above, particularly the CFMMEU, the AMWU and the CEPU, will likely cover subcontractor employees.

Stanmore does not actively monitor the employment arrangements of any contracted workforce that may be engaged by their employing entity via a common law contract. This is managed by the employing organization, being the subcontractor employers.

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 offense 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 disputation 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 action 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 to Stanmore IP Coal 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 fulfill 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 has appointed EPSA to be the operator of the Isaac Downs 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:
  - ensure the site senior executive for the coal mine develops and implements a safety and health management system for the mine; and
  - 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:
  - to establish a safety and health management system for the mine; and
  - 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 (EPSA) obligations under the Coal Mining Safety Legislation include:

- to ensure that the risk to coal mine workers while at the operator's mine is at an acceptable level;
- to 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 to 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;
- to 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;
- to 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 to operate the coal mine without a safety and health management system for the mine;

- to 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

- to provide adequate resources to ensure the effectiveness and implementation of the safety and health management system.

At Isaac Plains, EPSA (a contractor) has been appointed as Coal Mine Operator ("CMO") and is responsible for ensuring a compliant and effective SHMS according to the Coal Mining Safety Legislation requirements. The EPSA Mining Services Agreement contains detailed expectations and requirements around the contractor's obligation as the CMO, including provision for compliance and effectiveness audits. Since commencement in April 2022, EPSA has been a progressing a SHMS validation program including updating Risk Assessments and Standard Operating Procedures. Stanmore anticipates that a formal audit will be completed in the first quarter of 2023.

For South Walker Creak and Poitrel, Stanmore is the CMO and continues to work and improve the compliance and effectiveness of the SHMS. Regular compliance and effectiveness audits in place. This is done by both internal and independent external experts.

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 offense against the Coal Mining Safety and Health Act 1999 (Qld) will now be referred to an independent WHS Prosecutor. Other offenses (i.e., non-serious offenses) 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$14.375 million for a body corporate such as Stanmore. Aside from industrial manslaughter, other maximum penalties currently range from A$718,750 to A$4,312,500 for a corporation and from A$71,875 to A$862,500 or three years' imprisonment for individuals, for contravening the Coal Mining Safety and Health Act 1999.

DESCRIPTION OF THE NEW NOTES

For purposes of this "Description of the New 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 New Notes. Golden Investments (Australia) Pte. Ltd. (the "Initial Subsidiary Guarantor" or "GIAPL"), and any other Restricted Subsidiary of the Issuer that guarantees the New Notes is referred to as a "Subsidiary Guarantor", and each such guarantee is referred to as a "Subsidiary Guarantee."

The New 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 Guarantor, The Bank of New York Mellon, as trustee (the "Trustee"), The Bank of New York Mellon, Singapore Branch, as notes collateral agent (the "New Notes Collateral Agent") and the common collateral agent (the "Common Collateral Agent," *provided* that with respect to any matters relating to any Pari Passu Collateral (as defined below) in Australia and/or Pari Passu Collateral Documents (as defined below) governed by Australian law, "Common Collateral Agent" shall mean the Common Collateral Agent acting through the Australian Agent (as defined below)) and BTA Institutional Services Australia Limited as a delegate of the Common Collateral Agent in connection with matters relating to any Pari Passu Collateral in Australia (the "Australian Agent")). 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 New Notes, the Subsidiary Guarantee and the Collateral Documents (as 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 New 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 or may be provided by email to such Holder by the Trustee.

Brief Description of the New Notes

The New 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 New 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 New Notes, the Subsidiary Guarantee 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 of the Issuer other than Subsidiary Guarantors; and
- be secured by the Collateral (subject to Permitted Liens) as described under the caption "— Security."

The New Notes will mature on November 28, 2027 unless earlier redeemed pursuant to the terms thereof and the Indenture. The Indenture will allow additional New 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 "New Notes" for all purposes of the Indenture and this "Description of the New Notes" include any Additional Notes that are actually issued. The New 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 28 and November 28 of each year (each an "Interest Payment Date"), commencing May 28, 2023.

Interest on the New Notes will be paid on the Interest Payment Date to Holders of record at the close of business on May 13 or November 13 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 New 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 New 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 New Notes (including any payment to be made on any date fixed for redemption or purchase of any New 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 New Notes will accrue for the period after such date. All Notes that are purchased or otherwise redeemed by the Issuer will be cancelled and will not be reissued.

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 New 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 New 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 New Notes held through Euroclear or Clearstream will made in accordance with the applicable rules and procedures of Euroclear or Clearstream. All payments on the Notes held in physical form 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 160 Queen Victoria Street, London, EC4V 4LA, United Kingdom, and the New 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. Amounts payable on the New 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, other than PT Golden Energy Mines Tbk. ("GEMS") and its Subsidiaries, will be "Restricted Subsidiaries." GEMS and its Subsidiaries will be "Unrestricted Subsidiaries." However, 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 other Subsidiaries as "Unrestricted Subsidiaries." The Issuer's Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the Indenture and will not guarantee the New Notes.

On 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 New Notes and the Indenture. None of the Issuer's other Subsidiaries, including Stanmore Resources Limited ("Stanmore") and its Subsidiaries, including SMC, will provide a Subsidiary Guarantee.

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 New 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 New 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 New 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.

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 New 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 New Notes, the Subsidiary Guarantee and the Collateral — 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."

As of June 30, 2022:

(a) the Issuer and its Subsidiaries had $5,030.8 million of consolidated assets and $1,302.7 million of consolidated indebtedness outstanding; and

(b) the Issuer's Unrestricted Subsidiaries had $1,079.7 million of assets and $161.3 million of indebtedness outstanding.

For the year ended June 30, 2022, the Issuer's Subsidiaries had $2,431.6 million of revenue and the Issuer's Unrestricted Subsidiaries had $1,334.7 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 New 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 conditions precedent provided for in the Indenture relating to such release have been complied with and an Opinion of Counsel that such release is authorized and permitted by the Indenture.

Interest Reserve Account

The Issuer has established an account (the "Interest Reserve Account") in Singapore with Credit Suisse AG, Singapore Branch (the "Account Bank"). As soon as practicable after the satisfaction and discharge of the Existing Notes Indenture (as defined below) and release of the existing first priority Lien over the Interest Reserve Account securing the obligations of the Issuer under the Existing Notes and the Existing Notes Indenture but in no event later than 40 days 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 New Notes. 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 no less than the amount of one (1) semi-annual interest payment with respect to the outstanding Notes, and any funds on deposit in the Interest Reserve Account in excess of the amount of one (1) semi-annual interest payment with respect to the then outstanding New Notes may be withdrawn at any time prior to the security created by the New Notes Collateral Document (as defined below) becoming enforceable as described below, and may be used for any purpose not prohibited by the Indenture.

As soon as practicable after the satisfaction and discharge of the Existing Notes Indenture but in no event later than 40 days after the Original Issue Date, as security for the payment and performance by each of the Issuer and the Subsidiary Guarantor of its obligations under the New Notes and the Indenture, the Issuer will grant the New Notes Collateral Agent, for the benefit of the Trustee as trustee for itself and 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 "New Notes Collateral"). The agreement evidencing the creation of a security interest on the New Notes Collateral by the Issuer is referred to as the "New Notes Collateral Document."

The security created by the New Notes Collateral Document will become enforceable if the New Notes become immediately due and payable following the occurrence of an Event of Default under the New Notes. If the security created by the New Notes Collateral Document becomes enforceable as described above, the funds remaining on deposit in the Interest Reserve Account shall be paid solely to the order of the New Notes Collateral Agent for the benefit of the Holders and the Account Bank shall release such funds in the Interest Reserve Account at the sole direction of the New Notes Collateral Agent, which shall apply such funds in accordance with the provisions of the Indenture and the New Notes Collateral Document in and towards payment of the amounts due under the New Notes and the Indenture.

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

Security

The obligations of the Issuer or any Subsidiary Guarantor under the Indenture will be secured by the Lien on the New Notes Collateral described above as well as the following existing Liens on the following collateral (the "Pari Passu Collateral"):

(1) a charge by the Issuer of all of GIAPL's outstanding Capital Stock (the "GIAPL Shares");

(2) a charge by GIAPL of the Capital Stock of Stanmore that it currently holds and any shares of Capital Stock of Stanmore that it may acquire after the Original Issue Date (collectively, the "Charged Stanmore Shares"); and

(3) 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 Loans").

The Pari Passu Collateral together with the New Notes Collateral are collectively referred to as the "Collateral." The agreements evidencing 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 New Notes Collateral Document and the Pari Passu Collateral Documents are collectively referred to as the "Collateral Documents."

On the date on which the Trustee on behalf of the Holders accedes to the Intercreditor Agreement (as defined below) (the "Trustee Accession Date"), the Pari Passu Collateral will secure on a *pari passu* basis (i) the obligations of the Issuer and the Initial Subsidiary Guarantor under the Indenture and (ii) the obligations of the Issuer and the Initial Subsidiary Guarantor under the indenture governing the Existing Notes (the "Existing Notes Indenture"). See "– Intercreditor Agreement."

As of the date of this Exchange Offer Memorandum, the obligations of the Issuer and the Initial Subsidiary Guarantor under the Existing Notes Indenture are also secured by a pledge by the Issuer of approximately 50.6% of GEMS' outstanding Capital Stock (the "Pledged GEMS Shares"). On the Trustee Accession Date, the New Notes will likewise be secured by the Lien over the Pledged GEMS Shares, but the Trustee on behalf of the Holders will (i) expressly disclaim any rights to, and will not benefit from, the Pledged GEMS Shares and (ii) turn over any proceeds that it receives from enforcement of the Pledged GEMS Shares to the Common Collateral for application towards the Existing Notes or any relevant Secured Obligations (as defined below).

Following the completion of the Exchange Offer, the Issuer intends to send a notice of redemption to holders of outstanding Existing Notes and satisfy and discharge the Existing Notes Indenture in respect of all outstanding Existing Notes that have not been tendered in exchange for New Notes in the Exchange Offer and to redeem all such outstanding Existing Notes. Upon the satisfaction and discharge of all outstanding Existing Notes, the Lien over the Pledged GEMS Shares will be released and the Indonesian Common Collateral Agent (as defined below) will resign.

The Trustee and the Common Collateral Agent will be permitted and authorized, without the consent of any Holder, to enter into any amendments to the Pari Passu Collateral Documents and/or the Intercreditor Agreement and to execute any other agreements or documents or to take any other action necessary to release the Lien over the Pledged GEMS Shares and to provide for the resignation of the Indonesian Common Collateral Agent.

The Liens on the Pari Passu Collateral for the benefit of the Trustee on behalf of the Holders will be *pari passu* with the Liens on the Pari Passu Collateral for the benefit of the holders of any future Permitted Pari Passu Secured Indebtedness (or their representative) (as defined below).

The Issuer has also agreed to ensure that the charged 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 security created by a Pari Passu Collateral Document will become enforceable if:

(in the case of the security over any Pari Passu Collateral):

(1) (a) an event of default has occurred under any of the Secured Party Documents (as defined below) which is continuing and (b) the Common Collateral Agent has given written notice to the Issuer or, as the case may be, GIAPL of its intention to exercise, its rights, remedies, powers and discretions under that Pari Passu Collateral Document; or

(in the case of the security over the GIAPL Shares or the Intercompany Loans):

(2) any of the Secured Obligations (as defined below) are due and payable but not paid or discharged on demand; or

(3) a petition or application is presented for the making of a judicial management order in relation to the Issuer; or

(4) any person gives written notice of its intention to appoint a judicial manager of the Issuer or files such a notice with the court.

Prior to the security created by a Pari Passu Collateral Document becoming enforceable as described above, and subject to the terms of the Secured Party Documents, the Issuer or, as the case may be, GIAPL will be entitled to receive and use all dividends, distributions, interest and other monies derived from the Pari Passu Collateral and to exercise any voting and other consensual rights pertaining to the Pari Passu Collateral.

At any time after the security created by a Pari Passu Collateral Document becomes enforceable as described above, and subject to the terms of the Pari Passu Collateral Documents:

(1) all rights of the Issuer or, as the case may be, GIAPL to receive or claim payment of dividends, distributions, interest and other monies derived from the Pari Passu Collateral will cease and such dividends, distributions, interest and other monies will be paid to the Common Collateral Agent;

(2) all voting or other consensual rights pertaining to the Pari Passu Collateral will become vested solely in the Common Collateral Agent, and the right of the Issuer or, as the case may be, GIAPL to exercise any such voting and consensual rights will cease; and

(3) the Common Collateral Agent may transfer, sell or otherwise deal with the Pari Passu Collateral or any part of the Pari Passu Collateral in accordance with the terms of the Pari Passu Collateral Documents, subject to the provisions of applicable law. All moneys received or recovered by the Common Collateral Agent or any receiver pursuant to any Pari Passu Collateral Document shall, subject to the provisions of that Pari Passu Collateral Document, be applied in accordance with the Intercreditor Agreement for the benefit of the Permitted Pari Passu Secured Indebtedness creditors and the Holders.

The proceeds realizable from the Collateral securing the New Notes may not be sufficient to satisfy the Issuer's obligations under the New Notes, and the Collateral securing the New Notes may be reduced or diluted under certain circumstances, including through the issuance of Additional Notes and Permitted Pari Passu Secured Indebtedness, subject to the terms of the Indenture and the Intercreditor Agreement. See "Risk Factors — Risks Relating to the New Notes, the Subsidiary Guarantee and the Collateral — There may be limitations on foreclosure or enforcement of rights in the Collateral" and "— Enforcing the rights of Holders of New Notes under the New Notes, the Subsidiary Guarantees and the Collateral across multiple jurisdictions, including Australia and Singapore may prove difficult."

The Liens created by the New Notes Collateral Document and, subject to the terms of the Intercreditor Agreement, the Pari Passu Collateral Documents, to secure the obligations of the Issuer or any Subsidiary Guarantor under the Indenture will be released:

(1) upon the full and final payment and performance of the Obligations of the Issuer under the Indenture and the New Notes;

(2) upon 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 Charged Stanmore Shares in compliance with the covenant described under the caption "— Certain Covenants — Limitation on Asset Sales" and the relevant Pari Passu Collateral Documents (to the extent of the interest sold or disposed of); *provided* after giving *pro forma* effect to such sale or other disposition (a) the Issuer and its Subsidiaries would own, directly or indirectly, at least a majority of the outstanding Capital Stock of Stanmore, all of which remain included in the Pari Passu Collateral 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 the Initial Subsidiary Guarantor will create Liens on the Pari Passu Collateral other than (i) Liens *pari passu* with the Lien for the benefit of the Trustee on behalf 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, 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 the Initial 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 Agent will be permitted and authorized, without the consent of any Holder, to enter into any amendments or supplements to the Pari Passu Collateral Documents, the Intercreditor Agreement or the Indenture and to enter into any agreements, deeds or other documents or to 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 and Intercreditor Agreement (including, without limitation, the appointment of a common collateral agent under the Intercreditor Agreement to hold the Pari Passu Collateral on behalf of the Trustee (on behalf of the Holders) and the holders of Permitted Pari Passu Secured Indebtedness (or their representative)).

The Trustee and the New Notes Collateral Agent and/or the Common Collateral Agent, as the case may be, 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 to enter into any agreements or 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 New Notes then outstanding.

Intercreditor Agreement

The Issuer, GIAPL, PT Bank CIMB Niaga Tbk. (the "Indonesian Common Collateral Agent"), the Common Collateral Agent as Non-Indonesian Common Collateral Agent, BTA Institutional Services Australia Limited as Australian Agent and The Bank of New York Mellon as the trustee on behalf of the holders of the Existing Notes, have entered into an intercreditor agreement dated May 21, 2021 (such intercreditor agreement, as supplemented and amended from time to time, the "Intercreditor Agreement") to which the Trustee on behalf of the Holders of the New Notes will accede on the Original Issue Date. The Intercreditor Agreement will govern the relationship among the Trustee on behalf of the Holders, the trustee on behalf of the holders of the Existing Notes and the holders of any future Permitted Pari Passu Secured Indebtedness (or their representative) with respect to the Pari Passu Collateral.

Following the release of the Lien over the Pledged GEMS Shares, the Intercreditor Agreement will be amended to provide for the resignation of the Indonesian Common Collateral Agent and other consequential changes.

The Intercreditor Agreement provides, among other things, (1) that the Secured Parties (as defined below) shall share equal priority and pro rata entitlement in and to the Pari Passu Collateral, (2) for the procedures for the release of any Lien on such Pari Passu Collateral, (3) for 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) for the procedures under which the common collateral agents may be instructed to enforce their rights with respect to such Pari Passu Collateral. On and from the Trustee Accession Date, the Trustee on behalf of the Holders will be a Secured Party under the Intercreditor Agreement and the Common Collateral Agent will act on behalf of the Secured Parties.

In connection with the Incurrence of any Permitted Pari Passu Secured Indebtedness, the holders of such Permitted Pari Passu Secured Indebtedness (or their representative) will accede to the Intercreditor Agreement and become parties to it.

Enforcement of Security

The first priority Lien over the New Notes Collateral securing the New Notes will be granted to the New Notes Collateral Agent. The New Notes Collateral Agent will hold such Lien and security interests in the New Notes Collateral granted pursuant to the New 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 New Notes then outstanding pursuant to the terms of the Indenture to exercise remedies under the New Notes Collateral Document. The New Notes Collateral Agent has agreed to act as collateral agent on behalf of the Trustee (as trustee for itself and for the benefit of the Holders) under the New Notes Collateral Document, to follow instructions provided to it in accordance with the Indenture and the New Notes Collateral Document and to carry out certain duties. The Trustee will give instructions to the New 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 New Notes Collateral Document will principally provide that, at any time while the New Notes are outstanding, the New 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 New Notes then outstanding pursuant to the terms of the Indenture, to manage, perform and enforce the terms of the New Notes Collateral Document relating to the New Notes Collateral and to exercise and enforce all privileges, rights and remedies thereunder according to such written direction, including, at any time after the security created by the New Notes Collateral Document has become enforceable, to take possession of, get in and collect such New Notes Collateral, require payment to it of any credit balance on the Interest Reserve Account, and sell, transfer or otherwise dispose of or realize such New Notes Collateral.

All payments received and all amounts held by the New Notes Collateral Agent in respect of the New Notes Collateral under the New Notes Collateral Document will be applied as follows:

- *first*, to the Trustee, the Paying Agent, the Registrar and the New 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 New Notes Collateral Document and preserving the New 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 New 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 New Notes Collateral Agent may decline to expend its own funds, foreclose on the New 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 New Notes Collateral Agent's ability to foreclose on the New 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 New Notes Collateral Agent's Liens on the New Notes Collateral. Neither the Trustee, the New 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 New Notes Collateral securing the New Notes, for the legality,

enforceability, effectiveness, adequacy or sufficiency of the New 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 New Notes Collateral Document or any delay in doing so.

The New Notes Collateral Document will provide that the Issuer will indemnify the New Notes Collateral Agent for all actions, losses, claims, proceedings, costs, demands and liabilities which may be suffered by the Notes Collateral Agent by reason of any failure of the Issuer to perform any of its obligations under the New Notes Collateral Document or in the execution or purported execution of any rights, powers, remedies, authorities or discretions vested in the New Notes Collateral Agent under the New Notes Collateral Document unless such action, losses, claims, proceedings, costs, demands and liabilities are caused by the gross negligence or wilful misconduct of the New 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 New Notes and any Permitted Pari Passu Secured Indebtedness will be granted to the Common Collateral Agent. The Common Collateral Agent will hold such Liens and security interests in the Pari Passu Collateral granted pursuant to the Pari Passu Collateral Documents and will be entitled, as directed by written instruction (as described below) from any of the Trustee acting on behalf of the Holders pursuant to the Indenture and any agent or trustee acting on behalf of the holders of any Permitted Pari Passu Secured Indebtedness pursuant to the terms of the agreements evidencing such Permitted Pari Passu Secured Indebtedness or (if there is no such agent or trustee) such holders (collectively, the "Instructing Secured Parties"), to enforce the security under the Pari Passu Collateral Documents on behalf of, among others, the Holders, the Trustee and the holders of any Permitted Pari Passu Secured Indebtedness who accede (or whose agent or trustee accedes) to the Intercreditor Agreement after the Original Issue Date (and any such agent or trustee) (collectively, the "Secured Parties"). The "Secured Obligations" means the obligations secured under the Pari Passu Collateral Documents, including obligations at any time owing by the Issuer or the Initial Subsidiary Guarantor to any Secured Party under the Secured Party Documents. The "Secured Party Documents" means, among others, the Indenture and the agreements evidencing any Permitted Pari Passu Secured Indebtedness.

The Common Collateral Agent has agreed to act as collateral agent on behalf of the 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 provides that the Common Collateral Agent, as directed by written instructions given by any of the Instructing Secured Parties pursuant to the terms of the Intercreditor Agreement and of the relevant Secured Party Document, 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 Secured Parties). An Instructing Secured Party may only give such written instructions if it has given notice to the Common Collateral Agent that an event of default has occurred and is continuing and that in connection with such event of default any Secured Obligation under the Secured Party Documents to which such Instructing Secured Party is a party has been accelerated, or is otherwise immediately due and payable, in accordance with the provisions thereof.

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 Agent 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 Agent in connection with such sale or other realization; (ii) any amounts owed to the Trustee under the Indenture and (iii) any other amounts payable or owed to any agent or trustee under any agreement evidencing Permitted Pari Passu Indebtedness in connection with the performance of its functions;

- *third*, to the payment of any unreimbursed expenses for any Instructing 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 the relevant security provider (as applicable) 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 New 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 New 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 New Notes and the Subsidiary Guarantee to the same extent and on the same basis as the New 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 November 28, 2024, the Issuer may at its option on one or more occasions redeem the New Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the New Notes, plus accrued and unpaid interest, if any, on the New Notes redeemed, to (but not including) the redemption date.

At any time and from time to time prior to November 28, 2024, the Issuer may at its option redeem up to 35% of the aggregate principal amount of the New 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 New Notes, plus accrued and unpaid interest, if any, on the New Notes redeemed, to (but not including) the redemption date; *provided* that at least 65% of the aggregate principal amount of the New 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 November 28, 2024, the Issuer may at its option on one or more occasions redeem the New Notes, in whole or in part, at a redemption price equal to (i) 100% of the principal amount of the New Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, on the New Notes redeemed, to (but not including) the redemption date if such redemption is funded with proceeds from an Equity Offering or proceeds of any Indebtedness Incurred by the Issuer or (ii) 100% of the principal amount of the New Notes, plus accrued and unpaid interest, if any, on the New Notes redeemed, to (but not including) the redemption date if such redemption is funded through other means.

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 Stanmore or (b) 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 November 28, 2024, the New Notes shall be redeemed at a redemption price equal to 100% of the principal amount of the New Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, on the New Notes redeemed, to (but not including) such Mandatory Redemption Date; or

(2) if the Mandatory Redemption Date occurs on or after November 28, 2024, the New 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 New 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 New Notes are to be redeemed, the New Notes for redemption will be selected as follows:

- if the New 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 New Notes are then traded or the clearing system through which the New Notes are held; or

- if the New 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 New Note is to be redeemed in part only, the notice of redemption relating to such New Note will state the portion of the principal amount to be redeemed. A new New Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original New Note. On and after the redemption date, interest will cease to accrue on New Notes or portions of them called for redemption.

Repurchase of New 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 New 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 New 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 New 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 New 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 New Notes. See "Risk Factors — Risks Relating to the New Notes, the Subsidiary Guarantee and the Collateral — The Issuer may not have the ability to raise the funds necessary to finance an offer to repurchase the New Notes upon the occurrence of certain events constituting a Change of Control, or to redeem the New Notes upon ceasing to own a majority of the Capital Stock of Stanmore or Stanmore otherwise ceasing to be a Restricted Subsidiary, as required by the New Notes Indenture."

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 New 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 New 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 New 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 New 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 New Notes and all payments made by or on behalf of a 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 New 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 New Note or Subsidiary Guarantee, as the case may be, and the Relevant Jurisdiction other than merely holding such New 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 New 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 New 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 New 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 New Note (in cases in which presentation is required) for payment in a Relevant Jurisdiction, unless such New 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 New 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 New Notes.

At least 30 days prior to each date on which any payment under or with respect to the New 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 New 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 New 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 New 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 New 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 New 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 New Notes were then due.

Prior to, or concurrent with, the mailing of any notice of redemption of the New 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 New 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 2.50 to 1.00 and (y) 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 New 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 Existing 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 New 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 New Notes or Indebtedness that is *pari passu* with, or subordinated in right of payment to, the New Notes or a Subsidiary Guarantee will only be permitted under this clause (b)(4) if (x) in case the New Notes are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the New 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 New 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 New Notes or such Subsidiary Guarantee at least to the extent that the Indebtedness to be refinanced is subordinated to the New 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 (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 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 New 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 in an aggregate principal amount at any time outstanding (together with any refinancings thereof) 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) (i) Indebtedness of any Restricted Subsidiary (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 $350.0 million (or the Dollar Equivalent thereof) and (ii) Indebtedness of Stanmore or any of its Subsidiaries that are Restricted Subsidiaries (without double counting any guarantees of any such Indebtedness) under the SMC Acquisition Facility in an aggregate principal amount outstanding at any time (together with any refinancings thereof) not to exceed $625.0 million (or the Dollar Equivalent thereof); and

(16) Liens on the Capital Stock of Unrestricted Subsidiaries (including GEMS and/or its 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.

(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 be permitted to classify on the date of 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 "— Certain Covenants — Limitation on Indebtedness" covenant, the amount of such Indebtedness as one of such types and may apportion an item of Indebtedness among several such types in paragraph (a) of this covenant or one of the clauses of paragraph (b) of this covenant, and Indebtedness permitted by this covenant 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 covenant permitting such Indebtedness.

(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 New 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 New 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 Two Semi-annual 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 Measurement 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 semi-annual fiscal period 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 Measurement 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 Measurement 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 Measurement 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 Measurement 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 Measurement 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 Measurement 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 Potential Segregation and any related Investments or Restricted Payments made in order to comply with legal or regulatory obligations or requirements in connection with the Potential Segregation or to otherwise consummate the Potential Segregation;

(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 $15.0 million (or the Dollar Equivalent thereof),

provided that in the case of clause (2), (5), (6) 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) and (10) of the preceding paragraph made after the Measurement 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 (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 New Notes, the Subsidiary Guarantees, the Indenture, the Collateral Documents and any extensions, refinancings, renewals or replacements of any of the foregoing agreements; provided that the encumbrances and restrictions in any such extension, refinancing, renewal 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 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 (including GEMS and/or its Subsidiaries) 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 New 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 New 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 New 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 New Notes have been paid in full.

If the Guaranteed Indebtedness (A) ranks *pari passu* in right of payment with the New 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 New 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 New 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;

(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; and

(12) the Potential Segregation and any transaction or arrangement entered into connection with the Potential Segregation; and

(13) arrangements between PT Borneo Indobara (an Unrestricted Subsidiary) and PT Hutan Rindang Banua for the use of land held by PT Hutan Rindang Banua under its forestry concession license.

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 New 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 New 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 Stanmore 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 New 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 Stanmore 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 New 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 Stanmore 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 New 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 New Notes plus accrued and unpaid interest, if any, to the date of purchase, subject to the rights of Holders of New 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 New 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 New 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 Stanmore 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 Stanmore 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 Stanmore Shares) and (ii) holders of Permitted Pari Passu Secured Indebtedness (in the case of Asset Sales of Pledged Stanmore 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 New 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 New 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 New 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 New 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 New 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 New 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 New 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 Stanmore and SMC) 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.

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 New Notes, the relevant Subsidiary Guarantee or the Indenture.

Suspension of Certain Covenants

If on any date following the date of the Indenture, the New 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 New 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 New 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 New 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 Exchange Offer 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 75 calendar days after the end of the first semi-annual period in each fiscal year of the Issuer, semi-annual reports of the Issuer containing an unaudited condensed consolidated statements of financial position as of the end of such semi-annual period and unaudited condensed consolidated statement of profit or loss and other comprehensive income and statement of cash flows of the Issuer for such semi-annual period 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 semi-annual period.

(b) In addition, so long as any of the New 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 with respect to the two most recent semi-annual fiscal periods and showing in reasonable detail the calculation of the Fixed Charge Coverage Ratio, including the arithmetic computations of each component of the Fixed Charge Coverage 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 New 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 (other than GEMS and its 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 semi-annual 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 New Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;

(b) default in the payment of interest on any New 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 New 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 New 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 New Notes then outstanding to the Issuer (and to the Trustee if such notice is given by the Holders);

(e) there occurs with respect to (x) any Indebtedness of the Issuer or any Restricted Subsidiary having an outstanding principal amount of $15.0 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 $15.0 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 New 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, the Intercreditor Agreement); or

(n) 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 New 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 New 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 New 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 New 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 New 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 New Notes or to enforce the performance of any provision of the New 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 the 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 the Intercreditor Agreement in the case of Pari Passu Collateral. The Trustee may maintain a proceeding even if it does not possess any of the New 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 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 New 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 or any other document relating to the New 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 New Note or to bring suit for the enforcement of any such payment, on or after the due date expressed in the New 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 New Notes and the Collateral Documents, as the case may be, and the Indenture, the New 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 New Notes and the Indenture; and

(g) no Rating Decline will have occurred.

For the avoidance of doubt, the disposition of the Capital Stock of GEMS in a Potential Segregation will not constitute a disposition of all or substantially all of the Issuer's and its Restricted Subsidiaries' properties and assets.

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 New Notes and the Subsidiary Guarantee, as the case may be, including the obligation to pay Additional Amounts, and the Indenture, the New 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 or series of related transactions 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 New Notes under the Indenture, the New 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 New Notes under the Indenture, the New 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 New 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 New Notes, the Issuer and any of its Restricted Subsidiaries may exclude (a) in connection with an exchange offer, holders or beneficial owners of the New 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 New 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 New 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 New Notes (except for, among other matters, certain obligations to register the transfer or exchange of the New 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 New Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the New 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 New Notes on the Stated Maturity of such payment in accordance with the terms of the Indenture and the New 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 New Notes, the Subsidiary Guarantees will terminate.

In addition, the Issuer must deliver to the Trustee an Officers' Certificate and Opinion of Counsel stating that all conditions precedent relating to such covenant defeasance have been satisfied.

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 New Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the New 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 New Notes as described in the immediately preceding paragraph and the New 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 New Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the New 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 New Notes, the Subsidiary Guarantees, 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 New Notes, the Subsidiary Guarantees, 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 New 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 New Notes;

(k) conform the text of the Indenture, the New Notes, the Subsidiary Guarantees, the Collateral Documents or the Intercreditor Agreement to any provision of this "Description of the New Notes" to the extent that such provision in this "Description of the New Notes" was intended to be a verbatim recitation of a provision of the Indenture, the New 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 New 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 New Notes, the Subsidiary Guarantees, 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 New Notes, the Subsidiary Guarantees, 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 New Note;

(b) reduce the principal amount of, or premium, if any, or interest on, any New Note;

(c) change the currency, time or place of payment of principal of, or premium, if any, or interest on, any New 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 New 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 New 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 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 New 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 New Notes from that stated under "— Optional Redemption" "— Redemption for Taxation Reasons" or "— Mandatory Redemption;"

(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 New Notes or any Subsidiary Guarantee to any other Indebtedness of the Issuer or any Subsidiary Guarantor (for the avoidance of doubt, the New 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 New Notes, as expressly provided for in the Indenture) as to all outstanding Notes when:

(1) either:

(a) all of the New 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 New Notes not theretofore delivered to the Paying Agent for cancellation, for principal of, premium, if any, and interest on the New 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 New 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 New 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 New 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 New 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 New Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the New 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 New Notes. The Bank of New York Mellon, Singapore Branch is to be appointed as Notes Collateral Agent with regard to the New Notes Collateral under the New Notes Collateral Document and the Common Collateral Agent with regards to certain of the 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 New 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 New 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. 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 New 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 New 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 New Notes outstanding.

The Trustee shall not be deemed to have knowledge of any event unless it has been actually notified of such event. The Trustee shall have no obligation to investigate whether any Default or Event of Default has occurred or is continuing and will not be responsible to Holders or any other person for any loss arising from any failure by it to do so. In the absence of a written notification of a Default or Event of Default from the Issuer, the Trustee may assume without enquiry and without any liability in connection with such assumption that there is no Default or Event of Default.

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 New 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 New Notes.

Book-Entry; Delivery and Form

The New 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 New 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 New 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 New 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 New 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 New 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 New 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 New 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 New 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 New 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 New 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 New 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 New 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 New 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 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 New Notes" for which no definition is provided.

"*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.

"*Adjusted Treasury Rate*" means, with respect to any redemption date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under "Treasury Constant Maturities," for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three (3) months before or after November 28, 2024, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to 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, in each case calculated on the third Business Day immediately preceding the 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 New Note at any redemption date, the greater of (i) 1.00% of the principal amount of such New Note and (ii) the excess of (A) the present value at such redemption date of the redemption price of such New Note on November 28, 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 New Note through November 28, 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 New 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 Potential Segregation.

"*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.

"*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.

"*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.

"*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 New 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 (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.

"*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.

For the avoidance of doubt, the occurrence of the Potential Segregation will not constitute a "Change of Control."

"*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 New 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 New 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 New Notes from the redemption date to November 28, 2024.

"*Comparable Treasury Price*" means, with respect to any redemption date, if clause (ii) of the Adjusted Treasury Rate is applicable, the average of three, or such lesser number as is obtained by the Issuer, Reference Treasury Dealer Quotations for such redemption date.

"*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 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.

"*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 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.

"*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 (including any cash dividends paid by GEMS to the Issuer prior to the Potential Segregation) 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, (x) 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, (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.

"*Consolidated Net Worth*" means, at any date of determination, stockholders' equity as set forth on the most recently available annual or semi-annual 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), (b)(13) or (b)(15) 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 New Notes and the Subsidiary Guarantees, and the 2026 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 New 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 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).

"*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.

"*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 New 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 New 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 New 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 New 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 New 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 New Notes as are required to be repurchased pursuant to the "— Certain Covenants — Limitation on Asset Sales" and "— Repurchase of New 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.

"*Exchange Offer Memorandum*" means the exchange offer memorandum of the Issuer dated November 1, 2022 relating to the exchange offer of the New Notes for Existing Notes.

"*Existing Notes*" means the Issuer's 8.5% senior secured notes due 2026 issued pursuant to an indenture dated as of May 14, 2021, as supplemented by a first supplemental indenture dated as of May 21, 2021 and a second supplemental indenture dated as of December 23, 2021.

"*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 Two Semi-annual Period with respect to such Transaction Date to (2) the aggregate Consolidated Fixed Charges during such Two Semi-annual 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 Two Semi-annual 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 Two Semi-annual 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 paragraph (b) of the covenant described under the caption "— Certain Covenants — Limitation on Indebtedness" 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 paragraph (b) of the covenant described under the caption "— Certain Covenants — Limitation on Indebtedness."

"*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.

"*GIAPL*" means Golden Investments (Australia) Pte. Ltd.

"*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 New 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 any Reclassified Lease Obligations.

"*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 50% or less of the Voting Stock, directly or indirectly, and has the right to participate in the management of such Person.

"*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).

"*Measurement Date*" means May 14, 2021.

"*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.

"*Offer to Purchase*" means an offer to purchase the New 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 New 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 New 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 New 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 New Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such New 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 New 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 New 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 New 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 New 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 New Notes are originally issued under the Indenture.

"*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 Exchange Offer 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) 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 Stanmore Shares;

(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 New Notes and the 2026 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 Exchange Offer 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 New 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 set-off 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 New 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) 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 (including GEMS and/or its 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 (including Capital Stock held by any Restricted Subsidiary of Stanmore) securing Indebtedness permitted to be Incurred under clause (b)(15) of the covenant described under the caption "— Certain Covenants — Limitation on Indebtedness;" and

(34) Liens incurred in the ordinary course of business of the Issuer or any Restricted Subsidiary with respect to obligations that do not exceed $20.0 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 20.0% 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.

"*Potential Segregation"* means the potential distribution, transfer or other divestment of all of the Issuer's interests and/or ownership of the issued and paid-up shares in the capital of GEMS, which may be implemented through a variety of methods, including a transfer, sale, distribution and/or dividend *in specie* through a capital reduction or otherwise.

"*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 New 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 New 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 New Notes are rated by all three Rating Agencies on the Rating Date as Investment Grade, the rating of the New Notes by any two of the three or all three Rating Agencies shall be below Investment Grade;

(b) in the event the New 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 New Notes by either of such two Rating Agencies shall be below Investment Grade;

(c) in the event the New Notes are rated by only one of the Rating Agencies on the Rating Date as Investment Grade, the rating of the New Notes by such Rating Agency will be below Investment Grade; or

(d) in the event the New Notes are rated below Investment Grade by all Rating Agencies on the Rating Date, the rating of the New 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 New Notes to below Investment Grade or to have decreased its rating of the New Notes if such Rating Agency states publicly in writing that (i) its change in rating of the New 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."

"*Reclassified Lease Obligations*" means obligations of the Issuer 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.

"*Reference Period*" means, as of any Transaction Date, the period commencing on and including the first day of the Two Semi-annual 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 New 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.

"*SMC*" means Stanmore SMC Pty Ltd, formerly known as BHP Mitsui Coal Pty Ltd.

"*SMC Acquisition Facility*" means the secured term facility agreement dated January 7, 2022, between, among others, Stanmore SMC Holdings Pty Ltd as borrower and Global Loan Agency Services Australia Pty Ltd as agent for the syndicate lenders, in respect of a $625.0 million senior secured, first-lien amortizing loan note facility with a maturity of five years from the date of first utilization.

"*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 New 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 New 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 New 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 New 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 New Notes pursuant to the Indenture and the New Notes; *provided* that Subsidiary Guarantor will not include any Person whose Subsidiary Guarantee has been released in accordance with the Indenture and the New 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) Tbk, PT Bank CIMB Niaga Tbk, PT Bank Danamon Indonesia Tbk, Bank of China Limited, National Australia Bank Limited, Australia and New Zealand Banking Group Limited, Barclays Bank PLC, Macquarie Bank Limited, Deutsche Bank AG, Bank of Singapore Limited, Bank Julius Baer & Co Ltd, PT Bank Sinarmas Tbk, Sumitomo Mitsui Banking Corporation; (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 semi-annual fiscal period 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 semi-annual fiscal period) 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 semi-annual fiscal period 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.

"*Two Semi-annual Period*" means, as of any Transaction Date, the then most recent two semi-annual fiscal periods 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.

"*Unrestricted Subsidiary*" means (1) GEMS and each of its Subsidiaries; (2) 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 (3) 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 New 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, administrative guidelines and circulars issued by the relevant tax authorities in effect as of the date of this Exchange Offer 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 Exchange Offer 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 New Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the New 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 New 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 New 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 New 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 Dealer Manager and any other persons involved in the issuance of the New Notes accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, ownership or disposal of the New Notes.

Singapore Taxation

Taxation Relating to Payments on the New 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% and it is proposed to be increased to 24% from the year of assessment 2024 pursuant to the Singapore Budget Statement 2022. 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 New Notes are issued by a Singapore-based issuer and arranged by Mandiri Securities Pte. Ltd., which is a Financial Sector Incentive (standard tier) company (as defined in the ITA) during the period from the date of this Exchange Offer Memorandum to December 31, 2023, the New Notes would be, pursuant to the ITA and the Income Tax (Qualifying Debt Securities) 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 Monetary Authority of Singapore ("MAS") by the Issuer, or such other person as the MAS may direct, of a return on debt securities for the New Notes within such period as the MAS may specify and such other particulars in connection with the New Notes as the MAS may require and the inclusion by the Issuer in all offering documents relating to the New Notes of a statement to the effect that where interest, discount income, prepayment fees, redemption premiums and break costs are derived from the New 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 New 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 New 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 New 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 New Notes within such period as the MAS may specify and such other particulars in connection with the New Notes as the MAS may require), Qualifying Income from the New 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 43H of the ITA)); and

(c) subject to:

(i) the Issuer including in all offering documents relating to the New 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 New 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 New Notes within such period as the MAS may specify and such other particulars in connection with the New Notes as the MAS may require,

Qualifying Income derived from the New 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 New Notes, the New Notes are issued to fewer than four persons and 50% or more of the issue of the New Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, the New Notes would not (unless otherwise approved by the relevant minister or such person as he may appoint) qualify as QDS; and

- even though the New Notes are QDS, if, at any time during the tenure of the New Notes, 50% or more of the New 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 New Notes held by:

  - any related party of the Issuer; or

  - any other person where the funds used by such person to acquire the New 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 New 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 New 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 New Notes without deduction or withholding of tax under Section 45 or Section 45A of the ITA, any person whose Qualifying Income derived from such New 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 New 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 New Notes will not be taxable in Singapore. However, any gains derived by any Noteholder from the disposal of the New 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 New 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 New 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.

TERMS OF THE EXCHANGE OFFER

Introduction to, and Rationale for, the Exchange Offer

The Issuer invites all Noteholders (subject to offer restrictions, see "*Offer Restrictions*") to offer to exchange any or all of their Existing Notes which are outstanding upon the terms and subject to the conditions of the Exchange Offer as further described herein for New Notes to be issued by the Issuer. Following the Exchange Offer, the Issuer intends to exercise its option to redeem any Existing Notes which are not tendered in exchange for New Notes in the Exchange Offer at the Make-Whole Price in accordance with the terms of the Existing Notes Indenture. The Issuer expects to use its own internal resources, including any available credit facilities, to fund the redemption. Instructions in connection with the Exchange Offer are irrevocable.

The Exchange Offer will commence on November 1, 2022. Noteholders must validly participate in the Exchange Offer prior to 5:00 P.M. (Central European time), on November 21, 2022, unless amended (subject to applicable law), extended, re-opened, terminated or withdrawn by us, in order to receive the Exchange Consideration.

Terms of the Exchange Offer

The New Notes will be issued by the Issuer and approval in-principle has been obtained from the SGX-ST for them to be admitted to the Official List of the SGX-ST and to trading on the SGX-ST. The final aggregate principal amount of Existing Notes accepted for exchange, the final aggregate principal amount of the New Notes to be issued will be announced as soon as reasonably practicable following the Expiration Deadline.

The New Notes will be issued in the minimum denomination of US$200,000 each and integral multiples of US$1,000 in excess thereof. The New Notes will be traded on the SGX-ST in a minimum board lot size of US$200,000 for so long as any of the New Notes are listed on the SGX-ST.

For so long as the New Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore where the New Notes may be presented or surrendered for payment or redemption, in the event that a global security is exchanged for definitive notes. In addition, in the event that a global security is exchanged for definitive notes, an announcement of such exchange shall be made by the Issuer or on its behalf through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive notes, including details of the paying agent in Singapore.

In addition to the General Conditions relating to the Exchange Offer set forth herein, the Exchange Offer is conditional on, *inter alia*, valid offers for exchange being received and accepted from Noteholders in the Exchange Offer in an amount representing at least 75% of the Existing Notes (the "Minimum Participation Condition").

The Issuer shall notify the Information and Exchange Agent as soon as reasonably practicable, but in any event prior to 10:00 a.m. (Central European time) on the Settlement Date, whether the conditions precedent to the consummation of the Exchange Offer have been fulfilled or waived by the Issuer.

The Settlement Date (unless extended or earlier terminated) is expected to be on or about November 28, 2022, on which date the New Notes Consideration will be delivered to Noteholders who have validly participated in the Exchange Offer. In addition, on the Settlement Date, the Issuer will pay, or procure to be paid, to each Noteholder who has validly participated in the Exchange Offer a cash amount equal to the Accrued Interest.

The Noteholders who wish to participate in the Exchange Offer must submit their Existing Notes in a minimum principal amount of US$200,000 and integral multiples of US$1,000 in excess thereof.

Any tendering eligible holder of Existing Notes must tender its entire holding of Existing Notes for exchange. We reserve the right not to accept any partial tender of Existing Notes by any eligible holder of Existing Notes.

The Exchange Offer shall be governed by and construed in accordance with the law of the State of New York.

Accrued Interest

On the Settlement Date, the Issuer will pay, or procure to be paid, to all Noteholders who have validly participated in the Exchange Offer an amount in cash equal to interest accrued and unpaid on the Existing Notes validly submitted for exchange and accepted, from and including the immediately preceding interest payment date in respect of such Existing Notes (being November 14, 2022) up to (but excluding) the Settlement Date, rounded to two decimal places with $0.005 rounded upwards (the "Accrued Interest").

If the Exchange Offer or this Exchange Offer Memorandum is amended prior to the Settlement Date in a manner determined by the Issuer, in its sole discretion, to constitute a material change to the terms of the Exchange Offer, the Issuer will promptly disseminate additional Exchange Offer materials and, if necessary, extend the Expiration Deadline for the Existing Notes for a period deemed by the Issuer to be adequate to permit Noteholders to consider such amendments. An extension by the Issuer of the Expiration Deadline shall not constitute a material change with respect to Noteholders for whom the Expiration Deadline has not been extended.

Announcements

The following information will be made public through the Exchange Website, the Clearing Systems, and by announcement released via SGXNET, and will be available at the offices of the Information and Exchange Agent in London upon release (the dates below are indicative only):

Events	Expected Dates
Launch of the Exchange Offer	November 1, 2022
Notice to announce commencement of Offer Period	November 1, 2022
Notice to announce the final aggregate principal amount of the Existing Notes accepted for exchange, the final aggregate principal amount of the New Notes to be issued	As soon as practicable after the Expiration Deadline
The final aggregate principal amount of the Existing Notes accepted for exchange, the final aggregate principal amount of the New Notes to be issued	On or around November 28, 2022
At Settlement:	
Notice of Settlement	On or around November 28, 2022

Additionally, Noteholders may contact the Dealer Manager at the telephone number on the back cover of this Exchange Offer Memorandum for more information.

PROCEDURES RELATING TO PARTICIPATION IN THE EXCHANGE OFFER

A Noteholder wishing to participate in the Exchange Offer must submit, or arrange to have submitted on its behalf, an Electronic Instruction in respect of the Exchange Offer in accordance with the requirements of the relevant Clearing System and in the manner specified hereafter.

1. Participation in the Exchange Offer

A Noteholder wishing to participate in the Exchange Offer must submit, or arrange to have submitted on its behalf, at or before the Expiration Deadline and before the deadlines set by each Clearing System (unless the Exchange Offer is terminated earlier), a duly completed Electronic Instruction to the relevant Clearing System.

The submission of Existing Notes for exchange by a Noteholder will be deemed to have occurred upon receipt by the relevant Clearing System of a valid Electronic Instruction in accordance with the requirements of such Clearing System. The receipt of such Electronic Instruction by the relevant Clearing System will be acknowledged in accordance with the standard practices of such Clearing System and will result in the blocking of Existing Notes in the relevant Clearing System so that no transfers may be effected in relation to such Existing Notes.

There are no guaranteed delivery procedures provided by the Issuer in connection with the Exchange Offer.

The method of delivery of the Existing Notes and all other required documents to the Information and Exchange Agent is at the election and risk of the holder. Eligible Noteholders should allow sufficient time to assure delivery to and receipt by the Information and Exchange Agent prior to the Expiration Deadline.

By submitting an Electronic Instruction in respect of the Exchange Offer, the relevant Noteholder will be deemed to have confirmed (i) that he wishes to participate in the Exchange Offer for the aggregate principal amount of Existing Notes specified in the Electronic Instruction, (ii) the name of the relevant Direct Participant and the securities account number at the relevant Clearing System in which the Existing Notes are held, and (iii) that the New Notes and any cash payments are to be credited to the securities account and cash account numbers, respectively, at the relevant Clearing System in which the Existing Notes are held.

2. Blocking and Submission of Electronic Instructions

Noteholders must take the appropriate steps through the relevant Clearing System so that no transfers may be effected in relation to such blocked Existing Notes at any time after such date, in accordance with the requirements of the relevant Clearing System and the deadlines required by such Clearing System. By blocking such Existing Notes in the relevant Clearing System, you will be deemed to consent to have the relevant Clearing System provide details concerning the Direct Participant's identity to the Information and Exchange Agent.

Only Direct Participants may submit Electronic Instructions. If you are not a Direct Participant, you must arrange for the Direct Participant through which you hold your Existing Notes to submit an Electronic Instruction on your behalf to the relevant Clearing System prior to the deadlines specified by the relevant Clearing System (unless the Exchange Offer is terminated earlier).

The Noteholders that hold Existing Notes in the name of a broker, dealer, bank, trust company or other nominee or custodian should contact such entity sufficiently in advance of the Expiration Deadline if they wish to participate in the Exchange Offer and procure that the Existing Notes are blocked in accordance with the normal procedures of the relevant Clearing System and the deadlines imposed by such Clearing System.

3. Deemed Representations

By submitting an Electronic Instruction to the relevant Clearing System in accordance with the standard procedures of the relevant Clearing System, a Noteholder (including any Direct Participant submitting such Electronic Instruction on such holder's behalf) shall be deemed to acknowledge, represent, warrant and undertake to the Issuer, the Dealer Manager, the Trustee and the Information and Exchange Agent as follows on each of the Expiration Deadline and Settlement Date (if a Noteholder or Direct Participant is unable to give these representations, warranties and undertakings, such holder or Direct Participant should contact the Dealer Manager immediately):

(a) They have received, reviewed and accept the terms of this Exchange Offer Memorandum including the terms of the New Notes set out herein.

(b) In evaluating the Exchange Offer and in making its decision whether to participate therein by tendering its Existing Notes, they have made their own independent evaluation of the matters referred to herein and in any related communications and is not relying on any statement, representation or warranty, express or implied, made to such holder by the Issuer, the Subsidiary Guarantor, the Dealer Manager, the Information and Exchange Agent or the Trustee other than those contained in this Exchange Offer Memorandum (as amended or supplemented to the Expiration Deadline).

(c) By blocking Existing Notes in the relevant Clearing System, they will be deemed to consent, in the case of the Direct Participant, to have the relevant Clearing System provide details concerning their identities to the Information and Exchange Agent.

(d) Upon the terms and subject to the conditions of the Exchange Offer, they hereby wish to participate in the Exchange Offer in respect of their entire principal amount of Existing Notes, as specified in their Electronic Instructions to the relevant Clearing System. Subject to and effective upon exchange of the Existing Notes blocked in the relevant Clearing System, they hereby renounce all right, title and interest in and to all such Existing Notes exchanged by or at the direction of the Issuer and hereby waive and release any rights or claims in law or in equity they may have against the Issuer and the Subsidiary Guarantor with respect to any such Existing Notes and the Exchange Offer.

(e) They have submitted an Electronic Instruction for the entire holding of Existing Notes owned by such Noteholder, and acknowledge that the Issuer reserves the right to not accept any partial tender of Existing Notes.

(f) All authority conferred or agreed to be conferred pursuant to their representations, warranties and undertakings and all of their obligations shall be binding upon their successors, assigns, heirs, executors, trustees in bankruptcy and legal representatives and shall not be affected by, and shall survive, their deaths or incapacities.

(g) No information has been provided to them by the Issuer, the Dealer Manager, the Trustee or the Information and Exchange Agent with regard to the tax consequences to Noteholders arising from the exchange of Existing Notes for the New Notes pursuant to the Exchange Offer. Noteholders hereby acknowledge that they are solely liable for any taxes and similar or related payments imposed on them under the laws of any applicable jurisdiction as a result of their participation in the Exchange Offer and agree that they will not and do not have any right of recourse (whether by way of reimbursement, indemnity or otherwise) against the Issuer, the Dealer Manager, the Trustee, the Information and Exchange Agent, or any other person in respect of such taxes and payments.

(h) They are not a person to whom it is unlawful to make an invitation under the Exchange Offer under applicable laws.

(i) Either (a) (i) they are the beneficial owner of the Existing Notes being submitted for exchange and (ii) they are located outside the United States, or (b) (i) they are acting on behalf of the beneficial owner of the Existing Notes being submitted for exchange and have been duly authorized to so act and (ii) such beneficial owner has confirmed to them that it is located outside the United States.

(j) They acknowledge that the Exchange Offer is subject to the restrictions set out in the section entitled "*Offer Restrictions*."

(k) They are not (i) a person that is, or is owned or controlled by a person that is, identified as a "specially designated national" or "blocked person" in the most current U.S. Treasury Department list of "Specially Designated National and Blocked Persons" or included in the U.S. Treasury Department's Sectoral Sanctions Identifications List (which can be found at: https://sanctionssearch.ofac.treas.gov/), or in the European Union and UK Consolidated Lists of financial sanctions, or in the EU/UK list of persons subject to restrictive measures in view of Russia's actions destabilizing the situation in Ukraine; or (ii) a person that is organized, resident or located in a country or territory subject to comprehensive/country-wide economic sanctions; (iii) a person that is otherwise the subject of, or in violation of, any sanctions under (x) the laws and regulations that have been officially published and are administered or enforced by the U.S. Government (including, without limitation, the Office of Foreign Assets Control of the U.S. Treasury Department or the U.S. Department of State), or any enabling legislation or executive order relating thereto; or (y) any equivalent sanctions or measures officially published and imposed by the European Union, any member state of the European Union, His Majesty's Treasury, the United Nations or any other relevant sanctions authority, including sanctions imposed against certain states, organizations and individuals under the European Union's Common Foreign & Security Policy; or (iv) acting for or on behalf of any of the foregoing parties.

(l) They acknowledge that the New Notes to be exchanged for the Existing Notes tendered for exchange hereby have not been registered under the Securities Act and may only be sold or otherwise transferred subject to the restrictions set out in the section entitled "*Transfer Restrictions*."

(m) They have full power and authority to submit for exchange and transfer the Existing Notes hereby submitted for exchange and if such Existing Notes are accepted for exchange, such Existing Notes will be transferred to, or to the order of, the Issuer with full title free from all liens, charges and encumbrances, not subject to any adverse claim and together with all rights attached thereto. They will, upon request, execute and deliver any additional documents and/or do such other things deemed by the Issuer to be necessary or desirable to complete the transfer and cancellation of the relevant Existing Notes or to evidence such power and authority.

(n) They hold and will hold, until the time of settlement on the Settlement Date, the Existing Notes blocked in the relevant Clearing System and, in accordance with the requirements of the relevant Clearing System and by the deadline required by the relevant Clearing System, they have submitted, or have caused to be submitted, an Electronic Instruction to the relevant Clearing System, as the case may be, to authorize the blocking of the submitted Existing Notes with effect on and from the date thereof so that, at any time pending the transfer of such Existing Notes on the relevant Settlement Date to the Issuer or on its behalf, no transfers of such Existing Notes may be effected.

(o) The delivery of an electronic instruction to the relevant Clearing System shall constitute an undertaking to execute any further documents and give any further assurances that may be required in connection with the Exchange Offer, in each case on and subject to the terms and conditions set out or referred to in this Exchange Offer Memorandum.

(p) The delivery of an electronic instruction to the relevant Clearing System shall constitute (subject to the terms and conditions of the Exchange Offer generally) the appointment of the Information and Exchange Agent as its attorney and agent, and an instruction to such attorney and agent (such appointment and instruction to be irrevocable) to complete and execute all or any form(s) of transfer and other document(s) at the discretion of such attorney and agent in relation to the Existing Notes tendered thereby in favor of the Issuer or such other person or persons as the Issuer may direct and to deliver such form(s) of transfer and other document(s) in the attorney's and agent's discretion and/or the certificate(s) and other documents of title relating to such Existing Notes' registration and to execute all such other documents and to do all such other acts and things as may be in the opinion of such attorney or agent necessary or expedient for the purpose of, or in connection with, the acceptance of the Exchange Offer, and to vest in the Issuer or its nominees such Existing Notes.

(q) The terms and conditions of the Exchange Offer shall be deemed to be incorporated in, and form a part of, the electronic instruction, which shall be read and construed accordingly.

(r) By delivering an electronic instruction with respect to its Existing Notes through Euroclear or Clearstream, it consents to the disclosure by Euroclear or Clearstream of certain details concerning the Direct Participant's identity, the aggregate principal amount of such Existing Notes and their account details to the Information and Exchange Agent.

(s) It has not distributed or forwarded this Exchange Offer Memorandum, or any part thereof, or any other documents or materials relating to the Exchange Offer to any person, and it has complied with all laws and regulations applicable to it for the purpose of its participation in the Exchange Offer.

If any of the above representations or warranties are misleading or incorrect, or if any of the above undertakings are not performed, they agree to indemnify each of the Issuer, the Dealer Manager and the Trustee and to compensate each of them without delay for any damages, costs or expenses that any of them may incur as a result of such misleading or incorrect representation having been made by the Noteholders.

4. Electronic Instruction

Exchange Offer

The receipt of an Electronic Instruction by the relevant Clearing System will constitute instructions to debit the securities account of the relevant Direct Participant on the Settlement Date in respect of all of the Existing Notes that have been validly submitted for exchange, upon receipt by the relevant Clearing System of an instruction from the Information and Exchange Agent to receive those Existing Notes for the account of the Issuer and against credit of New Notes and payment by, or on behalf of, the Issuer of any Accrued Interest, subject to the automatic withdrawal of those instructions to debit in the event that the Exchange Offer is terminated by the Issuer prior to the Settlement Date or the withdrawal of the relevant Electronic Instruction in accordance with the procedure set out in this Exchange Offer Memorandum and, further, subject to acceptance of the relevant submission for exchange by the Issuer and all other conditions of the Exchange Offer.

5. Miscellaneous

(a) None of the Issuer, the Dealer Manager, the Trustee or the Information and Exchange Agent will be responsible for the communication of offers to exchange and Electronic Instructions by:

(i) beneficial owners to the Direct Participant through which they hold Existing Notes; or

(ii) the Direct Participant to the Information and Exchange Agent or the relevant Clearing System.

If you hold your Existing Notes through a Direct Participant, you should contact that Direct Participant to discuss the manner in which offers to exchange, and/or transmission of an Electronic Instruction may be made on your behalf.

In the event that the Direct Participant through which you hold your Existing Notes is unable to submit an Electronic Instruction on your behalf, you should contact the Dealer Manager or the Information and Exchange Agent for assistance.

In any case, you are responsible for arranging the timely delivery of your Electronic Instruction.

If you hold Existing Notes and participate in the Exchange Offer through a Direct Participant, you should consult with that Direct Participant as to whether it will charge any service fees in connection with the participation in the Exchange Offer.

(b) Each Electronic Instruction shall be governed by and construed in accordance with the law of the State of New York. By submitting an Electronic Instruction, a Noteholder irrevocably and unconditionally agrees for the benefit of the Issuer, the Dealer Manager, the Trustee and the Information and Exchange Agent that the courts of New York are to have jurisdiction to settle any disputes which may arise out of or in connection with the Exchange Offer and that, accordingly, any suit, action or proceedings arising out of or in connection with the foregoing may be brought in such courts.

(c) If you need assistance with respect to the procedure relating to your participation in the Exchange Offer, please contact the Information and Exchange Agent whose contact details appear on the last page of this Exchange Offer Memorandum.

(d) Notwithstanding anything else contained in this Exchange Offer Memorandum or any other document in connection hereto, the Information and Exchange Agent may refrain without liability from doing anything that would or might in its opinion be contrary to any law (including any economic or financial sanctions law (and including sanctions enforced by the U.S. Government, (including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury), the United Nations Security Council, the European Union, HM Treasury, or other relevant sanctions authority (collectively "Sanctions")) of any state or jurisdiction (including but not limited to the United States of America or any jurisdiction forming a part of it, the European Union and England and Wales) or any directive or regulation (including any economic or sanctions directive or regulation (and including Sanctions)) of any agency of any such state or jurisdiction and may without liability do anything which is, in its opinion, necessary to comply with any such law, directive or regulation.

GENERAL CONDITIONS RELATING TO THE EXCHANGE OFFER

1. Irregularities

All questions as to the validity, form and eligibility (including time of receipt) of any Electronic Instruction, submission or revocation or revision thereof or delivery of Existing Notes, will be determined by the Issuer in its sole discretion, which determination will be final and binding. The Issuer reserves the absolute right to reject any and all Electronic Instructions which are not in the proper form or for which any corresponding agreement by the Issuer to exchange would, in its opinion, be unlawful. The Issuer also reserves the absolute right to waive any of the conditions of the Exchange Offer or defects in Electronic Instructions with regard to any Existing Notes. None of the Issuer, the Dealer Manager, the Trustee or the Information and Exchange Agent shall be under any duty to give notice to Noteholders of any irregularities in Electronic Instructions, nor shall any of them incur any liability for failure to give such notice.

2. Amendment or Termination

Subject to applicable law, at any time prior to the Expiration Deadline, the Issuer may, in its sole discretion, amend the terms and conditions of the Exchange Offer in any way (including re-opening and/or extending the Exchange Offer). No amendment to the terms and conditions of the Exchange Offer may be made after the Expiration Deadline. All amendments to the terms of the Exchange Offer will be announced through the Clearing Systems.

Any Electronic Instruction submitted before the amended Exchange Offer is made will be valid and binding in respect of the amended Exchange Offer, *provided* that where the terms of the amended Exchange Offer are considered by the Issuer in its sole discretion (subject to applicable law) to be less favorable to the interests of Noteholders, any Noteholder who has submitted an Electronic Instruction before the amended Exchange Offer is made, may revoke its offer to participate in the Exchange Offer until 5:00 P.M. (Central European time) on the third Business Day following the making of the amended Exchange Offer (which third Business Day shall include the date on which the amended Exchange Offer is made).

In addition to the Issuer's right to amend the terms and conditions of the Exchange Offer in its sole discretion and in any way prior to the Expiration Deadline, at any time prior to the settlement of the Exchange Offer on the Settlement Date, the Issuer may, in its sole discretion, terminate the Exchange Offer, including with respect to Electronic Instructions submitted prior to the time of termination.

The Issuer will announce the details of any termination or amendment of the Exchange Offer (which must be made in accordance with applicable law) as soon as practicable thereafter.

3. Conditions relating to the Exchange Offer

In addition to the General Conditions relating to the Exchange Offer set forth herein, the Exchange Offer is conditional on the satisfaction or waiver of, *inter alia*, the Minimum Participation Condition.

Noteholders who wish to receive New Notes pursuant to the Exchange Offer must offer to exchange Existing Notes in a minimum principal amount of US$200,000 and integral multiples of US$1,000 in excess thereof.

4. Material Adverse Change

Notwithstanding any other provision of the Exchange Offer and in addition to (and not in limitation of) the Issuer's rights to amend (subject to applicable law or as otherwise provided herein), extend, re-open, terminate or withdraw the Exchange Offer, the Issuer shall not be required to accept Existing Notes for exchange, deliver any consideration and we may terminate the Exchange Offer unless each of the following conditions is satisfied or waived:

(1) no action or event shall have occurred or been threatened (including a default under an agreement, indenture or other instrument or obligation to which the Issuer or one of the Issuer's affiliates is a party or by which the Issuer or one of the Issuer's affiliates is bound), nor shall any action, proceeding, application, claim, counterclaim or investigation (whether formal or informal) be pending or have been taken, nor shall any statute, rule, regulation, judgment, order, stay, decree or injunction have been proposed, promulgated, enacted, entered, enforced or deemed to be applicable to the Exchange Offer, by or before any court or governmental, regulatory or administrative agency or instrumentality, domestic or foreign, authority or tribunal, or by any other person, domestic or foreign, that either: challenges the Exchange Offer or might, directly or indirectly, prohibit, prevent, restrict or delay consummation of, or might otherwise adversely affect in any material manner, the Exchange Offer; or in the Issuer's reasonable judgment, could materially impair the contemplated benefits to the Issuer of the Exchange Offer, or might be material to Noteholders in deciding whether to participate in the Exchange Offer;

(2) an order, statute, rule, regulation, executive order, stay, decree, judgment or injunction shall have been proposed, enacted, entered, issued, promulgated, enforced or deemed applicable by any court or governmental, regulatory or administrative agency or instrumentality that, in the sole judgment of the Issuer, either (a) is, or is reasonably likely to be, materially adverse to the business, operations, properties, condition (financial or otherwise), assets, liabilities or prospects of the Group, or (b) would or might prohibit, prevent, restrict or delay consummation of the Exchange Offer;

(3) there shall not have occurred or be likely to occur any event affecting the business, operations, properties, condition (financial or otherwise), assets, liabilities or prospects of the Issuer, its affiliates or subsidiary that, in the sole judgment of the Issuer, either (i) is, or is reasonably likely to be, materially adverse to the business, operations, properties, condition (financial or otherwise), assets, liabilities or prospects of the Issuer, its affiliates and subsidiary, or (ii) would or might prohibit, prevent, restrict or delay consummation of the Exchange Offer;

(4) the Trustee shall not have objected in any respect to, nor taken action that could, in the sole judgment of the Issuer, adversely affect the consummation of the Exchange Offer nor shall have taken any action that challenges the validity or effectiveness of the procedures used by the Issuer in the making of the Exchange Offer or the acceptance of the Exchange Offer; or

(5) there has not occurred (a) any general suspension of or limitation on trading in securities on the Singapore, Indonesia, the United States, London or Hong Kong securities or financial markets, or in the over-the-counter market (whether or not mandatory), (b) any material decrease in the trading price of the Existing Notes in Singapore, Indonesia, the United States, London, Hong Kong or other major securities or financial markets, (c) a material impairment in the general trading market for debt securities, (d) a declaration of a banking moratorium or any suspension of payments in respect of banks by federal or state authorities in the Singapore, Indonesia, the United States, London or Hong Kong or other major financial markets (whether or not mandatory), (e) a commencement or escalation of a war, armed hostilities, terrorist act or other national or international crisis directly or indirectly relating to Singapore, Indonesia, the United States, London or Hong Kong, (f) any limitation (whether

or not mandatory) by any governmental, administrative or regulatory authority or agency, domestic or foreign, or other event having a reasonable likelihood, in the reasonable judgment of the Parent Guarantor, of affecting, the extension of credit by banks or other lending institutions in Singapore, Indonesia, the United States, London or Hong Kong, (g) any material disruption has occurred in securities settlement or clearance services in Singapore, Indonesia, the United States, London or Hong Kong, (h) any amalgamation, merger, acquisition or other business combination proposal involving the Issuer shall have been proposed, announced or made by any person or entity, (i) any material adverse change in Singapore, Indonesia, the United States, London or Hong Kong securities or financial markets generally, or (j) in the case of any of the foregoing existing on the date hereof, a material acceleration or worsening thereof.

The foregoing conditions are for the sole benefit of the Issuer and may be asserted by the Issuer regardless of the circumstances giving rise to any such condition (including any action or inaction by the Issuer), subject to applicable law, and may be waived by the Issuer in whole or in part, at any time and from time to time, in the sole discretion of the Issuer. All conditions to the Exchange Offer will be either satisfied or waived by the Issuer prior to the expiration of the Exchange Offer at the Expiration Deadline (as such may be extended). The failure by the Issuer at any time to exercise any of the foregoing rights will not be deemed a waiver of any other right, and each right will be deemed an ongoing right which may be asserted at any time and from time to time, subject to applicable law.

5. Announcements

The announcement of the commencement of the Offer Period and the final aggregate principal amount of Existing Notes accepted for exchange, the final aggregate principal amount of the New Notes and the settlement of the Exchange Offer will be released via the Exchange Website and SGXNET, made through the Clearing Systems, and will occur as specified in "*Expected Timetable of Events*" above. All other announcements will be made through Exchange Website and the Clearing Systems. Significant delays may be experienced in publishing notices through the Clearing Systems and the Noteholders are urged therefore to contact the Dealer Manager or the Information and Exchange Agent for the relevant announcements during the Offer Period. All announcements will also be made available upon release at the offices of the Information and Exchange Agent in London.

The Issuer and the Information and Exchange Agent will announce the outcome of the Exchange Offer on the dates set out in "*Expected Timetable of Events*" and "*Terms of the Exchange Offer — Announcements*" above.

6. Dealer Manager

We have retained Mandiri Securities Pte. Ltd. as Dealer Manager with respect to the Exchange Offer. The Dealer Manager will receive a customary fee for its services and reimbursement for reasonable out-of-pocket expenses, including the reasonable fees and expenses of its counsel, incurred in connection with such services. We have agreed to indemnify the Dealer Manager against certain liabilities and expenses, including liabilities under securities laws, in connection with the Exchange Offer.

From time to time, the Dealer Manager may engage in transactions with us, including acting as an underwriter, dealer, advisor or agent in the ordinary course of business. The Dealer Manager or certain of their affiliates have provided, from time to time, and in the future may provide, certain investment banking and financial advisory services to us and our affiliates, for which they have received, or in the future will receive, customary fees. In addition, the Dealer Manager or certain of their affiliates may have owned, currently own or may own, equity or equity-like securities of ours.

In the ordinary course of their businesses, the Dealer Manager or certain of their affiliates may at any time hold long or short positions, and may trade for their own account or the accounts of customers, in our securities, including in the Existing Notes. To the extent that the Dealer Manager or certain of its affiliates own Existing Notes during the Exchange Offer, they may tender such Existing Notes pursuant to the terms of the Exchange Offer. Such participation, if any, will be on the same terms and subject to the same conditions set forth in this Exchange Offer Memorandum applicable to other holders of the Existing Notes.

The Dealer Manager does not assume responsibility for the accuracy or completeness of the information contained in this Exchange Offer Memorandum or for any failure to disclose events that may have occurred and may affect the significance or accuracy of such information. The Dealer Manager will not be responsible for providing advice in relation to the Exchange Offer.

7. Participation by the Dealer Manager and the Information and Exchange Agent

The Dealer Manager and the Information and Exchange Agent may submit Electronic Instructions for its own account and, subject to the offer restrictions, on behalf of other Noteholders.

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 Exchange Offer 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 New Notes;

(4) acknowledge that we, the Dealer Manager, the Trustee, the Agents (as defined in "*Description of the New Notes*") 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 Dealer Manager, 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 Dealer Manager that would permit a public offering of the New Notes or the possession, circulation or distribution of this Exchange Offer 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 "*Offer Restrictions*."

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 Dealer Manager 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.

Each person located in the United Kingdom to whom any offer of the 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 with the Dealer Manager and the Issuer that it is not a retail investor in the United Kingdom. For the purposes of this provision, a retail investor means a person who is one (or more) of: (i) retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part

of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended by the European Union (Withdrawal Agreement) Act 2020 ("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 the Insurance Distribution Directive, 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 of the United Kingdom by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law of the United Kingdom by virtue of the EUWA.

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.

LEGAL MATTERS

Certain legal matters with respect to the New 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 Dealer Manager by Shearman & Sterling LLP as to matters of United States federal securities and New York laws. Certain legal matters will be passed upon for the Trustee by Allen & Overy as to matters of New York law.

INDEPENDENT PUBLIC ACCOUNTANTS

The Audited Consolidated Financial Statements have been prepared and presented in accordance with SFRS(I). The 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 Exchange Offer Memorandum. Our Interim Unaudited Condensed Consolidated Financial Statements have been reviewed by Ernst & Young, in accordance with SSRE 2410, as stated in their review reports appearing elsewhere in this Exchange Offer Memorandum.

INDEPENDENT MINING CONSULTANT AND MINING INDUSTRY EXPERT

Salva, independent industry expert, has given its written consent to the issue of this Exchange Offer Memorandum with the inclusion herein of its name and all references thereto and to the inclusion in this Exchange Offer Memorandum of certain data prepared by Salva, in the form and context in which it appears in this Exchange Offer 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 Exchange Offer 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 Exchange Offer Memorandum:

- Measured Group, independent mining consultant, in respect of Isaac Downs mine, who is located at Level 14, 116 Adelaide Street, Brisbane QLD 4000;

- Optimal Mining, independent mining consultant, in respect of Isaac Downs mine, who is located at The Gap office, 90 Glenella St, The Gap QLD 4061; and

- Palaris Australia, independent mining consultant, in respect of South Walker Creek mine and Poitrel mines, and Wards Well project, who is located at Level 1, 384 Hunter Street, Newcastle NSW 2300.

RATINGS

The New Notes are expected to be rated "B1" by Moody's and "B+" by Fitch. The credit ratings accorded the New Notes are not a recommendation to purchase, hold or sell the New 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 New Notes, the Subsidiary Guarantees and the Collateral — The ratings assigned to the New Notes may be lowered or withdrawn.*"

GENERAL INFORMATION

A. The Issuer was incorporated in Singapore under the laws of the Republic of Singapore. The Issuer's registration number is 199508589E. The Issuer's registered office is situated at 20 Cecil Street, #05-05 PLUS, Singapore 049705.

B. Copies of the Issuer's articles of association and copies of the New Notes Indenture will be available for inspection by any Noteholder during usual business hours on any weekday (except Saturdays and public holidays) at the Issuer's registered office.

C. The New Notes have been accepted for clearance through the facilities of Euroclear and Clearstream. Certain trading information with respect to the New Notes is set forth below:

	ISIN	COMMON CODE
New Notes	XS2551811651	255181165

Only New Notes evidenced by a Global Note have been accepted for clearance through Euroclear and Clearstream.

D. We have obtained all necessary consents, approvals and authorizations in connection with the issue and performance of the New Notes and the Subsidiary Guarantee. The issue of the New Notes and the granting of the Collateral by the Company has been authorized by a board resolution of the Company dated October 27, 2022. The giving of the Subsidiary Guarantee by the Subsidiary Guarantor and the granting of the Collateral, where applicable, have been authorized by the board resolutions of the Subsidiary Gurantor, dated October 26, 2022.

E. Ernst & Young have audited and rendered an unqualified audit report on our Audited Consolidated Financial Statements as of and for the years ended December 31, 2019, 2020, and 2021. Ernst & Young has reviewed our Interim Unaudited Condensed Consolidated Financial Statements, in accordance with SSRE 2410.

F. The Trustee is entitled under the New Notes Indenture to rely without liability to the Noteholders on certificates prepared by the directors of the Issuer accompanied by a certificate or report prepared by an internationally recognized firm of accountants to the Issuer whether or not addressed to the Trustee, and whether or not the same are subject to any limitation on the liability of the internationally recognized firm of accountants to the Issuer and whether by reference to a monetary cap or otherwise limited or excluded.

GLOSSARY OF TERMS

The following are definitions of certain technical or coal industry-specific terms used in this Exchange Offer 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 Exchange Offer Memorandum.

"2012 JORC Code"	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition.
"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.
"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.
"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.
"BF" or "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.
"BF-BOF"	blast furnace — basic oxygen furnace.
"blasting"	The process of causing explosions in the mine.
"CAGR"	Compound annual growth rate.
"calorific value"	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).
"CFR"	Cost and freight.
"CHPP"	Coal handling and preparation plant.
"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 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.
"DRI"	Direct reduced iron.
"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.
"EAF"	Electric arc furnaces.
"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.
"energy coal"	Coal used in thermal plants to generate power.
"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.

"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.
"*Harga Batubara Acuan*" 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.
"HCC"	Hard coking coal.
"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.
"IUJP" or "*Izin Usaha Jasa Pertambangan*"	Mining Services Business License.
"IUP-E" or "*Izin Usaha Pertambangan Eksplorasi*"	Exploration Mining Business License.
"IUP-OP" or "*Izin Usaha Pertambangan Operasi Produksi*"	Production Operation Mining Business License.
"IUPK-OP"	Special mining business permit.
"*Izin Lingkungan*"	Environmental License.
"JORC"	The Joint Ore Reserves Committee.

"kcal/kg"	Kilocalorie per kilogram.
"koz"	Thousand ounces.
"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 sulfur coal"	Coal has a variety of definitions, but typically is used to describe coal consisting of 1.0% or less sulfur.
"LV"	Low volatile.
"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.
"Mt"	Million tonnes.
"Mtpa"	Million tonnes per annum.
"MV"	Medium volatile.
"nitrogen"	A gas formed in high-temperature environments, such as coal combustion, that is a harmful pollutant that contributes to acid rain.
"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.
"PCI"	pulverized coal injection.
"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.
"PLV"	Premium low volatile.
"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.
"rehabilitation"	Revegetation of mining disturbed areas by planting an appropriate mixture of trees, shrubs and ground covers.

"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.
"ROM"	Run-of-mine.
"SHCC"	Semi-hard coking coal.
"SSCC"	Semi-soft coking coal.
"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.
"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.
"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.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements of Golden Energy and Resources Limited as of and for the Six Months Ended June 30, 2021 and 2022

Independent auditor's review report F-4

Interim unaudited condensed consolidated statement of comprehensive income F-5

Interim unaudited condensed statements of financial position F-7

Interim unaudited condensed statements of changes in equity F-9

Interim unaudited condensed consolidated cash flow statement F-13

Notes to the interim unaudited condensed consolidated financial statements F-15

Consolidated Financial Statements of Golden Energy and Resources Limited as of and for the Years Ended December 31, 2020 and 2021

Directors' statement F-50

Independent auditor's report F-54

Consolidated statement of comprehensive income F-60

Statements of financial position F-62

Statements of changes in equity F-64

Consolidated cash flow statement F-68

Notes to the consolidated financial statements F-70

Consolidated Financial Statements of Golden Energy and Resources Limited as of and for the Years Ended December 31, 2019 and 2020

Directors' statement F-159

Independent auditor's report F-163

Consolidated statement of comprehensive income F-170

Consolidated balance sheets F-171

Statements of changes in equity F-173

Consolidated cash flow statement F-177

Notes to the consolidated financial statements F-179

Company Registration No. 199508589E

Golden Energy and Resources Limited and its Subsidiaries

Interim Unaudited Condensed Consolidated Financial Statements
For the six months ended 30 June 2022

Golden Energy and Resources Limited and its Subsidiaries

Table of Contents

Index	Page
Independent auditor's review report	2
Interim unaudited condensed consolidated statement of comprehensive income	3
Interim unaudited condensed statements of financial position	5
Interim unaudited condensed statements of changes in equity	7
Interim unaudited condensed consolidated cash flow statement	11
Notes to the interim unaudited condensed consolidated financial statements	13

The Board of Directors
Golden Energy and Resources Limited.
20 Cecil Street
#05-05 PLUS
Singapore 049705

Dear Sirs,

Report on the Review of Interim Unaudited Condensed Consolidated Financial Statements

We have reviewed the interim condensed consolidated statement of financial position of Golden Energy and Resources Limited (the "Company") and its subsidiaries (collectively, the "Group") as at 30 June 2022 and the related interim condensed consolidated statement of comprehensive income, statement of changes in equity and cash flow statement for the six-months period then ended, and other explanatory information (the "interim financial information"). Management is responsible for the preparation and presentation of the interim financial information in accordance with Singapore Financial Reporting Standard (International) ("SFRS(I)") 1-34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on the interim condensed consolidated financial information based on our review.

Scope of Review

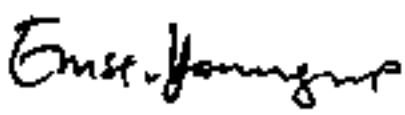
We conducted our review in accordance with Singapore Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects, the financial position of the Group as at 30 June 2022, and of its financial performance and its cash flows for the six-months period then ended in accordance with SFRS(I) 1-34 *Interim Financial Reporting.*

Restriction and Distribution of Use

This report is made solely to you as a body and for the inclusion in the Exchange Offer Memorandum to be issued in relation to the Proposed Exchange Offer of New Notes (the "Notes") of Golden Energy and Resources Limited (the "Company") for any and all of the Company's outstanding 8.500% Senior Secured Notes due 2026 (the "Existing Notes").



Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

Partner-in-charge: Alvin Phua
28 October 2022

Golden Energy and Resources Limited and its Subsidiaries

Interim unaudited condensed consolidated statement of comprehensive income
For the six months ended 30 June 2022

(In United States Dollars)

	Note	Group 6 months ended 30 June 2022 Unaudited US$'000	30 June 2021 Unaudited US$'000
Revenue	4	2,431,639	806,713
Cost of sales		(1,347,415)	(473,017)
Gross profit		1,084,224	333,696
Other income	5	6,772	5,686
Selling and distribution expenses		(175,265)	(108,458)
Administrative expenses		(141,270)	(52,228)
Fair value gains		2,062	1,883
Finance costs	6	(41,321)	(32,146)
Other operating expenses		(1,360)	(10,555)
Share of profit/(loss) of joint ventures (net of tax)		7,957	(6,508)
Profit before tax	7	741,799	131,370
Taxation	8	(238,814)	(51,138)
Profit for the period		502,985	80,232
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Net (losses)/gains on equity instruments fair value through other comprehensive income		(1,020)	6,348
		(1,020)	6,348
Items that may be reclassified subsequently to profit or loss			
Share of other comprehensive income of a joint venture		(17,109)	–
Foreign currency translation		6,836	(1,180)
		(10,273)	(1,180)
Other comprehensive income for the period, net of tax		(11,293)	5,168
Total comprehensive income for the period		491,692	85,400
Profit for the period attributable to:			
Owners of the Company		278,987	29,089
Non-controlling interests		223,998	51,143
		502,985	80,232
Total comprehensive income for the period attributable to:			
Owners of the Company		274,796	34,590
Non-controlling interests		216,896	50,810
		491,692	85,400

The accompanying accounting policies and explanatory notes form an integral part of the interim unaudited condensed consolidated financial statements.

Interim unaudited condensed consolidated statement of comprehensive income (cont'd)
For the six months ended 30 June 2022

(In United States Dollars)

	Note	Group 6 months ended 30 June 2022 Unaudited US$'000	30 June 2021 Unaudited US$'000
EBITDA[(1)]		866,035	189,031
Earnings per share attributable to owners of the Company (cents per share)			
Basic and diluted	9	11.00	1.24

Note:
(1) EBITDA (being earnings before interest, taxes, depreciation and amortisation) was computed based on the Group's profit before tax adding back depreciation and amortisation (including any impairment losses charged during the period) and finance costs.

The accompanying accounting policies and explanatory notes form an integral part of the interim unaudited condensed consolidated financial statements.

Interim unaudited condensed statements of financial position
As at 30 June 2022

(In United States Dollars)

	Note	Group		Company	
		30 June 2022 Unaudited US$'000	31 December 2021 Audited US$'000	30 June 2022 Unaudited US$'000	31 December 2021 Audited US$'000
Non-current assets					
Biological assets	10	9,046	7,376	–	–
Property, plant and equipment	11	1,184,365	134,250	23	33
Mining properties	12	1,375,901	414,001	–	–
Intangible assets	13	10,688	11,140	–	–
Right-of-use assets	14	310,570	4,438	162	275
Goodwill	15	73,698	84,798	–	–
Investment in subsidiaries	16	–	–	1,358,909	1,384,239
Investment in joint ventures	17	72,013	34,310	–	–
Deferred tax assets		6,903	7,599	–	–
Other receivables		12,136	16,025	306	307
Restricted funds		30,728	24,113	16,521	12,676
Other non-current assets		65,097	65,676	–	–
Investment securities	18	54,241	29,329	24,570	24,832
		3,205,386	833,055	1,400,491	1,422,362
Current assets					
Trade and other receivables		695,201	213,746	501,031	246,308
Other current assets		75,698	86,079	241	238
Investment securities	18	1,013	16,519	1,013	16,519
Inventories		120,554	38,833	–	–
Cash and cash equivalents		932,927	379,821	93,860	135,738
		1,825,393	734,998	596,145	398,803
Current liabilities					
Trade and other payables		836,744	308,029	17,025	21,377
Derivative financial instruments		3,013	4,437	–	–
Loans and borrowings	19	169,420	75,706	6,165	12,220
Provision for taxation		142,897	73,399	509	58
Other provisions	21	3,334	2,141	–	–
		1,155,408	463,712	23,699	33,655
Net current assets		669,985	271,286	572,446	365,148

The accompanying accounting policies and explanatory notes form an integral part of the interim unaudited condensed consolidated financial statements.

Interim unaudited condensed statements of financial position (cont'd)
As at 30 June 2022

(In United States Dollars)

	Note	Group		Company	
		30 June 2022 Unaudited US$'000	31 December 2021 Audited US$'000	30 June 2022 Unaudited US$'000	31 December 2021 Audited US$'000
Non-current liabilities					
Deferred tax liabilities		393,461	75,163	–	–
Other payables		144,776	4,931	–	–
Loans and borrowings	19	1,393,022	333,726	365,016	274,488
Post-employment benefits	20	4,302	5,007	–	–
Other provisions	21	214,449	32,469	22	23
		2,150,010	451,296	365,038	274,511
Net assets		1,725,361	653,045	1,607,899	1,512,999
Equity attributable to equity holders of the Company					
Share capital	22	357,880	292,295	1,315,340	1,230,107
Reserves		(75,356)	(58,019)	4,878	53,536
Retained earnings		528,653	252,431	287,681	229,356
		811,177	486,707	1,607,899	1,512,999
Non-controlling interests		914,184	166,338	–	–
Total equity		1,725,361	653,045	1,607,899	1,512,999

The accompanying accounting policies and explanatory notes form an integral part of the interim unaudited condensed consolidated financial statements.

Golden Energy and Resources Limited and its Subsidiaries

Interim unaudited condensed statements of changes in equity
For the six months ended 30 June 2022

(In United States Dollars)

	Attributable to owners of the Company							
Group 2022	**Share capital (Note 22) US$'000**	**Foreign currency translation reserves (Note 23) US$'000**	**Hedging reserves (Note 23) US$'000**	**Other reserves (Note 23) US$'000**	**Retained earnings US$'000**	**Total reserves US$'000**	**Non-controlling interests US$'000**	**Total equity US$'000**
At 1 January 2022	292,295	(27,242)	(35,864)	5,087	252,431	194,412	166,338	653,045
Profit for the period	–	–	–	–	278,987	278,987	223,998	502,985
Other comprehensive income								
Net loss on equity instruments fair value through other comprehensive income	–	–	–	(1,020)	–	(1,020)	–	(1,020)
Share of other comprehensive income of a joint venture	–	–	(17,109)	–	–	(17,109)	–	(17,109)
Foreign currency translation	–	13,938	–	–	–	13,938	(7,102)	6,836
Other comprehensive income for the period	–	13,938	(17,109)	(1,020)	–	(4,191)	(7,102)	(11,293)
Total comprehensive income for the period	–	13,938	(17,109)	(1,020)	278,987	274,796	216,896	491,692
Effects of change in functional currency	2,892	(13,484)	–	454	(5,317)	(18,347)	(4,631)	(20,086)
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Issue of new shares	62,996	–	–	–	–	–	–	62,996
Share issue expenses	(303)	–	–	–	–	–	–	(303)
Issuance of share capital by a subsidiary company	–	–	–	–	–	–	205,936	205,936
Dividends paid to non-controlling interests by subsidiaries	–	–	–	–	–	–	(57,310)	(57,310)
Total contributions by and distributions to owners	62,693	–	–	–	–	–	148,626	211,319
Changes in ownership interests in subsidiaries								
Acquisition of subsidiaries with non-controlling interests	–	–	–	–	–	–	389,391	389,391
Changes in ownership interest of a subsidiary without a change in control	–	–	–	–	2,436	2,436	(2,436)	–
Total changes in ownership interests in subsidiaries	–	–	–	–	2,436	2,436	386,955	389,391
Total transactions with owners	62,693	–	–	–	2,436	2,436	535,581	600,710
Transfer of fair value reserves of equity instruments at FVOCI upon disposal	–	–	–	(116)	116	–	–	–
At 30 June 2022 (unaudited)	357,880	(26,788)	(52,973)	4,405	528,653	453,297	914,184	1,725,361

The accompanying accounting policies and explanatory notes form an integral part of the interim unaudited condensed consolidated financial statements.

Interim unaudited condensed statements of changes in equity (cont'd)
For the six months ended 30 June 2022

(In United States Dollars)

Group 2021	Attributable to owners of the Company							
	Share capital US$'000	Foreign currency translation reserves US$'000	Hedging reserves US$'000	Other reserves US$'000	Retained earnings US$'000	Total reserves US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2021	305,528	(28,470)	–	7,265	100,549	79,344	192,657	577,529
Profit for the period	–	–	–	–	29,089	29,089	51,143	80,232
Other comprehensive income								
Net gain on equity instruments fair value through other comprehensive income	–	–	–	6,348	–	6,348	–	6,348
Foreign currency translation	–	(847)	–	–	–	(847)	(333)	(1,180)
Other comprehensive income for the period	–	(847)	–	6,348	–	5,501	(333)	5,168
Total comprehensive income for the period	–	(847)	–	6,348	29,089	34,590	50,810	85,400
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends paid to non-controlling interests by subsidiaries	–	–	–	–	–	–	(59,711)	(59,711)
Share-based payment transactions	–	–	–	5	–	5	–	5
Total contributions by and distributions to owners	–	–	–	5	–	5	(59,711)	(59,706)
Changes in ownership interests in subsidiaries								
Disposal of ownership interest in a subsidiary without a change in control	(13,233)	3,550	–	(91)	43,677	47,136	15,596	49,499
Total changes in ownership interests in subsidiaries	(13,233)	3,550	–	(91)	43,677	47,136	15,596	49,499
Total transactions with owners	(13,233)	3,550	–	(86)	43,677	47,141	(44,115)	(10,207)
At 30 June 2021 (unaudited)	292,295	(25,767)	–	13,527	173,315	161,075	199,352	652,722

The accompanying accounting policies and explanatory notes form an integral part of the interim unaudited condensed consolidated financial statements.

Interim unaudited condensed statements of changes in equity (cont'd)
For the six months ended 30 June 2022

(In United States Dollars)

Company 2022	Share capital (Note 22) 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 2022	1,230,107	49,417	4,119	229,356	282,892	1,512,999
Profit for the period	–	–	–	60,551	60,551	60,551
Other comprehensive income						
Net loss on equity instruments fair value through other comprehensive income	–	–	(657)	–	(657)	(657)
Other comprehensive income for the period	–	–	(657)	–	(657)	(657)
Total comprehensive income for the period	–	–	(657)	60,551	59,894	59,894
Effects of change in functional currency	22,540	(49,417)	1,532	(2,342)	(50,227)	(27,687)
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Issue of new shares	62,996	–	–	–	–	62,996
Share issue expenses	(303)	–	–	–	–	(303)
Total contributions by and distributions to owners	62,693	–	–	–	–	62,693
Transfer of fair value reserves of equity instruments at FVOCI upon disposal	–	–	(116)	116	–	–
At 30 June 2022 (unaudited)	1,315,340	–	4,878	287,681	292,559	1,607,899

[1] The Company changed its functional currency from Singapore dollar ("S$") to United States dollar ("US$"). The effect of the change in functional currency to US$ was applied prospectively in the financial statements with effect from 1 May 2022.

[2] Other reserves pertains to reserves that arose from acquisition of subsidiary in 2002 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 interim unaudited condensed consolidated financial statements.

(In United States Dollars)

Company 2021	Share capital 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 2021	1,230,107	80,877	5,826	102,572	189,275	1,419,382
Profit for the period	–	–	–	17,634	17,634	17,634
Other comprehensive income						
Net gain on equity instruments fair value through other comprehensive income	–	–	6,206	–	6,206	6,206
Foreign currency translation	–	(20,416)	–	–	(20,416)	(20,416)
Other comprehensive income for the period	–	(20,416)	6,206	–	(14,210)	(14,210)
Total comprehensive income for the period	–	(20,416)	6,206	17,634	3,424	3,424
At 30 June 2021 (unaudited)	1,230,107	60,461	12,032	120,206	192,699	1,422,806

[1] Foreign currency translation reserves are used to record exchange differences arising from the translation of the financial statements of the Company whose functional currency is different from that of the Company's presentation currency.

[2] Other reserves pertains to reserves that arose from acquisition of subsidiary in 2002 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 interim unaudited condensed consolidated financial statements.

Interim unaudited condensed consolidated cash flow statement
For the six months ended 30 June 2022

(In United States Dollars)

	Group 6 months ended	
	30 June 2022 Unaudited US$'000	30 June 2021 Unaudited US$'000
Cash flows from operating activities		
Profit before tax	741,799	131,370
Adjustments for:		
Reversal of provision for mining activities	(66)	(1,314)
Depreciation of property, plant and equipment	32,331	9,942
Depreciation of right-of-use assets	13,566	979
Defined post-employment benefit expense	473	457
Fair value gain on biological assets	(1,567)	–
Fair value loss/(gain) on remeasurement of contingent consideration	501	(2,380)
Fair value (gain)/loss on derivatives	(1,424)	85
Fair value loss on investment securities	428	412
Write off of property, plant and equipment	–	23
Impairment loss on goodwill	11,100	6,000
Impairment loss on property, plant and equipment	–	797
Amortisation of mining properties	24,189	6,690
Amortisation of land exploitation	1,278	636
Amortisation of intangible assets	434	447
Amortisation of software	18	24
Amortisation of discounted loans and borrowings	413	287
Early redemption of Notes expenses	–	9,499
Notional interest on provisions and contingent consideration	1,177	699
Interest and other finance charges	39,311	21,027
Interest income	(4,249)	(4,430)
Equity-settled share-based payment transactions	–	9
Share of (profit)/loss of joint ventures, net of tax	(7,957)	6,508
Net exchange differences	(16,489)	2,996
Operating cash flows before changes in working capital	835,266	190,763
Changes in working capital:		
Decrease in inventories	232,975	2,185
Increase in trade, other receivables and prepayments	(137,301)	(19,514)
Increase in trade and other payables	206,900	4,892
Decrease in provisions	(8,716)	(1,022)
Cash flows generated from operations	1,129,124	177,304
Interest and other finance charges paid	(39,420)	(23,629)
Interest income received	2,623	4,383
Taxes paid	(239,048)	(18,900)
Net cash flows generated from operating activities	853,279	139,158

The accompanying accounting policies and explanatory notes form an integral part of the interim unaudited condensed consolidated financial statements.

Interim unaudited condensed consolidated cash flow statement (cont'd)
For the six months ended 30 June 2022

(In United States Dollars)

	Group 6 months ended	
	30 June 2022 Unaudited US$'000	30 June 2021 Unaudited US$'000
Cash flows from investing activities		
Proceeds from disposal of other investment	15,000	–
Net cash outflows on acquisition of subsidiaries	(1,254,578)	–
Investment in joint ventures	(52,248)	(47,574)
Additions to biological assets	(103)	(133)
Purchase of investment securities	(1,211)	(26,727)
Purchase of property, plant and equipment	(18,534)	(6,275)
Additions to mining properties	(28,646)	(17,979)
Changes in other non-current assets	1,570	(2,467)
Changes in restricted fund	(6,615)	(3,856)
Net cash flows used in investing activities	(1,345,365)	(105,011)
Cash flows from financing activities		
Payment of dividend to NCI of subsidiaries	(98,560)	(69,611)
Issuance of share capital by a subsidiary company	205,936	–
Proceeds from issuance of shares, net of expenses	62,693	–
Early redemption of Notes	–	(156,750)
Proceeds from issuance of Notes, net of transaction costs	89,663	275,881
Proceeds from loans and borrowings	882,392	20,866
Repayment of loans and borrowings	(82,128)	(122,828)
Principal payment of lease liability	(10,244)	(645)
Proceeds from disposal of ownership interest in a subsidiary without a change in control	–	5,820
Net cash flows generated from/(used in) financing activities	1,049,752	(47,267)
Net increase/(decrease) in cash and cash equivalents	557,666	(13,120)
Effect of exchange rate changes on cash and cash equivalents	(4,560)	(1,395)
Cash and cash equivalents at beginning of the period	379,821	262,799
Cash and cash equivalents at end of the period	932,927	248,284

The accompanying accounting policies and explanatory notes form an integral part of the interim unaudited condensed consolidated 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 Dian Swastatika Sentosa Tbk ("DSS"), incorporated in Republic of Indonesia and listed on the Indonesia Stock Exchange, and its ultimate holding company is PT Sinarindo Gerbangmas.

The registered office of the Company is located at 20 Cecil Street, #05-05 PLUS, Singapore 049705.

These interim condensed consolidated financial statements as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the "Group").

The principal activities of the Company are those of an investment holding and provision of management services to entities within the Group. The principal activities of the subsidiaries are coal mining, coal trading, investment holding and forestry.

2. Basis of preparation

The interim unaudited condensed consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore.

The interim unaudited condensed consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The interim unaudited condensed consolidated 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.

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 changed its functional currency from Singapore dollar ("S$") to United States dollar ("US$") with effect from 1 May 2022. As US$ reflects the economic substance of the underlying events and circumstances of the Company, the Management concluded that USD is the currency of the primary economic environment which the Company operates in.

The effect of the change in functional currency to US$ was applied prospectively in the financial statements with effect from 1 May 2022. The impact of the change in functional currency has been disclosed in Notes 22 and 23.

2. Basis of preparation (cont'd)

2.1 New standards, Interpretations and amendment adopted by the Group

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial period, the Group has adopted all the new and revised standards which are effective for annual periods beginning on or after 1 January 2022. The adoption of these standards did not result in changes to the Group's accounting policies and had no material effect on the amount reported for the current or prior periods. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2.2 Use of judgements and estimates

The preparation of the interim unaudited condensed 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.

In the process of applying the Group's accounting policies, the Management of the Company 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.

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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 interim period are included in the following note:

- Impairment of goodwill and intangible assets: key assumptions underlying recoverable amounts (Note 15)

- Impairment of investment in subsidiaries: indication of impairment assessment and key assumptions underlying recoverable amounts (Note 16)

- Impairment of mining properties and property, plant and equipment: indication of impairment assessment and determination of fair value of assets (Note 11, Note 12)

- Acquisition of subsidiaries: the fair value of assets and liabilities acquired with business combinations and the allocation of purchase price consideration (Note 16)

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Revenue

	Group 6 months ended 30 June	
	2022 Unaudited US$'000	2021 Unaudited US$'000
Energy coal	1,334,706	733,593
Metallurgical coal	1,096,240	72,249
Non-coal businesses	693	871
	2,431,639	806,713

5. Other income

	Group 6 months ended 30 June	
	2022 Unaudited US$'000	2021 Unaudited US$'000
Interest income	4,249	4,430
Others	2,523	1,256
	6,772	5,686

6. Finance costs

	Group 6 months ended 30 June	
	2022 Unaudited US$'000	2021 Unaudited US$'000
Interest expense on bank loans and trade financing (including amortisation of transactions costs)	34,295	20,933
Interest expense on lease liabilities	5,016	94
Amortisation of discounted loans and borrowings	413	287
Notional interest on provisions (Note 21)	913	279
Notional interest on contingent consideration (Note 25d)	264	420
Early redemption of Notes expenses	–	9,499
Others	420	634
	41,321	32,146

7. Profit before tax

Profit before tax is derived after charging/(crediting) the following:

	Group 6 months ended 30 June	
	2022 Unaudited US$'000	2021 Unaudited US$'000
Mining services and overheads	564,263	294,491
Freight and stockpile	208,085	149,251
Inventories recognised as an expense in cost of sales	275,161	13,978
Royalty fees	365,279	97,949
Land exploitation expenses	14,416	4,262
Reversal of provision for mining activities	(66)	(1,314)
Depreciation of property, plant and equipment	32,331	9,942
Depreciation of right-of-use assets	13,566	979
Amortisation of:		
- mining properties	24,189	6,690
- land exploitation	1,278	636
- intangible assets	434	447
- software	18	24
Post-employment benefits expenses	473	457
Fair value gain on biological assets	(1,567)	–
Fair value gain on remeasurement of contingent consideration	501	(2,380)
Fair value loss on investment securities	428	412
Fair value (gain)/loss on derivatives	(1,424)	85
Write off of property, plant and equipment	–	23
Impairment loss on goodwill	11,100	6,000
Impairment loss on property, plant and equipment	–	797
Foreign exchange (gains)/losses, net	(12,085)	3,735

8. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim unaudited condensed consolidated statement of profit or loss are:

	Group 6 months ended 30 June	
	2022 Unaudited US$'000	2021 Unaudited US$'000
Current income tax		
- Current income tax	273,320	45,673
- Under provision in respect of previous years	10	1,073
Deferred income tax benefit	(43,873)	(5,249)
Withholding tax expense	9,357	9,641
Taxation	238,814	51,138

9. Earnings per share

Basic and diluted earnings per share are calculated by dividing the profit for the financial period, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period.

The following reflects the earnings and share data used in the computation of basic and diluted earnings per share for the financial periods ended 30 June:

	Group	
	2022 Unaudited US$'000	**2021 Unaudited US$'000**
Profit for the period attributable to owners of the Company	278,987	29,089
Weighted average number of ordinary shares for basic and diluted earnings per share ('000)	2,535,752	2,353,100
Basic and diluted earnings per share attributable to owners of the Company (cents per share)	11.00	1.24

10. Biological assets

	Group	
	30 June 2022 Unaudited US$'000	**31 December 2021 Audited US$'000**
Movement in biological assets:		
Beginning balance	7,376	6,587
Costs incurred during the period/year	103	305
	7,479	6,892
Net change in fair value less estimated costs to sell	1,567	484
Ending balance	9,046	7,376

Biological assets relate to timber plantation, 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. 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 period, the Group harvested from natural forest within the concession land and which is not part of the plantation plan. Approximately 3,097 m^3 (30 June 2021: 3,526 m^3) of logs were harvested from natural forest.

10. Biological assets (cont'd)

Fair value measurements

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. Point-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% (2021: 10%)	The higher the discount rate, the lower the fair value
Average plantations yield, in metre cube per hectare (m^3/ha)	16.8 m^3/ha to 166.7 m^3/ha (2021: 16.8 m^3/ha to 166.7 m^3/ha)	The higher the plantation yields, the higher the fair value
Selling price of: - Sawn logs	US$37/$m^3$ to US$52.2/$m^3$ (2021: US$38.4/$m^3$ to US$54 /$m^3$)	The higher the selling price, the higher the fair value
- Pulpwood	US$57.2/$m^3$ (2021: US$47.8/$m^3$)	

11. Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired assets amounting to US$1,083,534,000 (30 June 2021: US$6,275,000).

On 3 May 2022, the property, plant and equipment of US$1,065,000,000 (Note 16) was acquired through the acquisition of BHP Mitsui Coal Pty Ltd ("BMC")(now known as Stanmore SMC Pty Ltd ("SMC"))(the "SMC Acquisition").

Included in property, plant and equipment is a wood chip mill valued at scrap value of US$1,667,000 as at 30 June 2022 (31 December 2021: US$1,696,000).

11. Property, plant and equipment (cont'd)

Details of the depreciation charge for the financial period ended are as follows:

	Group 6 months ended 30 June	
	2022 Unaudited	2021 Unaudited
Charged to profit or loss	US$'000	US$'000
- cost of sales	28,690	6,540
- selling and distribution expenses	1,542	1,553
- administrative expenses	1,986	1,643
- other operating expenses	113	206
Depreciation for the financial period	32,331	9,942

The Group assessed whether there were any impairment indicators in relation to property, plant and equipment assets. As a result of this impairment assessment, no impairment indicators were noted as at 30 June 2022.

As at 30 June 2021, impairment loss on property, plant and equipment of US$797,000 was charged to profit or loss.

12. Mining properties

During the six months ended 30 June 2022, the Group acquired mine properties amounting to US$988,517,000 (30 June 2021: US$23,401,000).

On 3 May 2022, the mining properties of US$959,871,000 (Note 16) was acquired through the SMC Acquisition.

During the six months ended 30 June 2021, included in the acquired mine properties was the capitalised amount of provision relating to rehabilitation of areas caused by mining disturbance of US$5,422,000.

Details of the amortisation expenses for the financial period ended are as follows:

	Group 6 months ended 30 June	
	2022 Unaudited	2021 Unaudited
	US$'000	US$'000
Charged to profit or loss		
- cost of sales	23,941	6,438
- other operating expenses	248	252
Amortisation expenses for the financial period	24,189	6,690

The Group assessed whether there were any impairment indicators in relation to mining properties assets. As a result of this impairment assessment, no impairment indicators were noted as at 30 June 2022 and 30 June 2021.

13. Intangible assets

	Group		
	Forest concession license US$'000	Rail loop benefit US$'000	Total US$'000
Cost			
At 1 January 2021	13,046	2,166	15,212
Net exchange difference	–	(110)	(110)
At 31 December 2021 and 30 June 2022	13,046	2,056	15,102
Accumulated amortisation			
At 1 January 2021	2,862	242	3,104
Charge for the year	505	378	883
Net exchange difference	–	(25)	(25)
At 31 December 2021 and 1 January 2022	3,367	595	3,962
Charge for the period	253	181	434
Net exchange difference	–	18	18
At 30 June 2022	3,620	794	4,414
Net carrying amount			
At 31 December 2021 (audited)	9,679	1,461	11,140
At 30 June 2022 (unaudited)	9,426	1,262	10,688

(a) Forest concession license

Forest concession license was acquired as a result of the Reverse Acquisition on 20 April 2015. Forest concession license has remaining period of 19.5 years (31 December 2021: 20 years).

The Group owns forestry concession rights of 247,713 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.

(b) Rail loop benefit

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 3.5 years (31 December 2021: 4 years).

14. Leases – as lessee

Below are the carrying amount of right-of-use assets recognised and the movement during the interim period/year:

Group	Properties US$'000	Vehicles US$'000	Equipment US$'000	Total US$'000
Cost				
At 1 January 2021	4,690	2,850	15	7,555
Additions	2,204	2,390	–	4,594
Exchange difference	(142)	(109)	–	(251)
At 31 December 2021 and 1 January 2022	6,752	5,131	15	11,898
Additions	3,265	57	59,575	62,897
Acquisition of subsidiaries (Note 16)	–	–	256,823	256,823
Exchange difference	(72)	(32)	–	(104)
At 30 June 2022	9,945	5,156	316,413	331,514
Accumulated depreciation				
At 1 January 2021	2,568	2,218	6	4,792
Charge for the year	1,423	1,237	3	2,663
Exchange difference	(11)	16	–	5
At 31 December 2021 and 1 January 2022	3,980	3,471	9	7,460
Charge for the period	772	443	12,351	13,566
Exchange difference	(60)	(22)	–	(82)
At 30 June 2022	4,692	3,892	12,360	20,944
Net carrying amount				
At 31 December 2021 (audited)	2,772	1,660	6	4,438
At 30 June 2022 (unaudited)	5,253	1,264	304,053	310,570

14. Leases – as lessee (cont'd)

Company	Properties US$'000	Equipment US$'000	Total US$'000
Cost			
At 1 January 2021	892	9	901
Exchange difference	(19)	–	(19)
At 31 December 2021 and 1 January 2022	873	9	882
Exchange difference	(16)	–	(16)
At 30 June 2022	857	9	866
Accumulated depreciation			
At 1 January 2021	392	4	396
Charge for the year	219	2	221
Exchange difference	(10)	–	(10)
At 31 December 2021 and 1 January 2022	601	6	607
Charge for the period	107	1	108
Exchange difference	(11)	–	(11)
At 30 June 2022	697	7	704
Net carrying amount			
At 31 December 2021 (audited)	272	3	275
At 30 June 2022 (unaudited)	160	2	162

Below are the carrying amount of lease liabilities (included under loans and borrowings) and movement during the interim period/year:

	Group		Company	
	30 June 2022 Unaudited US$'000	31 December 2021 Audited US$'000	30 June 2022 Unaudited US$'000	31 December 2021 Audited US$'000
Beginning balance	4,122	2,827	278	498
Additions	62,578	3,973	–	–
Acquisition of subsidiaries (Note 16)	256,823	–	–	–
Accretion of interest	5,016	350	6	19
Payments	(15,260)	(3,729)	(112)	(230)
Exchange difference	(15,590)	701	(6)	(9)
Ending balance	297,689	4,122	166	278
Current (Note 19)	70,412	1,798	165	220
Non-current (Note 19)	227,277	2,324	1	58

14. Leases – as lessee (cont'd)

The followings are the amounts recognised in profit or loss during the interim period:

	Group 6 months ended 30 June	
	2022 Unaudited US$'000	2021 Unaudited US$'000
Amortisation expense of right-of-use assets (included in cost of sales, administrative expenses and other operating expenses)	13,566	979
Interest expense on lease liabilities (included in finance costs)	5,016	94

15. Goodwill

	30 June 2022 Unaudited US$'000	31 December 2021 Audited US$'000
Beginning balance	84,798	98,198
Impairment loss	(11,100)	(13,400)
Ending balance	73,698	84,798

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	
	30 June 2022 Unaudited US$'000	31 December 2021 Audited US$'000	30 June 2022 Unaudited US$'000	31 December 2021 Audited US$'000
Goodwill	51,322	62,422	22,376	22,376
Forest concession license	9,426	9,679	–	–

15. Goodwill (cont'd)

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	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	Unaudited	Audited	Unaudited	Audited
Projected logs / coal prices	US$42 – US$75/m^3	US$40 – US$84/m^3	US$11 – US$86/tonne	US$11 – US$71/tonne
Discount rates	15.2%	14.2%	12.7%	11.0%

Sensitivity to changes in assumptions

Projected logs/coal prices – prices are based on industry research and the Group's historical data.

A reduction in the log 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.

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 investor. 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.

Any rise in pre-tax discount tax rate in forestry and pulp CGU would result in a further impairment. A rise in pre-tax discount rate to 13.2% (i.e, +0.5%) in coal mining CGUs would not result in impairment.

16. Investment in subsidiaries

Company	30 June 2022 Unaudited US$'000	31 December 2021 Audited US$'000
Shares, at cost	1,423,289	1,449,819
Impairment loss	(64,380)	(65,580)
	1,358,909	1,384,239

As at 30 June 2022, certain investment in subsidiaries were tested for impairment as they were loss making or the carrying amount of the investment in these subsidiaries exceeded the carrying amounts of the investee'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 market value of quoted shares and a value-in-use ("VIU") calculation using cash flow projections based on a financial budget approved by Management covering up to the end of the forest concession tenure, respectively. The VIU is measured by Management using key assumptions which are similar to those disclosed in Note 15, and no impairment loss was required to be recognised during the interim period (30 June 2021: US$Nil).

Acquisition of Dampier Coal (Queensland) Pty Ltd and its subsidiaries

On 3 May 2022, the Group's 64.01% subsidiary company, Stanmore Resources Limited ("Stanmore"), through its wholly-owned subsidiary, Stanmore SMC Holdings Pty Ltd ("SMCH"), acquired 100% interest in Dampier Coal (Queensland) Pty Ltd ("Dampier"), which holds 80% interest in SMC.

The values identified in relation to the acquisition are provisional as at 30 June 2022. Details of the acquisition are as follows:

	Provisional fair value Unaudited US$'000
Mining properties	959,871
Property, plant and equipment	1,065,000
Right-of-use assets	256,823
Investment securities	25,036
Inventories	314,696
Trade and other receivables	361,755
Other assets	1,003
Cash and cash equivalents	62,984
Trade and other payables	(271,985)
Rehabilitation provisions	(190,799)
Lease liabilities	(256,823)
Provision for taxation	(16,146)
Deferred tax liabilities	(364,462)
Total identifiable net assets at fair value	1,946,953
Less: Non-controlling interest at fair value	(389,391)
Total consideration transferred	1,557,562

16. Investment in subsidiaries (cont'd)

Acquisition of Dampier Coal (Queensland) Pty Ltd and its subsidiaries (cont'd)

Effect of the acquisition of SMC

	Provisional fair value Unaudited US$'000
Total consideration	1,557,562
Less:	
Cash and cash equivalents of subsidiary acquired	(62,984)
Deferred consideration	(100,000)
Contingent consideration	(140,000)
Net cash outflow on acquisition	1,254,578

Subsequent to the financial period ended, SMCH received the final working capital adjustment payment in relation to SMC Acquisition. The provisional amount of assets and liabilities recognised as at 30 June 2022 may change upon new information obtained during the measurement period as a result of the working capital adjustment. The measurement period shall not exceed one year from the acquisition date.

Revenue and profit contribution

From the completion date up to the end of current period (being, 30 June 2022), SMC group (comprising SMCH, Dampier and SMC) contributed revenue of US$753,030,000 and profit of US$77,700,000 to the Group's results in six months ended 30 June 2022. If the acquisition had occurred on 1 January 2022, Management estimates that consolidated revenue would have been US$3,740,099,000 and consolidated profit for the period would have been US$1,079,000,000.

The cost of acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. Contingent consideration to be transferred by the acquirer is recognised at the acquisition date fair value.

17. Investment in joint ventures

	Group	
	30 June 2022 Unaudited US$'000	31 December 2021 Audited US$'000
Redeemable Preference Shares in a joint venture	29,446	31,044
Interest in joint ventures	42,567	3,266
	72,013	34,310

17. Investment in joint ventures (cont'd)

Name of entity	Place of business/country of incorporation	Proportion (%) of ownership interest	
		30 June 2022 Unaudited	31 December 2021 Audited
Held through Golden Investments (Australia) II Pte Ltd			
Ravenswood Gold Group Pty Ltd	Australia	50	50
Held through Stanmore Resources Limited			
MetRes Pty Ltd	Australia	50	50

During the six months ended 30 June 2022, the Group made additional investments of US$52,248,000 (30 June 2021: US$46,256,000) in Ravenswood Gold Group Pty Ltd ("RWG"). There was no additional investment in Redeemable Preference Shares during the period (30 June 2021: US$15,419,000).

During the six months ended 30 June 2021, the Group invested US$1,318,000 in MetRes Pty Ltd.

18. Investment securities

	Group		Company	
	30 June 2022 Unaudited US$'000	31 December 2021 Audited US$'000	30 June 2022 Unaudited US$'000	31 December 2021 Audited US$'000
Current				
At fair value through profit or loss				
- Equity securities (quoted)	1,013	1,519	1,013	1,519
- Redeemable Preference Shares	–	15,000	–	15,000
	1,013	16,519	1,013	16,519
Non-current				
At fair value through other comprehensive income				
- Equity securities (quoted)	24,570	24,832	24,570	24,832
- Equity securities (unquoted)	26,537	1,000	–	–
- Redeemable Preference Shares	3,134	3,497	–	–
	54,241	29,329	24,570	24,832

18. Investment securities (cont'd)

The Group has elected to measure these non-current equity instruments at FVOCI due to it'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 it's intention to hold for short-term purpose.

Investment securities at fair value through profit or loss

During the six months ended 30 June 2022, the Group had additional investment in equity securities amounting to US$710,000 (30 June 2021: US$11,727,000).

Investment securities at fair value through other comprehensive income

During the six months ended 30 June 2022, the Group had additional investment in equity securities amounting to US$501,000 (30 June 2021: US$15,000,000).

On 3 May 2022, the investment in unquoted equity securities of US$25,036,000 (Note 16) was acquired through the SMC Acquisition.

During the six months ended 30 June 2022, the Group redeemed its investment in Redeemable Preference Shares which had a fair value of US$15,000,000 which is equivalent to the carrying amount at the redemption date.

19. Loans and borrowings

	Group		Company	
	30 June 2022 Unaudited US$'000	31 December 2021 Audited US$'000	30 June 2022 Unaudited US$'000	31 December 2021 Audited US$'000
Amount repayable within one year (current)				
Lease liabilities (Note 14)	70,412	1,798	165	220
Secured borrowings	90,458	72,871	6,000	12,000
Unsecured borrowings	10,663	1,151	–	–
Unamortised transaction costs	(2,113)	(114)	–	–
Total bank borrowings (current)	99,008	73,908	6,000	12,000
Total loans and borrowings (current)	169,420	75,706	6,165	12,220

19. Loans and borrowings (cont'd)

	Group		Company	
	30 June 2022 Unaudited US$'000	31 December 2021 Audited US$'000	30 June 2022 Unaudited US$'000	31 December 2021 Audited US$'000
Amount repayable after one year (non-current)				
Lease liabilities (Note 14)	227,277	2,324	1	58
Secured bank borrowings (includes Senior Secured Notes)	1,204,824	342,201	375,000	285,000
Unamortised transaction costs	(35,828)	(7,205)	(6,734)	(6,976)
Unamortised discount on Senior Secured Notes	(3,251)	(3,594)	(3,251)	(3,594)
Total bank borrowings (non-current)	1,165,745	331,402	365,015	274,430
Total loans and borrowings (non-current)	1,393,022	333,726	365,016	274,488
Total loans and borrowings	1,562,442	409,432	371,181	286,708

During the six months ended 30 June 2022, the Group issued senior secured notes amounting to US$90,000,000 which carried fixed interest of 8.5% per annum due in 2026, which form a single series and rank *pari passu* with Group's US$285,000,000 8.5% senior secured notes due 2026 issued in May 2021.

The Group had obtained new facilities from certain financiers for working capital and funding for purchase price of the SMC Acquisition totalling to US$745 million, and all had been fully drawn down as at 30 June 2022.

The secured bank borrowings are secured over certain trade receivable (and/or inventories), property and equipment, margin deposit, pledge of subsidiaries' shares and interest reserve accounts.

20. Post-employment benefits

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. The defined benefit pension plan of certain subsidiary is managed by Dana Pensiun Lembaga Keuangan (DPLK) Simas Jiwa, a related party.

The principal assumptions used in determining post-employment benefits as at reporting date were estimated based on similar assumptions in the last reporting period.

The amount recognised in the statement of financial position is determined as follows:

	Group	
	30 June 2022 Unaudited US$'000	**31 December 2021 Audited US$'000**
Present value of defined benefit obligations and total post-employment benefits	4,302	5,007
Movements in the account are as follows:		
Beginning balance	5,007	5,029
Remeasurement recognised in other comprehensive income	–	540
Post-employment benefits expenses recognised in profit or loss	473	862
Benefits paid during the period/year	–	(145)
Transferred liability for transferred employees	–	(19)
Contribution during the period/year	(1,045)	(1,044)
Exchange difference	(133)	(216)
Ending balance	4,302	5,007

Post-employment benefits expenses are recognised in the "Administrative expenses" line item in the consolidated statement of comprehensive income.

21. Other provisions

Group	Mine rehabilitation and closure (Note a) US$'000	Onerous contracts (Note b) US$'000	Reinstatement costs (Note c) US$'000	Total US$'000
Cost				
At 1 January 2021	25,492	2,513	45	28,050
Reversal charged to profit or loss	(147)	(894)	–	(1,041)
Additions charged to mine properties	9,905	–	–	9,905
Notional interest	258	180	–	438
Utilisation	(824)	(491)	–	(1,315)
Exchange difference	(1,341)	(86)	–	(1,427)
At 31 December 2021 and 1 January 2022	33,343	1,222	45	34,610
Additions/(reversal) charged to profit or loss	100	(166)	–	(66)
Acquisition of subsidiaries (Note 16)	190,799	–	–	190,799
Notional interest	765	148	–	913
Utilisation	(8,566)	(150)	–	(8,716)
Exchange difference	303	(60)	–	243
At 30 June 2022	216,744	994	45	217,783
At 31 December 2021 (audited)				
Current	1,855	286	–	2,141
Non-current	31,488	936	45	32,469
At 30 June 2022 (unaudited)				
Current	3,037	297	–	3,334
Non-current	213,707	697	45	214,449

(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. The amount of provision relating to rehabilitation of areas caused by mining disturbance is capitalised against Mine Properties as incurred.

(b) Provision for onerous contracts

This represents the net present value of long-term contracts acquired along with Stanmore's acquisition of the Isaac Plains Coal mine in November 2015. It 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 30 June 2022, a number of onerous contracts have been settled through the ordinary course of business.

21. Other provisions (cont'd)

(c) Provision for reinstatement costs

This represents net present value of the costs expected to be incurred for reinstatement of the leased office premises.

22. Share capital

	Group		Company	
	Number of shares '000	US$'000	Number of shares '000	US$'000
Issued and fully paid:				
At 31 December 2021 (audited)	2,353,100	292,295	2,353,100	1,230,107
Issue of new shares	285,000	62,996	285,000	62,996
Share issue expenses	–	(303)	–	(303)
Effect of change in functional currency	–	2,892	–	22,540
At 30 June 2022 (unaudited)	2,638,100	357,880	2,638,100	1,315,340

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. There are no options granted by the Company to take up unissued shares in the Company.

The Company did not hold any treasury shares as at 30 June 2022 and 31 December 2021.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2022 and 31 December 2021.

The amount recognised as issued equity interest in the consolidated financial statements were determined by adding the issued equity interest of PT Golden Energy Mines Tbk ("GEMS"), outstanding immediately before reverse acquisition to the fair value of GEAR Group at the completion date of reverse acquisition on 20 April 2015. However, the equity structure appearing in the balance sheets (i.e. the number and type of equity interests issued) shall reflect the equity structure of GEAR, including the equity interests issued to DSS to effect the acquisition in 2015.

On 7 March 2022, the Company issued 285,000,000 ordinary shares (S$0.305 each) for a total consideration of US$62,996,000 (or S$86,925,000) for cash to provide funds for the expansion of the Company's operations and general working capital purposes ("Placement"). The newly issued shares rank pari passu in all aspects with the previously issued shares.

23. Reserves

Group	Foreign currency translation reserves US$'000	Hedging Reserves US$'000	Other Reserves US$'000	Total US$'000
At 1 January 2021	(28,470)	–	7,265	(21,205)
Net loss on equity instruments fair value through other comprehensive income	–	–	(1,823)	(1,823)
Net actuarial loss on post-employment benefits	–	–	(269)	(269)
Share of other comprehensive income of a joint venture	–	(35,864)	–	(35,864)
Foreign currency translation	(4,331)	–	–	(4,331)
Share-based payment transactions	–	–	6	6
Disposal of ownership interest in a subsidiary without a change in control	3,551	–	(91)	3,460
Acquisition of non-controlling interests of a subsidiary without a change in control	2,008	–	(1)	2,007
At 31 December 2021 and 1 January 2022 (audited)	(27,242)	(35,864)	5,087	(58,019)
Net loss on equity instruments fair value through other comprehensive income	–	–	(1,020)	(1,020)
Share of other comprehensive income of a joint venture	–	(17,109)	–	(17,109)
Foreign currency translation	13,938	–	–	13,938
Transfer of fair value reserves of equity instruments at FVOCI upon disposal	–	–	(116)	(116)
Effects of change in functional currency	(13,484)	–	454	(13,030)
At 30 June 2022 (unaudited)	(26,788)	(52,973)	4,405	(75,356)

Foreign currency translation reserves

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.

Hedging reserve

Hedging reserve represent hedges accounted for as cashflow hedges with the end of financial period losses recognised as a derivative liability with the corresponding entry recognised as hedge reserve and amortised in line with actual gold sales in Ravenswood Gold Group Pty Ltd, a 50% owned Joint Venture.

23. Reserves (cont'd)

Other reserves

Other reserves pertains to the reserves that arose from movements in non-controlling interest ("NCI") of certain subsidiaries, net actuarial gain/(loss) in post-employment benefits, share-based payment reserves and net gain/(loss) on equity instruments fair value through other comprehensive income.

24. 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 period:

	Group 6 months ended 30 June	
	2022 Unaudited US$'000	2021 Unaudited US$'000
Sales	96,681	96,102
Interest income	14	4
Purchases	(496)	(410)
Rental expenses	(459)	(209)
Insurance expenses	(81)	(115)
Telecommunication expenses	(6)	(14)
Freight & Demurrage	(468)	(468)

Related parties are subsidiaries and associated companies of Sinarmas Group and other related parties, excluding entities within the Group.

(b) Compensation of key management personnel

	Group 6 months ended 30 June	
	2022 Audited US$'000	2021 Unaudited US$'000
Short-term employee benefits	9,524	8,200
Defined contributions/benefits	105	64
Other short-term benefits	341	399
	9,970	8,663
Comprises amounts paid and payable to:		
- directors of the Company	838	1,524
- other key management personnel	9,132	7,139
	9,970	8,663

25. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group classify 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 (i.e. as 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.

25. 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 using			
30 June 2022 Unaudited	**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**
Assets				
Non-financial assets				
Biological assets (Note 10)	–	–	9,046	9,046
Financial assets				
Equity securities at fair value through profit or loss				
Equity securities				
– Quoted (Note 18)	1,013	–	–	1,013
Equity securities at FVOCI				
Equity securities				
– Quoted (Note 18)	24,570	–	–	24,570
– Unquoted (Note 18)	–	–	26,537	26,537
Redeemable Preference Shares at FVOCI (Note 18)	–	–	3,134	3,134
Financial liabilities				
– Contingent consideration – vendor royalties (Note 25d)*	–	–	(145,336)	(145,336)
– Derivative financial instruments	–	(3,013)	–	(3,013)

* included in Trade and other payables

25. 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 using			
31 December 2021 Audited	**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**
Assets				
Non-financial assets				
Biological assets (Note 10)	–	–	7,376	7,376
Financial assets				
Equity securities at fair value through profit or loss				
Equity securities				
– Quoted (Note 18)	1,519	–	–	1,519
Redeemable Preference Shares at FVOCI (Note 18)	–	15,000	–	15,000
Equity securities at FVOCI				
Equity securities				
– Quoted (Note 18)	24,832	–	–	24,832
– Unquoted (Note 18)	–	–	1,000	1,000
Redeemable Preference Shares at FVOCI (Note 18)	–	–	3,497	3,497
Financial liabilities				
– Contingent consideration – vendor royalties*	–	–	(6,313)	(6,313)
– Derivative financial instruments	–	(4,437)	–	(4,437)

* included in Trade and other payables

There has been no transfer from Level 1 and Level 2 and Level 3 for the financial period ended 30 June 2022 and financial year ended 31 December 2021 respectively.

25. Fair value of assets and liabilities (cont'd)

(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

The carrying amounts of trade and other receivables, cash and cash equivalents, trade and other payables, and loans and borrowings are reasonable approximation of fair values due to their short-term nature.

(d) Level 3 fair value measurements

The following table presents the changes in Level 3 instruments:

	Unquoted equity securities (Note 18)	Redeemable preference shares (Note 18)	Contingent consideration – vendor royalties*
30 June 2022 (unaudited)	**US$'000**	**US$'000**	**US$'000**
At 1 January 2022	1,000	18,497	(6,313)
Additions	501	–	(140,000)
Acquisition of subsidiaries (Note 16)	25,036	–	–
Disposal	–	(15,000)	–
Notional interest	–	–	(264)
Utilisation	–	–	1,474
Fair value (losses)/gains recognised in			
- other comprehensive income	–	(363)	–
- profit or loss	–	–	(501)
Exchange differences	–	–	268
At 30 June 2022	26,537	3,134	(145,336)
31 December 2021 (audited)			
At 1 January 2021	1,030	3,613	(10,583)
Additions	–	15,000	–
Disposal	(30)	–	–
Notional interest	–	–	(741)
Utilisation	–	–	2,990
Fair value (losses)/gains recognised in			
- other comprehensive income	–	(116)	–
- profit or loss	–	–	1,617
Exchange differences	–	–	404
At 31 December 2021	1,000	18,497	(6,313)

* included in Trade and other payables

25. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements (cont'd)

Determination of 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.

Investments in unquoted ordinary shares of US$1,000,000 (31 December 2021: US$1,000,000) and the additional investment of US$501,000 that was made in March 2022, Management believes it reflects the fair value. The balance of US$25,036,000 was acquired through SMC acquisition (Note 16) approximate its fair value as at 30 June 2022.

Investment in redeemable preference shares of US$3,134,000 (31 December 2021: US$3,497,000) were valued using significant unobservable inputs, where the Group used net assets value report obtained from external party.

The fair value of forward currency contracts is determined using quoted forward currency rates at the balance sheet date and classified as Level 2 derivative financial instruments

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 used similar key unobservable inputs as compared to the last reporting period.

As part of the SMC acquisition (Note 16), the Group recognised additional consideration yet to be paid to the vendor. With a potential follow-up payment of up to US$150 million after two years, the value of which is dependant on the prevailing coal price exceeding certain targets.

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.

26. Segment information

For management purposes, the Group is organised into operating segments based on their 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, gold mining 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.

26. Segment information (cont'd)

	Energy Coal		Metallurgical Coal		Non-coal Business		Adjustments and Eliminations		Note	Consolidated	
	6 months ended 30 June		6 months ended 30 June		6 months ended 30 June		6 months ended 30 June			6 months ended 30 June	
	2022	2021	2022	2021	2022	2021	2022	2021		2022	2021
	Unaudited US$'000	Unaudited US$'000	Unaudited US$'000	Unaudited US$'000	Unaudited US$'000	Unaudited US$'000	Unaudited US$'000	Unaudited US$'000		Unaudited US$'000	Unaudited US$'000
Revenue:											
Revenue from external customers	1,334,706	733,593	1,096,240	72,249	693	871	–	–		2,431,639	806,713
Inter segment revenue	–	–	–	–	–	–	–	–		–	–
	1,334,706	733,593	1,096,240	72,249	693	871	–	–		2,431,639	806,713
Results:											
Segment results	452,632	209,492	373,177	(16,829)	(34,791)	(27,220)	(12,147)	(6,357)	A,B	778,871	159,086
Interest income	573	1,694	1,341	513	3,288	4,215	(953)	(1,992)	B	4,249	4,430
Finance costs	(7,683)	(9,037)	(24,973)	(2,124)	(10,323)	(23,660)	1,658	2,675	B	(41,321)	(32,146)
Profit before tax										741,799	131,370
Taxation										(238,814)	(51,138)
Profit for the period										502,985	80,232
Compensation income	–	–	–	–	1,967	2,156	(1,967)	(2,156)	B	–	–
Depreciation expenses	(5,615)	(4,873)	(39,921)	(5,388)	(361)	(660)	–	–		(45,897)	(10,921)
Amortisation expenses	(3,704)	(2,463)	(21,962)	(5,074)	(253)	(260)	–	–		(25,919)	(7,797)
Share of profit/(loss) of joint ventures	–	–	20,050	–	(12,093)	(6,508)	–	–		7,957	(6,508)
Fair value gain on biological assets	–	–	–	–	1,567	–	–	–		1,567	–
Fair value loss on investment securities	–	–	–	–	(428)	(412)	–	–		(428)	(412)
Fair value (loss)/gain on remeasurement of contingent liability	–	–	(501)	2,380	–	–	–	–		(501)	2,380
Fair value gain/(loss) on derivatives	–	–	1,424	–	–	(85)	–	–		1,424	(85)
Impairment loss on goodwill	–	–	–	–	–	–	(11,100)	(6,000)		(11,100)	(6,000)
Assets and Liabilities:											
Segment assets	921,740	674,201	3,660,937	328,711	1,145,802	930,756	(697,700)	(419,419)		5,030,779	1,514,249
Segment assets includes:											
Investment in joint ventures	–	–	17,480	1,318	54,533	86,160	–	–		72,013	87,478
Addition to non-current assets	3,974	4,952	37,135	5,138	44	68	–	–	C	41,153	10,158
Segment liabilities	589,163	504,297	2,381,512	155,402	376,129	290,232	(41,386)	(88,404)		3,305,418	861,527

26. Segment information (cont'd)

A The following items are added to/(deducted from) segment results net of intra-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
30 June 2022 (unaudited)				
Other income	1,235	2,462	3,075	6,772
Selling and distribution expenses	(123,156)	(51,635)	(474)	(175,265)
Administrative expenses	(39,264)	(89,139)	(12,867)	(141,270)
Other operating (expenses)/ income	(1,863)	21,479	(20,976)	(1,360)
30 June 2021 (unaudited)				
Other income	2,208	1,275	2,203	5,686
Selling and distribution expenses	(95,443)	(12,723)	(292)	(108,458)
Administrative expenses	(33,247)	(4,679)	(14,302)	(52,228)
Other operating (expenses)/ income	892	2,675	(14,122)	(10,555)

B Elimination is relating to intra-group transactions which are eliminated on consolidation.

C Additions to non-current assets consist of additions to property, plant and equipment, deferred exploration and development costs and software.

Geographical information

Revenue information based on the geographical location of customers are as follows:

	Group 6 months ended 30 June 2022 Unaudited US$'000	2021 Unaudited US$'000
India	634,011	143,846
Indonesia	435,756	285,485
China	417,953	288,473
Japan	416,193	37,124
South Korea	242,257	24,135
Brazil	64,011	–
Netherlands	46,844	5,538
Malaysia	45,675	3,488
Philippines	38,168	11,544
Germany	37,448	–
Others	53,323	7,080
	2,431,639	806,713

27. Dividends

No interim dividends were paid by the Company in respect of the six months ended 30 June 2022 and 2021.

28. Net Asset Value

Net asset value per share is calculated based on net asset attributable to owners of the Company divided by the total number of ordinary shares issued at the financial period ended 30 June 2022 and financial year ended 31 December 2021.

The following reflects the net asset and share data used in the computation of net asset value per share:

	Group		Company	
	30 June 2022 Unaudited	31 December 2021 Audited	30 June 2022 Unaudited	31 December 2021 Audited
Net asset attributable to owners of the Company (US$'000)	811,177	486,707	1,607,899	1,512,999
Number of ordinary shares issued ('000)	2,638,100	2,353,100	2,638,100	2,353,100
Net asset value per ordinary share (cents per share)	30.75	20.68	60.95	64.30

29. Subsequent events

Subsequent to the financial period ended 30 June 2022, the Group made additional investments of A$23,750,000 in RWG as part of its investment interest in a joint venture. The Group maintained its 50% interest in the joint venture on completion of the investment.

On 12 August 2022, Stanmore announced that its wholly-owned subsidiary, Dampier Coal (Queensland) Proprietary Ltd, has signed a definitive share sale agreement with Mitsui & Co. (Australia) Ltd and Mitsui & Co., Ltd (together, "Mitsui") to acquire the remaining 20% interest in SMC held by Mitsui (the "Transaction"). The Transaction is conditional upon the approval of the Australian Foreign Investment Review Board. On 7 October 2022, the Transaction has been completed and pursuant thereto, SMC has become a wholly-owned subsidiary of Stanmore.

On 1 September 2022, the subsidiary of the Company, PT Golden Energy Mines Tbk declared 2nd Interim Dividend for the financial year ending 31 December 2022 amounting to approximately US$200,000,000 (USD 0.0340 per share). On 21 September 2022, the Company had received its portion of dividend income amounted to US$124,798,000.

29. Subsequent events (cont'd)

On 1 September 2022, the Company received a transfer notice ("Transfer Notice") from GMR Coal Resources Pte Ltd ("GMR") of GMR's intention to sell 1,764,705,900 shares ("GEMS Sale Shares") (representing an approximately 30% interest) of the Company's subsidiary, PT Golden Energy Mines Tbk ("GEMS"), to PT Radhika Jananta Raya (the "Purchaser") which is a wholly owned subsidiary of PT ABM Investama Tbk. On 8 September 2022, the Company has acknowledged to GMR that it will not exercise its right to purchase GMR's GEMS Sale Shares under the shareholders agreement dated 11 August 2011 (as amended) between the Company and GMR ("SHA"), with respect to GMR's sale of the GEMS Sale Shares to the Purchaser.

On 10 October 2022, the Company announced that it is in discussions with certain of its shareholders, including Mr. Indra Widjaja, regarding a possible acquisition of the Company. At present, there is no concrete outcome from the aforementioned discussions, and no definitive agreements have been entered into, involving the Company and its subsidiaries.

30. Authorisation of financial statements for issue

The interim unaudited condensed consolidated financial statements for the six-month financial period ended 30 June 2022 for the inclusion in the Preliminary Offer Document were authorised for issue in accordance with a resolution of the Directors on 28 October 2022.

Company Registration No. 199508589E

Golden Energy and Resources Limited and its Subsidiaries

Annual Financial Statements
31 December 2021

General information

Directors

Fuganto Widjaja	Executive Chairman
Dwi Prasetyo 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 Arif	Independent Non-Executive Director
Djuangga Mangasi Mangunsong	Independent Non-Executive Director
Noormaya Muchlis	Independent Non-Executive Director (Appointed on 17 December 2021)

Audit Committee

Lim Yu Neng Paul	Chairman
Lew Syn Pau	
Djuangga Mangasi Mangunsong	

Group Company Secretary

Lai Kuan Loong, Victor	(Appointed on 1 July 2021)
Pauline Lee	(Resigned on 1 July 2021)

Registered Office

20 Cecil Street
#05-05 PLUS
Singapore 049705

Share Registrar and Share Transfer Office

Boardroom Corporate & Advisory Services Pte Ltd
1 Harbourfront Avenue
Keppel Bay Tower #14-07
Singapore 098632

External Auditor

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Vincent Toong Weng Sum (Partner-in-charge since financial year ended 31 December 2017)

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
Bank of Singapore
National Australia Bank

Index **Page**

Directors' statement	1
Independent auditor's report	5
Consolidated statement of comprehensive income	11
Statements of financial position	13
Statements of changes in equity	15
Consolidated cash flow statement	19
Notes to the consolidated financial statements	21

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 2021.

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 2021 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:

Fuganto Widjaja
Dwi Prasetyo Suseno
Mochtar Suhadi
Mark Zhou You Chuan
Lim Yu Neng Paul
Lew Syn Pau
Irwandy Arif
Djuangga Mangasi Mangunsong
Noormaya Muchlis (Appointed on 17 December 2021)

In accordance with Regulation 107 of the Company's Constitution, Messrs Mochtar Suhadi and Irwandy Arif will retire and being eligible, offer themselves for re-election.

In accordance with Regulation 117 of the Company's Constitution, Ms Noormaya Muchlis will retire and being eligible, offer herself 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 object 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.

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 1967 (the "Act"), an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of Director	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
Fuganto Widjaja *	–	–	–	–
Lim Yu Neng Paul **	–	–	320,000	320,000

* Mr Fuganto 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 Sinarindo 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 2022.

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 Resources 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.

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.

6. Audit committee

The Audit Committee ("AC") carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act 1967, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's 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.

7. Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors,

Fuganto Widjaja
Director

Mark Zhou You Chuan
Director

9 March 2022

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 2021, 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 1967 (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 2021 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 these 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 in 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 do 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 these 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 Anrof 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. 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$6.3 million as at 31 December 2021 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 34(d) of the financial statements concerning the contingent consideration.

4. Provision for rehabilitation

The Group has recognised a provision for rehabilitation of its mining sites as at 31 December 2021 for US$33.3 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 expect 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 29(a) of the financial statements concerning the provision for rehabilitation.

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, disclosing, as 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.

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.

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 these 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 Sum.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

9 March 2022

Golden Energy and Resources Limited and its Subsidiaries

Consolidated statement of comprehensive income
For the financial year ended 31 December 2021

(In United States Dollars)

	Note	2021 US$'000	2020 US$'000
Revenue	4	1,874,097	1,162,687
Cost of sales		(1,056,952)	(786,076)
Gross profit		817,145	376,611
Other income	5	13,664	20,297
Selling and distribution expenses		(225,802)	(201,383)
Administrative expenses		(113,498)	(79,337)
Fair value (losses)/gains		(3,510)	7,683
Finance costs	6	(55,282)	(37,399)
Other operating expenses		(28,148)	(14,845)
Share of loss of joint ventures (net of tax)		(22,658)	(4,903)
Profit before tax	7	381,911	66,724
Income tax expense	8	(130,651)	(32,256)
Profit for the year		251,260	34,468
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Net actuarial (loss)/gain on post-employment benefits	28	(421)	189
Net loss on equity instruments fair value through other comprehensive income		(1,823)	(3,432)
		(2,244)	(3,243)
Items that may be reclassified subsequently to profit or loss			
Share of other comprehensive income of a joint venture	17	(35,864)	-
Foreign currency translation		(6,457)	24,248
		(42,321)	24,248
Other comprehensive income for the year, net of tax		(44,565)	21,005
Total comprehensive income for the year		206,695	55,473

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated statement of comprehensive income (cont'd)
For the financial year ended 31 December 2021

(In United States Dollars)

	Note	2021 US$'000	2020 US$'000
Profit for the year attributable to:			
Owners of the Company		114,323	8,085
Non-controlling interests		136,937	26,383
		251,260	34,468
Total comprehensive income for the year attributable to:			
Owners of the Company		72,036	25,543
Non-controlling interests		134,659	29,930
		206,695	55,473
Earnings per share attributable to owners of the Company (cents per share)			
Basic and diluted	9	4.86	0.34

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of financial position
As at 31 December 2021

(In United States Dollars)

	Note	Group 2021 US$'000	Group 2020 US$'000	Company 2021 US$'000	Company 2020 US$'000
Non-current assets					
Biological assets	10	7,376	6,587	–	–
Property, plant and equipment	11	134,250	140,677	33	85
Mining properties	12	414,001	402,845	–	–
Intangible assets	13	11,140	12,108	–	–
Right-of-use assets	14	4,438	2,763	275	505
Goodwill	15	84,798	98,198	–	–
Investment in subsidiaries	16	–	–	1,384,239	1,462,696
Investment in joint ventures	17	34,310	48,012	–	–
Deferred tax assets	18	7,599	6,867	–	–
Other receivables	19	16,025	2,072	307	290
Restricted funds	20	24,113	19,255	12,676	10,679
Other non-current assets	21	65,676	73,923	–	–
Investment securities	23	29,329	4,643	24,832	–
		833,055	817,950	1,422,362	1,474,255
Current assets					
Trade and other receivables	19	213,746	139,636	246,308	97,953
Other current assets	21	86,079	100,989	238	33,081
Inventories	22	38,833	71,186	–	–
Investment securities	23	16,519	1,925	16,519	1,925
Cash and cash equivalents	24	379,821	262,799	135,738	53,543
		734,998	576,535	398,803	186,502
Current liabilities					
Trade and other payables	25	308,029	278,227	21,377	19,263
Derivative financial instruments	26	4,437	–	–	–
Loans and borrowings	27	75,706	113,515	12,220	34,229
Provision for taxation		73,399	10,697	58	38
Provisions	29	2,141	1,896	–	–
		463,712	404,335	33,655	53,530
Net current assets		271,286	172,200	365,148	132,972

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of financial position (cont'd)
As at 31 December 2021

(In United States Dollars)

	Note	Group		Company	
		2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Non-current liabilities					
Deferred tax liabilities	18	75,163	80,400	–	–
Other payables	25	4,931	32,561	–	–
Loans and borrowings	27	333,726	268,477	274,488	187,821
Post-employment benefits	28	5,007	5,029	–	–
Provisions	29	32,469	26,154	23	24
		451,296	412,621	274,511	187,845
Net assets		653,045	577,529	1,512,999	1,419,382
Equity attributable to equity holders of the Company					
Share capital	30	292,295	305,528	1,230,107	1,230,107
Reserves		194,412	79,344	282,892	189,275
		486,707	384,872	1,512,999	1,419,382
Non-controlling interests		166,338	192,657	-	-
Total equity		653,045	577,529	1,512,999	1,419,382

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 2021

(In United States Dollars)

Group 2021	Attributable to owners of the Company							
	Share capital (Note 30) US$'000	Foreign currency translation reserves (Note 31) US$'000	Hedging reserves (Note 31) US$'000	Other reserves (Note 31) US$'000	Retained earnings US$'000	Total reserves US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2021	305,528	(28,470)	–	7,265	100,549	79,344	192,657	577,529
Profit for the year	–	–	–	–	114,323	114,323	136,937	251,260
Other comprehensive income								
Net loss on equity instruments fair value through other comprehensive income	–	–	–	(1,823)	–	(1,823)	–	(1,823)
Net actuarial loss on post-employment benefits	–	–	–	(269)	–	(269)	(152)	(421)
Share of other comprehensive income of a joint venture	–	–	(35,864)	–	–	(35,864)	–	(35,864)
Foreign currency translation	–	(4,331)	–	–	–	(4,331)	(2,126)	(6,457)
Other comprehensive income for the year	–	(4,331)	(35,864)	(2,092)	–	(42,287)	(2,278)	(44,565)
Total comprehensive income for the year	–	(4,331)	(35,864)	(2,092)	114,323	72,036	134,659	206,695
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends paid to non-controlling interests by subsidiaries	–	–	–	–	–	–	(108,924)	(108,924)
Dividends declared to non-controlling interests by subsidiaries	–	–	–	–	–	–	(41,250)	(41,250)
Share-based payment transactions	–	–	–	6	–	6	–	6
Total contributions by and distributions to owners	–		–	6	–	6	(150,174)	(150,168)
Changes in ownership interests in subsidiaries								
Disposal of ownership interest in a subsidiary without a change in control (Note 30)	(13,233)	3,551	–	(91)	43,377	46,837	15,596	49,200
Acquisition of non-controlling interests of a subsidiary without a change in control (Note 16(a))	–	2,008	–	(1)	(5,818)	(3,811)	(26,400)	(30,211)
Total changes in ownership interests in subsidiaries	(13,233)	5,559		(92)	37,559	43,026	(10,804)	18,989
Total transactions with owners	(13,233)	5,559	–	(86)	37,559	43,032	(160,978)	(131,179)
At 31 December 2021	292,295	(27,242)	(35,864)	5,087	252,431	194,412	166,338	653,045

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of changes in equity (cont'd)
For the financial year ended 31 December 2021

(In United States Dollars)

	Attributable to owners of the Company							
Group 2020	Share capital (Note 30) US$'000	Foreign currency translation reserves (Note 31) US$'000	Hedging reserves (Note 31) US$'000	Other reserves (Note 31) US$'000	Retained earnings US$'000	Total reserves US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2020	305,528	(49,234)	–	14,805	88,236	53,807	119,786	479,121
Profit for the year	–	–	–	–	8,085	8,085	26,383	34,468
Other comprehensive income								
Net loss on equity instruments fair value through other comprehensive income	–	–	–	(3,432)	–	(3,432)	–	(3,432)
Net actuarial gain on post-employment benefits	–	–	–	126	–	126	63	189
Foreign currency translation	–	20,764	–	–	–	20,764	3,484	24,248
Other comprehensive income for the year	–	20,764	–	(3,306)	–	17,458	3,547	21,005
Total comprehensive income for the year	–	20,764	–	(3,306)	8,085	25,543	29,930	55,473
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Capital contribution from non-controlling interest of a subsidiary	–	–	–	–	–	–	27,467	27,467
Dividends paid to non-controlling interests by subsidiaries	–	–	–	–	–	–	(25,561)	(25,561)
Dividends declared to non-controlling interests by subsidiaries	–	–	–	–	–	–	(9,900)	(9,900)
Share-based payment transactions	–	–	–	(6)	–	(6)	(3)	(9)
Total contributions by and distributions to owners	–	–	–	(6)		(6)	(7,997)	(8,003)
Changes in ownership interests in subsidiaries								
Acquisition of subsidiaries with non-controlling interests	–	–	–	–	–	–	50,938	50,938
Total changes in ownership interests in subsidiaries	–	–	–	–	–	–	50,938	50,938
Total transactions with owners	–	–	–	(6)	–	(6)	42,941	42,935
Transfer of fair value reserves of equity instruments at FVOCI upon disposal	–	–	–	(4,228)	4,228	–	–	–
At 31 December 2020	305,528	(28,470)	–	7,265	100,549	79,344	192,657	577,529

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of changes in equity (cont'd)
For the financial year ended 31 December 2021

(In United States Dollars)

Company 2021	Share capital (Note 30) 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 2021	1,230,107	80,877	5,826	102,572	189,275	1,419,382
Profit for the year	–	–	–	126,784	126,784	126,784
Other comprehensive income						
Net loss on equity instruments fair value through other comprehensive income	–	–	(1,707)	–	(1,707)	(1,707)
Foreign currency translation	–	(31,460)	–	–	(31,460)	(31,460)
Other comprehensive income for the year	–	(31,460)	(1,707)	–	(33,167)	(33,167)
Total comprehensive income for the year	–	(31,460)	(1,707)	126,784	93,617	93,617
At 31 December 2021	1,230,107	49,417	4,119	229,356	282,892	1,512,999

(1) Foreign currency translation reserves are used to record exchange differences arising from the translation of the financial statements of the Company whose functional currency is different from that of the Company's presentation currency.

(2) Other reserves pertains to reserves that arose from acquisition of subsidiary in 2002 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.

Statements of changes in equity (cont'd)
For the financial year ended 31 December 2021

(In United States Dollars)

Company 2020	Share capital (Note 30) 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	–	–	–	45,535	45,535	45,535
Other comprehensive income						
Net loss on equity instruments fair value through other comprehensive income	–	–	(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)	45,535	68,775	68,775
Transfer of fair value reserves of equity instruments at FVOCI upon disposal	–	–	(4,825)	4,825	–	–
At 31 December 2020	1,230,107	80,877	5,826	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 whose functional currency is different from that of the Company's presentation currency.

[2] Other reserves pertains to reserves that arose from acquisition of subsidiary in 2002.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated cash flow statement
For the financial year ended 31 December 2021

(In United States Dollars)

	2021 US$'000	2020 US$'000
Cash flows from operating activities		
Profit before tax	381,911	66,724
Adjustments for:		
Reversal of provision for mining activities	(1,041)	(5,982)
Depreciation of property, plant and equipment	21,370	15,701
Depreciation of right-of-use assets	2,663	2,420
Loss/(gain) on disposal on investment securities	20	(105)
Defined post-employment benefit expense	862	964
Fair value gain on biological assets	(484)	(321)
Fair value gain on remeasurement of contingent consideration	(1,617)	(6,846)
Fair value loss on derivatives	5,038	–
Fair value loss/(gain) on investment securities	573	(516)
Write off of property, plant and equipment	23	–
Write off of inventories	197	–
Impairment loss on goodwill	13,400	8,553
Impairment loss on property, plant and equipment	883	–
Impairment loss on trade receivables	29	182
Amortisation of mining properties	25,557	14,988
Amortisation of land exploitation	1,313	1,046
Amortisation of intangible assets	883	723
Amortisation of software	46	133
Amortisation of discounted loans and borrowings	703	442
Early redemption of Notes expenses	9,420	–
Notional interest on provisions and contingent consideration	1,179	1,557
Interest and other financial charges	42,584	34,453
Interest income	(8,730)	(8,618)
Dividend income from investment securities	(261)	(2,864)
Equity-settled/(gain) on share-based payment transactions	11	(6)
Share of loss of joint ventures, net of tax	22,658	4,903
Net exchange differences	4,074	2,993
Operating cash flows before changes in working capital	523,264	130,524
Changes in working capital:		
Decrease/(increase) in inventories	30,986	(5,182)
(Increase)/decrease in trade, other receivables and prepayments	(78,632)	38,310
Decrease in trade and other payables	(4,249)	(10,770)
Decrease in provisions	(1,316)	1,194
Cash flows generated from operations	470,053	154,076
Interest and other financial charges paid	(44,338)	(30,754)
Interest income received	5,761	8,600
Income taxes paid	(53,806)	(21,860)
Net cash flows generated from operating activities	377,670	110,062

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated cash flow statement (cont'd)
For the financial year ended 31 December 2021

(In United States Dollars)

	2021 US$'000	2020 US$'000
Cash flows from investing activities		
Proceeds from disposal of other investment	–	54,824
Net cash outflows on acquisition of subsidiaries	–	(50,159)
Investment in joint ventures	(46,791)	(53,456)
Additions to biological assets	(305)	(207)
Purchase of investment securities	(41,539)	(1,000)
Proceeds from disposal of property, plant and equipment	–	1
Purchase of property, plant and equipment	(18,512)	(14,725)
Additions to mining properties	(36,681)	(5,433)
Changes in other non-current assets	563	(5,416)
Changes in restricted fund	(2,674)	(147)
Net cash flows used in investing activities	(145,939)	(75,718)
Cash flows from financing activities		
Payment of dividend to NCI of subsidiaries	(118,824)	(25,561)
Capital contribution from non-controlling interest of a subsidiary	–	27,467
Early redemption of Notes	(156,750)	–
Proceeds from issuance of Notes, net of transaction costs	275,881	–
Proceeds from loans and borrowings	50,225	128,846
Repayment of loans and borrowings	(151,373)	(83,445)
Principal payment of lease liability	(3,379)	(1,573)
Payment of other payable to related party	(26,260)	–
Proceed from disposal of ownership interest in a subsidiary without a change in control	50,000	–
Acquisition of non-controlling interests of a subsidiary without a change in control	(30,000)	–
Net cash flows (used in)/generated from financing activities	(110,480)	45,734
Net increase in cash and cash equivalents	121,251	80,078
Effect of exchange rate changes on cash and cash equivalents	(4,229)	4,964
Cash and cash equivalents at 1 January	262,799	177,757
Cash and cash equivalents at 31 December (Note 24)	379,821	262,799

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 Dian Swastatika Sentosa Tbk ("DSS"), incorporated in Republic of Indonesia and listed on the Indonesia Stock Exchange, and its ultimate holding company is PT Sinarindo Gerbangmas.

The registered office of the Company is located at 20 Cecil Street, #05-05 PLUS, Singapore 049705.

The principal activities of the Company are those of an investment holding company and provision of management services to entities within the Group. The principal activities of the subsidiaries are set out in Note 16.

2. Summary of significant accounting policies

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. Summary of significant accounting policies (cont'd)

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*
Amendments to SFRS(I) 3 *Reference to the Conceptual Framework*	1 January 2022
Amendments to SFRS(I) 1-*16 Property, Plant and Equipment: Proceeds before Intended Use*	1 January 2022
Amendments to SFRS(I) 1-37 *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Amendments to SFRS(I) 9 *Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities*	1 January 2022
Amendments to SFRS(I) 1-1 *Classification of Liabilities as Current or Noncurrent*	1 January 2023
Amendments to SFRS(I) 1-1 *Practice Statement 2: Disclosure of Accounting Policies*	1 January 2023
Amendments to SFRS(I) 1-8 *Definition of Accounting Estimates*	1 January 2023
Amendments to SFRS(I) 1-12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023

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.

2.4 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.

2. Summary of significant accounting policies (cont'd)

2.4 *Basis of consolidation and business combination (Cont'd)*

(a) Basis of consolidation (Cont'd)

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 controls 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 their 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 acquiree'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 acquiree 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 ventures

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 ventures (cont'd)

The aggregate of the Group's share of profit or loss of joint ventures 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 ventures 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 ventures. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint ventures 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 loss of joint ventures' 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 purpose, 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 re-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 reclassified 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 their forest plantations. The yearly harvest made from the forecasted tree growth is multiplied by the actual wood pines 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 productive forest lands.

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/unit of production
Motor vehicles	4 to 8 years
Computers and office equipment	3 to 8 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 up-keeping/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 assets 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 exploitation 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 measure 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 benefit 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 if 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 CGU's 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 instruments 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 Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward foreign currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at each balance sheet date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Hedge accounting - Cash flow hedges

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

2. Summary of significant accounting policies (cont'd)

2.14 Derivative financial instruments and hedge accounting (cont'd)

Initial recognition and subsequent measurement (cont'd)

Hedge accounting - Cash flow hedges (cont'd)

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivatives is recognised in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in equity is accounted for as follows:

(i) If a hedged transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or a non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, RWG shall remove that amount from the hedge reserve and include it in the initial cost or other carrying cost of the asset or liability. This is not a reclassification adjustment and hence it does not affect other comprehensive income.

(ii) Cash flow hedges other than those covered by (i), that amount shall be reclassified from hedge reserves to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flow affect profit or loss.

(iii) If the forecast transaction is no longer to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires, or is sold, terminated or exercised, or the designation is revoked, then the hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

2. Summary of significant accounting policies (cont'd)

2.15 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.

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 365 days past due.

The Group considers a financial asset in default when contractual payments are 365 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.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks and short-term investments which are deposits with original maturities of three months or less, that are readily convertible to known amount of cash and are subject to an insignificant risk of changes in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2. Summary of significant accounting policies (cont'd)

2.17 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.

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.

2.18 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. Summary of significant accounting policies (cont'd)

2.19 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.

2.20 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.

(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. Summary of significant accounting policies (cont'd)

2.21 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 lease, 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 assets 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.

(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 payment 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.

2. Summary of significant accounting policies (cont'd)

2.21 Leases – as lessee (cont'd)

(b) Lease liabilities (cont'd)

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.

2.22 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.

(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.

2. Summary of significant accounting policies (cont'd)

2.22 Revenue (cont'd)

(c) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(d) Interest income

Interest income is accrued on a time proportion basis using the effective interest method.

2.23 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.

(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.

2. Summary of significant accounting policies (cont'd)

2.23 Taxes (cont'd)

(b) Deferred tax (cont'd)

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.

(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 item 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. Summary of significant accounting policies (cont'd)

2.24 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.

2.25 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. Significant accounting judgements and estimates (cont'd)

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 models. 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.

(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.

(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.

4. Revenue

	Group	
	2021 US$'000	2020 US$'000
Energy Coal	1,585,954	1,064,230
Metallurgical Coal	286,596	97,234
Non-coal business	1,547	1,223
	1,874,097	1,162,687

5. Other income

	Group	
	2021 US$'000	2020 US$'000
Interest income	8,730	8,618
Dividend income	261	2,864
Others	4,673	8,815
	13,664	20,297

6. Finance costs

	Group	
	2021 US$'000	2020 US$'000
Interest expense on bank loans and trade financing (including amortisation of transactions costs)	42,234	34,263
Interest expense on lease liabilities	350	190
Amortisation of discounted loans and borrowings	703	442
Notional interest on provisions (Note 29) and contingent consideration (Note 25)	1,179	1,557
Early redemption of Notes expenses	9,420	–
Others	1,396	947
	55,282	37,399

7. Profit before tax

Profit before tax is derived after charging/(crediting) the following:

	Group	
	2021 US$'000	2020 US$'000
Mining services and overheads	609,479	489,120
Freight and stockpile	299,877	276,170
Inventories recognised as an expense in cost of sales	68,565	23,699
Royalty fees	230,911	139,147
Legal and professional fees	17,609	13,453
Land exploitation expenses	14,930	12,571
Reversal of provision for mining activities	(1,041)	(5,982)
Depreciation of property, plant and equipment	21,370	15,701
Depreciation of right-of-use assets	2,663	2,420
Amortisation of:		
- mining properties	25,557	14,988
- land exploitation	1,313	1,046
- intangible assets	883	723
- software	46	133
Audit fees:		
- Auditors of the Company	155	149
- Other auditors	531	461
Non-audit fees:		
- Auditors of the Company	10	26
Directors' fees	261	238
Staff costs:		
- Salaries, wages, bonuses and other costs	53,368	31,159
- Contributions to defined contribution plans	497	334
Post-employment benefits expenses	862	964
Loss/(gain) on disposal of investment securities	20	(105)
Fair value gain on biological assets	(484)	(321)
Fair value gain on remeasurement of contingent consideration	(1,617)	(6,846)
Fair value loss/(gain) on investment securities	573	(516)
Fair value loss on derivatives	5,038	–
Write off of property, plant and equipment	23	·
Write off of inventories	197	–
Impairment loss on goodwill	13,400	8,553
Impairment loss on property, plant and equipment	883	–
Impairment loss on trade receivables	29	182
Foreign exchange loss, net	8,861	5,508

8. 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	
	2021 US$'000	2020 US$'000
Consolidated statement of comprehensive income		
Current income tax		
- Current year's income tax	(112,897)	(19,851)
- Over/(Under) provision in respect of previous years	3,939	(1,260)
Deferred income tax benefit/(expense) (Note 18)	2,942	(4,007)
Withholding tax expense	(24,635)	(7,138)
Income tax expense	(130,651)	(32,256)
Other comprehensive income		
Deferred tax relate to other comprehensive income:		
- Net actuarial loss/(gain) on post-employment benefits	119	(54)

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	381,911	66,724
Add: Share of results of joint ventures	22,658	4,903
	404,569	71,627
Tax expenses at the domestic rates applicable in the countries where the Group operates	(88,600)	(14,336)
Adjustments:		
Income not subject to tax	1,512	5,512
Expenses not deductible for tax purposes	(21,859)	(11,836)
Deferred tax assets not recognised	(1,464)	(3,322)
Utilisation of previously unrecognised deferred tax assets	1,561	–
Over/(Under) provision in respect of previous years	3,939	(1,260)
Deferred tax on undistributed profits of foreign subsidiaries	(964)	–
Withholding tax expense	(24,635)	(7,138)
Others	(141)	124
Income tax expense	(130,651)	(32,256)

The corporate income tax rate applicable to the entities in Singapore is 17% (2020: 17%).
The corporate income tax rate applicable to the subsidiaries in Indonesia is 22% (2020: 22%).
The corporate income tax rate applicable to the subsidiaries in Australia is 30% (2020: 30%).

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

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	
	2021 US$'000	2020 US$'000
Profit for the year attributable to owners of the Company	114,323	8,085
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)	4.86	0.34

10. Biological assets

	Group	
	2021 US$'000	2020 US$'000
Movement in biological assets:		
At 1 January	6,587	6,059
Costs incurred during the year	305	207
	6,892	6,266
Net change in fair value less estimated costs to sell	484	321
At 31 December	7,376	6,587

	Group			
	2021		2020	
	Hectares	US$'000	Hectares	US$'000
Existing Plantation Forest	9,647	7,307	9,253	6,321
Utilisable Natural Forest	715	69	2,048	266
	10,362	7,376	11,301	6,587

10. Biological assets (cont'd)

Biological assets relate to Acacia Mangium and Sengon 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 5,907 m^3 (2020: 7,372 m^3) of logs.

Fair value measurements

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. Point-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% (2020: 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 166.7 m^3/ha (2020: 16.8 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$38.4/$m^3$ to US$54/$m^3$ (2020: US$38.9/$m^3$ to US$54.9/$m^3$)	The higher the selling price, the higher the fair value
- Pulpwood	US$47.8/$m^3$ (2020: US$48.5/$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.

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 2020	55,650	46,778	3,161	7,584	2,931	18,593	134,697
Additions	110	136	233	1,412	65	12,769	14,725
Disposals	–	–	(2)	–	–	–	(2)
Reclassification	7,326	21,141	117	592	–	(29,176)	–
Acquisition of subsidiaries	3,206	36,058	–	167	–	2,178	41,609
Exchange differences	665	7,600	–	44	–	258	8,567
At 31 December 2020 and 1 January 2021	66,957	111,713	3,509	9,799	2,996	4,622	199,596
Additions	51	378	629	697	64	16,693	18,512
Disposals	–		–	(4)	–	–	(4)
Written off	–	–	–	–	–	(23)	(23)
Reclassification	3,401	4,895	734	169	–	(9,199)	–
Exchange differences	(332)	(2,778)	–	(19)	–	(283)	(3,412)
At 31 December 2021	70,077	114,208	4,872	10,642	3,060	11,810	214,669
Accumulated depreciation							
At 1 January 2020	21,560	13,515	1,873	5,635	–	–	42,583
Charge for the year	4,583	8,738	414	1,923	43	–	15,701
Disposals	–	–	(1)	–	–	–	(1)
Reclassification	–	(57)		57	–	–	–
Exchange differences	64	557	–	15	–	–	636
At 31 December 2020 and 1 January 2021	26,207	22,753	2,286	7,630	43	–	58,919
Charge for the year	5,209	14,113	589	1,420	39	–	21,370
Impairment loss	–	883	–	–	–	–	883
Disposals	–	–	–	(4)	–	–	(4)
Reclassification	–	68	–	(68)	–	–	–
Exchange differences	(103)	(631)	–	(15)	–		(749)
At 31 December 2021	31,313	37,186	2,875	8,963	82	–	80,419
Net carrying amount							
At 31 December 2020	40,750	88,960	1,223	2,169	2,953	4,622	140,677
At 31 December 2021	38,764	77,022	1,997	1,679	2,978	11,810	134,250

11. Property, plant and equipment (cont'd)

Included in property, plant and equipment is a wood chip mill valued at scrap value of US$1,696,000 as at 31 December 2021 (2020: US$2,579,000).

Bearer plants comprise of mature and immature rubber plantations. The rubber plantation presently consists of trees aged between 5 to 9 years as at 31 December 2021, the Group's total plantation area is approximately 931 hectares (2020: 931 hectares).

(a) Assets pledged as security

Certain property and equipment of the Group with carrying value of US$15,401,000 (2020: US$18,628,000) as at 31 December 2021 have been pledged as collateral for bank borrowings (Note 27).

(b) Depreciation charge

Details of the depreciation charge for the financial year ended are as follows:

	Group	
	2021	2020
Charged to profit or loss	US$'000	US$'000
- cost of sales	14,159	8,818
- selling and distribution expenses	3,105	2,623
- administrative expenses	3,761	3,665
- other operating expenses	345	595
Depreciation for the financial year	21,370	15,701

	Computers, office equipment, furniture and fittings	
	2021	2020
Company	US$'000	US$'000
Cost		
At 1 January	401	389
Additions	18	6
Net exchange differences	(8)	6
At 31 December	411	401
Accumulated depreciation		
At 1 January	316	236
Charge for the financial year	69	73
Net exchange differences	(7)	7
At 31 December	378	316
Net carrying amount		
At 31 December	33	85

12. Mining properties

Group	Mines under construction US$'000	Producing mines US$'000	Stripping activity US$'000	Total US$'000
Cost				
At 1 January 2020	9,140	221,013	100,747	330,900
Additions	4,300	1,133	–	5,433
Acquisition of subsidiaries	58,064	94,901	–	152,965
Net exchange differences	11,223	20,042	(3)	31,262
At 31 December 2020 and 1 January 2021	82,727	337,089	100,744	520,560
Additions	35,680	10,906	–	46,586
Reclassification	29,643	(29,643)	–	–
Transfer to producing mines	(766)	766	–	–
Net exchange differences	(4,880)	(8,853)	–	(13,733)
At 31 December 2021	142,404	310,265	100,744	553,413
Accumulated amortisation				
At 1 January 2020	–	36,528	62,464	98,992
Charge for the year	–	11,075	3,913	14,988
Net exchange differences	–	3,735	–	3,735
At 31 December 2020 and 1 January 2021	–	51,338	66,377	117,715
Charge for the year	–	22,129	3,428	25,557
Net exchange differences	–	(3,860)	–	(3,860)
At 31 December 2021	–	69,607	69,805	139,412
Net carrying amount				
At 31 December 2020	82,727	285,751	34,367	402,845
At 31 December 2021	142,404	240,658	30,939	414,001

Details of the amortisation expenses for the financial year ended are as follows:

	Group	
	2021 US$'000	2020 US$'000
Charged to profit or loss		
- cost of sales	25,052	14,518
- other operating expenses	505	470
Amortisation expenses for the financial year	25,557	14,988

Included in the acquired mine properties during the year was the capitalised amount of provision relating to rehabilitation of areas caused by mining disturbance (Note 29a) amounting to US$9,905,000 (31 December 2020: US$1,171,000).

13. Intangible assets

Group	Forest concession license (Note a) US$'000	Rail loop benefit (Note b) US$'000	Total US$'000
Cost			
At 1 January 2020	13,046	–	13,046
Acquisition of subsidiaries	–	1,830	1,830
Net exchange difference	..	336	336
At 31 December 2020 and 1 January 2021	13,046	2,166	15,212
Net exchange difference	–	(110)	(110)
At 31 December 2021	13,046	2,056	15,102
Accumulated amortisation			
At 1 January 2020	2,357	–	2,357
Charge for the year	505	218	723
Net exchange difference	–	24	24
At 31 December 2020 and 1 January 2021	2,862	242	3,104
Charge for the year	505	378	883
Net exchange difference	–	(25)	(25)
At 31 December 2021	3,367	595	3,962
Net carrying amount			
At 31 December 2020	10,184	1,924	12,108
At 31 December 2021	9,679	1,461	11,140

(a) Forest concession license

Forest concession license was acquired as a result of the Reverse Acquisition. As at reporting date, it has remaining period of 20 years (2020: 21 years).

The Group owns forestry concession rights of 247,713 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.

(b) Rail loop benefit

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. As at reporting date, it has remaining period of 4 years (2020: 5 years).

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 5 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	2,598	3,203	15	5,816
Additions	2,028	443	–	2,471
Disposals	–	(751)	–	(751)
Exchange difference	64	(45)	–	19
At 31 December 2020 and 1 January 2021	4,690	2,850	15	7,555
Additions	2,204	2,390	–	4,594
Exchange difference	(142)	(109)	–	(251)
At 31 December 2021	6,752	5,131	15	11,898
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 and 1 January 2021	2,568	2,218	6	4,792
Charge for the year	1,423	1,237	3	2,663
Exchange difference	(11)	16	–	5
At 31 December 2021	3,980	3,471	9	7,460
Net carrying amount				
At 31 December 2020	2,122	632	9	2,763
At 31 December 2021	2,772	1,660	6	4,438

14. Leases – as lessee (cont'd)

Set out below are the carrying amount of right-of-use assets recognised and the movement during the year (cont'd):

Company	Properties US$'000	Other equipment US$'000	Total US$'000
Cost			
At 1 January 2020	220	9	229
Additions	642	–	642
Exchange difference	30	–	30
At 31 December 2020 and 1 January 2021	892	9	901
Exchange difference	(19)	–	(19)
At 31 December 2021	873	9	882
Accumulated depreciation			
At 1 January 2020	175	2	177
Charge for the year	205	2	207
Exchange difference	12	–	12
At 31 December 2020 and 1 January 2021	392	4	396
Charge for the year	219	2	221
Exchange difference	(10)	–	(10)
At 31 December 2021	601	6	607
Net carrying amount			
At 31 December 2020	500	5	505
At 31 December 2021	272	3	275

Set out below are the carrying amount of lease liabilities (included under loans and borrowings) and movement during the year:

	Group		Company	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
At 1 January	2,827	3,353	498	52
Additions	3,973	2,137	–	619
Adjustment	–	(1,092)	–	–
Accretion of interest	350	190	19	21
Payments	(3,729)	(1,743)	(230)	(213)
Exchange difference	701	(18)	(9)	19
At 31 December	4,122	2,827	278	498
Current (Note 27)	1,798	1,600	220	214
Non-current (Note 27)	2,324	1,227	58	284

14. Leases – as lessee (cont'd)

The followings are the amounts recognised in profit or loss:

	Group	
	2021 US$'000	2020 US$'000
Amortisation expense of right-of-use assets (included in administrative expenses and other operating expenses)	2,663	2,420
Interest expense on lease liabilities (included in finance costs)	350	190
Expenses relating to lease of low-value assets (included in other operating expenses)	157	193
Total amount recognised in profit or loss	3,170	2,803

15. Goodwill

	2021 US$'000	2020 US$'000
Group		
At 1 January	98,198	106,751
Impairment loss	(13,400)	(8,553)
At 31 December	84,798	98,198

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	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Goodwill	62,422	75,822	22,376	22,376
Forest concession license	9,679	10,184	-	-

The recoverable amount of the forestry and pulp CGU and coal mining CGUs have been determined based on value-in-use ("VIU") calculations 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	
	2021	2020	2021	2020
Projected logs / coal prices	US$40 – US$84/m^3	US$44 – US$90/m^3	US$11 – US$71/tonne	US$11 – US$62/tonne
Discount rates	14.2%	13.2%	11.0%	11.1%

15. Goodwill (cont'd)

Sensitivity to changes in assumptions

Projected logs/coal prices – prices are based on industry research and the Group's historical data.

Any reduction in the log 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.

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"), which takes into account the debt and equity required to fund the operations. The cost of equity is derived from the expected return on investment by the Group's investor. 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.

Any rise in pre-tax discount tax rate in forestry and pulp CGU would result in a further impairment. A rise in pre-tax discount rate to 11.5% (i.e, +0.5%) in coal mining CGUs would not result in impairment.

16. Investment in subsidiaries

	Company	
	2021	2020
	US$'000	US$'000
Shares, at cost	1,449,819	1,529,733
Impairment loss	(65,580)	(67,037)
	1,384,239	1,462,696

As at 31 December 2021, certain investments in subsidiaries were tested for impairment as they were loss making or the carrying amount of the investment in these subsidiaries exceeded the carrying amounts of the investee's net assets. An impairment loss is the amount by which the carrying amount of an asset or a CGU exceeds its recoverable amount. 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 loss was required to be recognised during the year (2020: Nil).

16. 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 2021	2020
Held by the Company				
Anrof Singapore Limited[2]	Mauritius	Investment holding	100.0000	100.0000
Poh Lian (Cambodia), Ltd[3]	Cambodia	Dormant	100.0000	100.0000
Able Advance Limited[3]	British Virgin Islands	Dormant	100.0000	100.0000
PT Golden Energy Mines Tbk[2][6]	Indonesia	Investment holding	62.4998	66.9998
GEAR Trading Enterprise Pte Ltd[1]	Singapore	General commodities trading	100.0000	100.0000
GEAR Innovation Network Pte Ltd[1]	Singapore	R&D on engineering, software & programming for coal mining industry	100.0000	100.0000
Golden Investments (Australia) Pte Ltd[1]	Singapore	Investment holding	100.0000	79.6697
Golden Investments (Australia) II Pte Ltd[1]	Singapore	Investment holding	100.0000	100.0000
GEAR Renewables Pte Ltd[1]	Singapore	Generation of electricity by other sources	100.0000	100.0000
PT Marga Buana Bumi Mulia[5]	Indonesia	Dormant	97.2300	97.2300
PT Mangium Anugerah Lestari[5]	Indonesia	Dormant	36.5740	36.5740
PT Hutan Rindang Banua[2]	Indonesia	Forestry operation	51.8204	33.8487
Held through Anrof Singapore Limited				
PT Marga Buana Bumi Mulia[5]	Indonesia	Dormant	2.7700	2.7700
PT Mangium Anugerah Lestari[5]	Indonesia	Dormant	63.4236	63.4236
PT Hutan Rindang Banua[2]	Indonesia	Forestry operation	48.1796	66.1513
Pacificwood Investment Ltd[2]	Mauritius	Investment holding and trading	100.0000	100.0000
Shinning Spring Resources Limited[3]	British Virgin Islands	Investment holding	100.0000	100.0000

16. Investments in subsidiaries (cont'd)

(a) Composition of the Group (cont'd)

Name	Country of incorporation	Principal business activities	Proportion (%) of ownership interest 2021	2020
Held through PT Golden Energy Mines Tbk ("GEMS")				
PT Roundhill Capital Indonesia[2]	Indonesia	Holding company and trading	99.0158	99.0158
PT Kuansing Inti Makmur[2]	Indonesia	Coal mining	99.9998	99.9998
PT Trisula Kencana Sakti[2]	Indonesia	Coal mining	70.0000	70.0000
GEMS Trading Resources Pte Ltd[1]	Singapore	Trading	100.0000	100.0000
PT Karya Mining Solution[3]	Indonesia	Mining Services	99.9999	99.9999
PT Borneo Indobara[2]	Indonesia	Coal mining	98.0951	98.0951
PT Karya Cemerlang Persada[2]	Indonesia	Coal mining	99.9998	99.9998
PT Bungo Bara Utama[2]	Indonesia	Coal mining	99.9998	99.9998
PT Bara Harmonis Batang Asam[2]	Indonesia	Coal mining	99.9998	99.9998
PT Berkat Nusantara Permai[2]	Indonesia	Coal mining	99.9998	99.9998
PT Tanjung Belit Bara Utama[2]	Indonesia	Coal mining	99.9998	99.9998
PT GEMS Energy Indonesia[4]	Indonesia	Trading	99.9902	99.9902
PT Era Mitra Selaras[2]	Indonesia	Holding company	100.0000	100.0000
PT Wahana Rimba Lestari[2]	Indonesia	Coal mining	100.0000	100.0000
PT Berkat Satria Abadi[2]	Indonesia	Coal mining	100.0000	100.0000
PT Kuansing Inti Sejahtera[4]	Indonesia	Coal mining	99.9998	99.9998
PT Bungo Bara Makmur[4]	Indonesia	Coal mining	99.9998	99.9998
PT Dwikarya Sejati Utama[2]	Indonesia	Management consulting	100.0000	100.0000
PT Duta Sarana Internusa[2]	Indonesia	Management consulting	100.0000	100.0000
PT Barasentosa Lestari[2]	Indonesia	Coal mining and developing a mine-mouth power plant	100.0000	100.0000
PT Unsoco[2]	Indonesia	Management consulting	99.9999	99.9999

16. Investments in subsidiaries (cont'd)

(a) Composition of the Group (cont'd)

Name	Country of incorporation	Principal business activities	Proportion (%) of ownership interest 2021	2020
Held through Golden Investments (Australia) Pte. Ltd.				
Stanmore Resources Limited (formerly known as Stanmore Coal Limited)[2]	Australia	Investment holding	75.3300	75.3300
Held through Stanmore Resources Limited ("Stanmore")				
Mackenzie Coal Pty Limited[2]	Australia	Coal exploration	100.0000	100.0000
Comet Coal & Coke Pty Limited[2]	Australia	Coal exploration	100.0000	100.0000
Belview Coal Pty Ltd[2]	Australia	Coal exploration	100.0000	100.0000
Belview Expansion Pty Ltd[2]	Australia	Coal exploration	100.0000	100.0000
Stanmore Coal Custodians Pty Ltd[2]	Australia	Trustee of Stanmore Employee Share Trust	100.0000	100.0000
Emerald Coal Pty Ltd[2]	Australia	Coal exploration	100.0000	100.0000
New Cambria Pty Ltd[2]	Australia	Coal exploration	100.0000	100.0000
Kerlong Coking Coal Pty Ltd[2]	Australia	Coal exploration	100.0000	100.0000
Stanmore Surat Coal Pty Ltd[2]	Australia	Coal exploration	100.0000	100.0000
Theresa Creek Coal Pty Ltd[2]	Australia	Coal exploration	100.0000	100.0000
Stanmore Wotonga Pty Ltd[2]	Australia	Coal exploration & mining	100.0000	100.0000
Stanmore IP Coal Pty Ltd[2]	Australia	Coal mining	100.0000	100.0000
Stanmore IP South Pty Ltd[2]	Australia	Coal exploration	100.0000	100.0000
Stanmore Bowen Coal Pty Ltd[2]	Australia	Coal exploration & mining	100.0000	100.0000
Isaac Plains Coal Management Pty Ltd[2]	Australia	Coal exploration & mining	100.0000	100.0000
Isaac Plains Sales & Marketing Pty Ltd[2]	Australia	Coal exploration & mining	100.0000	100.0000
Stanmore SMC Holdings Pty Ltd[2]	Australia	Coal exploration & mining	100.0000	–
Stanmore Green Pty Ltd[2]	Australia	Renewable energy	100.0000	–

16. Investment in subsidiaries (cont'd)

(a) Composition of the Group (cont'd)

(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, Nurdiyaman, Mulyadi, Tjahjo & Rekan.
(6) The shares were pledged to secure bank borrowings (Note 27).

Increased of ownership interest in subsidiaries

During the financial year ended 31 December 2021, the Company restructured its investment in PT Hutan Rindang Banua ("HRB") through the subscription for additional ordinary shares and increased its direct interest from 33.8487% to 51.8204%. Following the additional investment, HRB has become a direct subsidiary of the Company instead of an indirect subsidiary that was held through Anrof Singapore Limited. Notwithstanding the Company's additional shares subscribed for during the year, the Group's shareholding in HRB remains at 100%.

On 15 December 2021, the Company completed the purchase of 32,483,518 shares that it did not already own in Golden Investments (Australia) Pte Ltd ("GIAPL") for a consideration of US$30,000,000 from Ascend Global Investment Fund SPC – ADSP ("Ascend Global"). With the completion of the share purchase GIAPL became a wholly owned subsidiary of the Company. As the changes in ownership interests did not result in a loss of control, the transaction was accounted for as an equity transaction and any difference between the consideration paid and the carrying amount of the non-controlling interests recognised in equity of the parent. The Group has elected to recognise the difference in retained earnings. As a result, Group's foreign currency translation reserves of US$2,008,000 was increased, and retained earnings of US$5,818,000, other reserves of US$1,000 and non-controlling interest of US$26,400,000 were decreased.

Disposal of ownership interest in a subsidiary without loss of control

On 30 March 2021, the Company completed the sale of 264,705,885 shares, representing approximately 4.5% interest, in GEMS, a direct subsidiary of the Company, to Ascend Global Investment Fund SPC – ADSP ("Ascend Global") for the consideration of US$50,000,000.

Following the completion of the sale, the Company held a 62.4998% equity stake in GEMS. As the sale did not result in a loss of control the transaction has been accounted for as an equity transaction (Note 30).

16. 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
2021					
PT Golden Energy Mines Tbk	Indonesia	37.5002%	136,639	119,432	118,824
Golden Investments (Australia) Pte Ltd	Australia	24.6700%*	298	46,906	–
2020					
PT Golden Energy Mines Tbk	Indonesia	33.0002%	32,923	117,243	25,561
Golden Investments (Australia) Pte Ltd	Australia	20.3303%	(6,540)	75,414	–

* During the year, the Company acquired the remaining 20.33% equity interest in GIAPL (Note 16a) and it become a wholly owned subsidiary. The proportion of ownership interest held by NCI represents the NCI interest of Stanmore Resources Limited via GIAPL.

16. Investment in subsidiaries (cont'd)

(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	
	2021 US$'000	**2020 US$'000**	**2021 US$'000**	**2020 US$'000**
Current				
Assets	435,323	410,625	136,287	80,532
Liabilities	(425,226)	(331,222)	(154,213)	(62,769)
Net current assets/ (liabilities)	10,097	79,403	(17,926)	17,763
Non-current				
Assets	393,712	403,644	270,376	245,887
Liabilities	(87,481)	(133,660)	(81,697)	(82,883)
Net non-current assets	306,231	269,984	188,679	163,004
Net assets	316,328	349,387	170,753	180,767

Summarised statement of comprehensive income

	PT Golden Energy Mines Tbk		Golden Investments (Australia) Pte Ltd	
	2021 US$'000	**2020 US$'000**	**2021 US$'000**	**2020 US$'000**
Revenue	1,585,954	1,061,410	286,596	97,234
Profit/(loss) before tax	460,841	127,133	(492)	(21,958)
Income tax (expense)/benefit	(106,510)	(31,275)	(388)	6,012
Profit/(loss) after tax	354,331	95,858	(880)	(15,946)
Other comprehensive income	282	(267)	–	1,343
Total comprehensive income	354,613	95,591	(880)	(14,603)

16. Investment in subsidiaries (cont'd)

(c) Summarised financial information about subsidiaries with material NCI (cont'd)

Other summarised information

	PT Golden Energy Mines Tbk		Golden Investments (Australia) Pte Ltd	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Cash flows generated from/(used in) operating activities	375,481	142,830	34,483	(10,863)
Acquisition of significant property, plant and equipment	(6,837)	(5,983)	(11,539)	(8,591)

17. Investment in joint ventures

	Group	
	2021 US$'000	2020 US$'000
Redeemable Preference Shares in a joint venture	31,044	17,430
Interest in joint ventures	3,266	30,582
	34,310	48,012

Name of entity	Place of business/country of incorporation	Proportion (%) of ownership interest	
		2021	2020
Held through Golden Investments Australia (II) Pte Ltd			
Ravenswood Gold Group Pty Ltd[1]	Australia	50	50
Held through Stanmore Resources Limited			
MetRes Pty Ltd[1]	Australia	50	–

[1] Audited by member firms of Ernst & Young Global in the respective countries.

The carrying amounts of the investments are as follows:

	Group	
	2021 US$'000	2020 US$'000
Ravenswood Gold Group Pty Ltd	34,310	48,012
MetRes Pty Ltd	–	–
	34,310	48,012

17. Investment in joint ventures (cont'd)

Terms and conditions of the Redeemable Preference Shares ("RPS") in Ravenswood Gold Group Pty Ltd ("RWG"):

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 PRS; 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 nor do RPS holders have the rights to participate in the RWG's business operations or management; and
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 35c.

The summarised financial information in respect of RWG, which is material to the Group, is as follows:

Summarised statement of financial position:

	2021 US$'000	2020 US$'000
Current assets, including cash and cash equivalents US$18,843 (2020: US$30,757)	49,125	59,110
Non-current assets	490,482	212,984
Current liabilities, including trade and other payables and provisions US$42,039 (2020: US$34,373)	(116,788)	(56,283)
Non-current liabilities, including trade and other payables and provisions US$41,343 (2020: US$28,424)	(416,288)	(154,648)
Equity	6,531	61,163
Group's share in equity - 50%	3,266	30,582
Group's share in redeemable preference shares - 50%	31,044	17,430
Group's carrying amount of the investment	34,310	48,012

17. Investment in joint ventures (cont'd)

The summarised financial information in respect of RWG, which is material to the Group, is as follows (cont'd):

Summarised statement of comprehensive income:

	2021 US$'000	2020 US$'000
Revenue	136,241	82,043
Interest income	10	31
Expenses, including depreciation and amortisation US$16,532 (2020: US$2,812) and interest expense US$17,924 (2020: US$4,800)	(195,632)	(93,376)
Loss before tax	(59,381)	(11,302)
Income tax benefit	17,680	1,497
Loss for the year	(41,701)	(9,805)
Other comprehensive income	(71,727)	-
Total comprehensive income for the year	(113,428)	(9,805)
Group's share of loss for the year	(20,850)	(4,903)
Group's share of other comprehensive income for the year	(35,864)	-

The information in respect of MetRes Pty Ltd, which is not material to the Group, is as follows:

Summarised statement of comprehensive income:

	2021 US$'000
Loss for the year	(10,309)
Other comprehensive income	-
Total comprehensive income for the year	(10,309)
Group's share of loss for the year	(1,808)

The Group has not recognised a share of losses totalling US$3,346,000 in relation to its interests in MetRes Pty Ltd as the share of losses exceed the Group's investment in the joint venture.

18. Deferred tax

The deferred tax as at 31 December relates to the following:

	Group				Company	
	Statement of financial position		Consolidated statement of comprehensive income		Statement of financial position	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Deferred tax assets:						
Unutilised tax losses	4,213	3,831	2	(532)	–	–
Stripping activity asset	726	666	–	52	–	–
Post-employment benefits liability	1,014	934	172	65	–	–
Provisions	1,209	1,002	66	439	–	–
Others	437	434	(86)	306	–	–
	7,599	6,867			–	–
Deferred tax liabilities:						
Mining properties	(69,323)	(71,618)	(5,562)	(705)	–	–
Property, plant and equipment	(11,366)	(5,866)	(7,788)	113	–	–
Biological assets	(1,079)	(974)	(106)	(70)	–	–
Intangible assets	(2,083)	(2,304)	200	155	–	–
Undistributed profit of foreign subsidiaries	(810)	(1,773)	964	–	–	–
Inventory – overburden in advance	–	(9,213)	11,093	(1,763)		–
Contingent liability – vendor royalties	1,894	3,175	(1,160)	(1,779)	–	–
Provisions	5,863	7,578	(657)	(695)	–	–
Others	1,741	595	5,804	407		–
	(75,163)	(80,400)				–
			2,942	(4,007)		

Unutilised tax losses

At the end of reporting year, the Group has tax losses of approximately US$254,000 (2020: US$358,000) for which no deferred tax asset has been 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 regulations and subject to the approval by the Indonesian tax authorities.

Unrecognised temporary differences relating to investment in subsidiaries

As at the reporting date, the Group recognised a deferred tax liability of US$810,000 (2020: US$1,773,000) for taxes that would potentially be payable on the undistributed earnings of certain subsidiaries if these are to be distributed in the future.

18. Deferred tax (cont'd)

Unrecognised temporary differences relating to investment in subsidiaries

Temporary differences for which no deferred tax liability has been recognised is approximately US$50,124,000 (2020: US$66,584,000).The deferred tax liability related to this amount is estimated to be US$5,012,400 (2020: US6,658,400). 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 dividends to the Company in the foreseeable future.

19. Trade and other receivables

	Group		Company	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Current				
Trade receivables				
- Related parties	11,143	10,854	-	-
- Third parties	160,754	106,326	-	-
Amount due from subsidiaries	-	-	108,873	67,434
Other receivables				
- Related parties	–	–	69,787	20,491
- Third parties	34,429	22,456	48	28
Loan to a subsidiary	–	–	67,600	10,000
Loan to a joint venture	7,420	–	–	–
	213,746	139,636	246,308	97,953
Non-current				
Other receivables				
- Related parties	4,353	1,390	–	–
- Third parties	799	682	–	–
Amount due from subsidiaries	–	–	307	290
Loan to a joint venture	10,873	–	–	–
	16,025	2,072	307	290
Total trade and other receivables	229,771	141,708	246,615	98,243
Add:				
Cash and cash equivalents (Note 24)	379,821	262,799	135,738	53,543
Deposits (Note 21)	52,872	59,398	59	32,911
Total financial assets carried at amortised cost	662,464	463,905	382,412	184,697

19. Trade and other receivables (cont'd)

Trade and other receivables denominated in foreign currencies as at year end are as follows:

	Group		Company	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
IDR	109,638	64,377	68,515	5
USD	–	–	74,031	15,409
AUD	27,293	7,319	103,247	61,881
GBP	188	190	188	190

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 for certain Group's loan facilities (Note 27).

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.

The Company entered into a facility agreement with Stanmore on 2 November 2020, which was amended on 2 July 2021, in respect to a secured loan granted by the Company to Stanmore of US$70,000,000 up until 30 June 2022. The loan bears interest 8.0% per annum on drawn funds, and 2.0% per annum on undrawn funds. As at 31 December 2021, US$67,600,000 has been drawn down under this facility (31 December 2020: US$10,000,000). Subsequent to reporting date, the maturity date of the facility has been extended to 30 June 2023 (Note 40).

The loan to a joint venture is from a A$50,000,000 secured loan facility provided by Stanmore to MetRes Pty Ltd. The loan bears interest of 9.0% per annum on drawn funds and 3.0% per annum on undrawn funds, and it is fully secured against the underlying property, plant and equipment, and mine properties of the Joint Venture. As at 31 December 2021, A$28,950,000 has been drawn from the loan facility, of which US$7,420,000 is included under current other receivables and US$10,873,000 under non-current other receivables, less an offsetting cash prepayment of US$2,692,000.

During the financial year, the loan granted to Asia Coal Energy Ventures Limited ("ACEV") by the Group with interest rate 7.5% + LIBOR per annum which included in other receivables had been fully settled and the facility agreement terminated. As at 31 December 2020, the balance outstanding amounted to US$8,280,000. The loan was secured by a share charge over 10.0% of the entire issued shares in ACEV.

19. Trade and other receivables (cont'd)

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	2021 US$'000	2020 US$'000
Movement in allowance accounts:		
At 1 January	278	88
Charged to profit or loss	29	182
Exchange differences	(2)	8
At 31 December	305	278

20. Restricted funds

Restricted funds pertain to the collateral for river rehabilitation, landfill, transportation and reclamation guarantee, and an interest reserve accounts held in a bank for the Group's Senior Secured Notes and certain loan facility (Note 27).

Restricted funds denominated in foreign currencies as at year end are as follows:

	Group	
	2021 US$'000	2020 US$'000
IDR	8,748	7,948
AUD	2,690	3,816

21. Other current and non-current assets

	Group		Company	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Current				
Advances[1]	40,998	60,385	-	-
Prepayments	13,308	7,249	179	170
Deposits[2]	31,071	33,355	59	32,911
Others	702	-	-	-
	86,079	100,989	238	33,081
Non-current				
Land exploitation[3]	32,687	31,735	–	–
Estimated tax refund	5,451	10,456	–	–
Deposits [4]	21,801	26,043	–	–
Prepayment	624	664	–	–
Advances	3,812	3,913	–	–
Software	70	107	–	–
Others	1,231	1,005	–	–
	65,676	73,923	–	–

(1) Advances mainly consist of advances for purchase of coal and other advances to third parties.

(2) Included in the deposits (current) is the refundable deposit of US$30 million (2020: Nil) paid by Stanmore in relation to the proposed acquisition of BHP Mitsui Coal Pty Ltd ("BMC") (Note 39).

(3) Land exploitation mainly consist of prepayment to third parties for the clearance of the mine concession areas.

(4) Deposits (non-current) are refundable and mainly consists of 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.

21. Other current and non-current assets (cont'd)

The movement in the software and land exploitation are as follows:

Group	Software		Land exploitation	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Cost:				
At beginning of the year	2,599	2,425	44,824	43,106
Addition	12	174	2,056	2,057
Exchange difference	-	-	105	(339)
At end of the year	2,611	2,599	46,985	44,824
Accumulated amortisation:				
At beginning of the year	2,492	2,356	13,089	12,116
Amortisation	46	133	1,313	1,046
Exchange difference	3	3	(104)	(73)
At end of the year	2,541	2,492	14,298	13,089
Net carrying amount				
At 31 December	70	107	32,687	31,735

Other current and non-current assets denominated in foreign currencies as at year end are as follows:

	Group	
	2021 US$'000	2020 US$'000
IDR	21,914	36,770
AUD	45,063	48,996

22. Inventories

	Group	
	2021 US$'000	2020 US$'000
Statement of financial position:		
Coal	38,252	32,493
Coal in transit	137	322
Overburden in advance	–	37,612
Spare parts	256	268
Others	188	491
Total inventories at lower of cost and net realisable value	38,833	71,186
Consolidated statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	68,565	23,699

22. Inventories (cont'd)

Certain coal inventories owned by the Group was used as fiduciary collateral to guarantee the payment of Omnibus Trade Non-Cash Backed loan facility (Note 27).

23. Investment securities

	Group		Company	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Current				
At fair value through profit or loss				
- Equity securities (quoted)	1,519	1,925	1,519	1,925
- Redeemable Preference Shares	15,000	–	15,000	
	16,519	1,925	16,519	1,925
Non-current				
At fair value through other comprehensive income				
- Equity securities (quoted)	24,832	–	24,832	–
- Equity securities (unquoted)	1,000	1,030	–	–
- Redeemable Preference Shares	3,497	3,613	–	–
	29,329	4,643	24,832	–

The Group has elected to measure these non-current equity instruments at FVOCI due to it'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 it's intention to hold for short-term purpose.

24. Cash and cash equivalents

	Group		Company	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Cash on hand	109	104	–	–
Cash at banks	243,027	205,054	3,985	1,300
Short-term investments	136,685	57,641	131,753	52,243
	379,821	262,799	135,738	53,543

24. Cash and cash equivalents (cont'd)

Cash and cash equivalents denominated in foreign currencies as at year ended are as follows:

	Group		Company	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
IDR	35,201	8,073	716	17
AUD	18,195	1,565	9,438	633

Short term investments are deposits made for varying periods of between one and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term investments rates. The interest rates per annum for the Group and Company are as follows:

	Group		Company	
	2021 %	2020 %	2021 %	2020 %
USD	0.10% to 6.14%	0.18% to 6.10%	0.10% to 6.14%	0.18% to 6.10%
AUD	0.20% to 3.40%	0.25% to 0.97%	0.25% to 3.40%	0.25% to 0.97%

25. Trade and other payables

	Group		Company	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Current				
Trade payables: [1]				
- Related parties	2,037	1,247	–	–
- Third parties	176,730	161,467	–	..
Other payables:				
- Dividend payable [2]	42,297	9,678	–	–
- Related parties	10	2,154	–	–
- Subsidiaries [3]	–	–	9,510	9,510
- Third parties [4]	1,376	1,387	91	274
Accrued expenses [5]	62,071	83,901	4,716	6,805
Non-trade payables [4]	17,606	9,852	6,994	2,610
Advances received [6]	3,875	3,121	–	–
Contingent consideration – vendor royalties (Note 34d)	1,961	5,356		–
Others	66	64	66	64
	308,029	278,227	21,377	19,263
Non-current				
Guarantee deposits	105	106	–	–
Other payables - related parties [7]	–	27,183	–	–
Contingent consideration – vendor royalties (Note 34d)	4,352	5,227	–	–
Others	474	45	–	–
	4,931	32,561	–	–
Total trade and other payables	312,960	310,788	21,377	19,263
Less:				
Advances received	(3,875)	(3,121)	–	–
Contingent consideration – vendor royalties (Note 34d)	(6,313)	(10,583)	–	–
Add:				
Loans and borrowings (Note 27)	409,432	381,992	286,708	222,050
Total financial liabilities carried at amortised costs	712,204	679,076	308,085	241,313

(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 to third parties are mainly relate to mining services, bond and loan interest, professional fees, rental and royalty.

(6) Advances received from third parties are mainly relate to plywood, logs and coal sales.

(7) Other payables to related parties were fully repaid during the financial year. As at 31 December 2020,other payables to related parties amounted to US$27,183,000. The other payables to related parties are non-interest bearing and repayable on the agreed term for working capital purpose.

25. Trade and other payables (cont'd)

Trade and other payables denominated in foreign currencies as at year ended are as follows:

	Group		Company	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
IDR	171,117	167,792	7,221	2,051
AUD	66,826	56,149	76	1,032

26. Derivative financial instruments

	Group	
	2021 US$'000	2020 US$'000
Derivative financial instruments – forwards currency contracts	4,437	–

As at 31 December 2021, the Group has derivative financial liabilities of US$4,437,000 (31 December 2020: Nil) which arose from forward currency contracts the Group entered into during the financial year. During the financial year, the Group has recognised fair value loss on derivative financial instruments totalling US$4,437,000 (2020: Nil) as a result of these transactions.

27. Loans and borrowings

	Maturity	Group 2021 US$'000	Group 2020 US$'000	Company 2021 US$'000	Company 2020 US$'000
Current:					
Lease liabilities					
5.25% - 9.59% p.a Lease liabilities (Note 14)	2022	1,798	1,600	220	214
Bank borrowings					
5.5% p.a fixed rate USD loan (2020: 5.5%)	2022	3,364	1,164	–	–
4.75% - 5.25% p.a fixed rate USD loan (2020: 5.25%)	2022	35,000	57,400	–	–
4.75% - 5.25% p.a fixed rate USD loan (2020: 5.25% - 6.25%)	2022	13,775	11,592	–	–
4.25% p.a + 3 months LIBOR USD loan (2020: 4.25% p.a + 3 months LIBOR)	2022	7,000	5,000	–	–
0.2095% p.a + 7.0% margin USD loan	2022	12,000	–	12,000	–
4.55% p.a fixed rate AUD loan (2020: 4.55%)	2022	1,732	1,732	–	–
1.48% p.a fixed rate AUD loan (2020: 2.30%)	2022	1,151	1,126	–	–
2.11% p.a + 7.0% margin AUD loan		–	15,273	–	15,273
0.08% p.a + 7.0% margin AUD loan		–	19,549	–	19,549
Unamortised transaction costs		(114)	(921)	–	(807)
Total bank borrowings (current)		73,908	111,915	12,000	34,015
Total loans and borrowings (current)		75,706	113,515	12,220	34,229

27. Loans and borrowings (cont'd)

	Maturity	Group 2021 US$'000	Group 2020 US$'000	Company 2021 US$'000	Company 2020 US$'000
Non-Current:					
Lease liabilities					
5.25% - 9.59% p.a Lease liabilities (Note 14)	2023 - 2025	2,324	1,227	58	284
Bank borrowings					
4.75% - 5.25% p.a fixed rate USD loan (2020: 5.25% - 6.25%)	2023 - 2024	36,829	50,604	–	–
4.25% p.a + 3 months LIBOR USD loan (2020: 4.25% p.a + 3 months LIBOR)	2023 - 2024	15,500	22,500	–	–
4.55% p.a fixed rate AUD loan (2020: 4.55%)	2023 - 2024	4,872	6,953	–	–
8.5% p.a Senior Secured Notes	2026	285,000	–	285,000	–
2.11% p.a + 7.0% margin AUD loan		–	11,455	–	11,455
0.08% p.a + 7.0% margin AUD loan		–	29,325	–	29,325
9.0% p.a Senior Secured Notes		–	150,000	–	150,000
Unamortised discount on Senior Secured Notes		(3,594)	(919)	(3,594)	(919)
Unamortised transaction costs		(7,205)	(2,668)	(6,976)	(2,324)
Total bank borrowings (non-current)		331,402	267,250	274,430	187,537
Total loans and borrowings (non-current)		333,726	268,477	274,488	187,821
Total loans and borrowings		409,432	381,992	286,708	222,050

The US$150,000,000 Senior Secured Notes carried fixed interest of 9.0% p.a. ("9.0% Notes"). During the financial year, the Group had made an early redemption of the 9.0% Notes.. Expenses of US$9,420,000 were incurred and charged to the profit and loss on the early redemption of the 9.0% Notes (Note 6).

5.5% p.a (2020: 5.5%) fixed rate USD loan

This loan has been drawn down under the Omnibus Trade Non-Cash Backed loan facility which is used as Open Account Financing ("OAF"). The repayment period for this facility is a maximum of 90 days. This loan facility is secured by trade receivable balances and/or inventories of a minimum amount of US$11,000,000 and margin deposit of US$1,750,000. The loan includes financial covenants which requires the GEMS Group to maintain a minimum debt service coverage ratio of 1.2x, and a minimum interest coverage ratio of 2x.

27. Loans and borrowings (cont'd)

4.75% - 5.25% p.a (2020: 5.25%) fixed rate USD loan

This loan is secured by trade receivables, certain property and equipment of the GEMS Group and pledge of certain subsidiaries' 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 150%.

4.75% - 5.25% p.a (2020: 5.25% - 6.25%) p.a fixed rate USD loan

This loan is secured by trade receivables, certain property and equipment of the GEMS Group and pledge of certain subsidiaries' 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$801,000. 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 2021, accumulated amortisation of transaction costs amounted to US$458,000 (2020: US$343,000).

4.25% p.a + 3 months LIBOR (2020: 4.25% p.a + 3 months LIBOR) USD loan

This loan facility has cross collateral and cross default with the loan facilities of 4.75% - 5.25% p.a fixed rate USD loan.

0.2095% p.a + 7.0% margin USD loan

This loan secured by pledge of certain subsidiaries' 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.

4.55% p.a fixed rate (2020: 4.55%) AUD loan

This loan is secured by certain equipment of Stanmore and is repayable on monthly instalments until 10 November 2024.

1.48% p.a fixed rate (2020: 2.30%) AUD loan

This loan is an unsecured short-term loan to finance annual insurance premiums of a subsidiary.

27. Loans and borrowings (cont'd)

8.5% p.a Senior Secured Notes

During the financial year, the Group issued US$285,000,000 Senior Secured Notes which carries fixed interest of 8.5% per annum over period of 5 years ("8.5% Notes"). The 8.5% Notes are secured by pledge of certain subsidiaries' shares and an interest reserve account. The 8.5% 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 8.5% Notes are stated net of discounts and transaction costs totalling US$4,146,000 and US$7,922,000, respectively. Such discount and costs were amortised over the life of the 8.5% 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 2021, accumulated amortisation of discount and transaction costs amounted to US$552,000 and US$946,000, respectively.

A reconciliation of liabilities arising from financing activities is as follows:

				Non-cash changes	
2021	**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**
Current					
- Bank borrowings	111,915	35,227	(120,365)	47,131	73,908
- Lease liabilities	1,600	–	(3,729)	3,927	1,798
	113,515	35,227	(124,094)	51,058	75,706
Non-current					
- Bank borrowings	267,250	290,879	(187,758)	(38,969)	331,402
- Lease liabilities	1,227	–	–	1,097	2,324
	268,477	290,879	(187,758)	(37,872)	333,726

				Non-cash changes	
2020	**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**
Current					
- Bank borrowings	60,365	81,331	(58,306)	28,525	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

* Others pertains to reclassification of non-current portion of bank borrowings and lease liabilities, acquisition of subsidiaries, foreign exchange from translation, discounts and transaction costs.

28. 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. The defined benefit pension plan of certain subsidiary is managed by Dana Pensiun Lembaga Keuangan (DPLK) Simas Jiwa, a related party.

The principal assumptions used in determining post-employment benefits as at reporting date were as follows:

	Group	
	2021	**2020**
Normal retirement age	55 years	55 years
Salary increment rate per annum	7.00%	7.00%
Discount rate per annum	6.75% - 7.00%	7.50%
Mortality rate *	TMI 2019	TMI 2019
Disability level	10.0% of TMI 2019	10.0% of TMI 2019
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	
	2021 US$'000	**2020 US$'000**
Present value of defined benefit obligations and total post-employment benefits	5,007	5,029
Movements in the account are as follows:		
At 1 January	5,029	4,437
Remeasurement recognised in other comprehensive income	540	(243)
Post-employment benefits expenses recognised in profit or loss	862	964
Benefits paid during the year	(145)	(33)
Transferred liability for transferred employees	(19)	(25)
Contribution during the year	(1,044)	-
Exchange difference	(216)	(71)
At 31 December	5,007	5,029

28. Post-employment benefits (cont'd)

The components of post-employment benefits expenses recognised in profit or loss:

	Group	
	2021 US$'000	2020 US$'000
Current service cost	690	664
Interest cost on defined benefit obligations	339	300
Past service cost and gain on settlement	(155)	–
Employment benefit directly paid during the year	(13)	–
Transferred liability for transferred employees	1	–
Post-employment benefits expenses	862	964

Post-employment benefits expenses are 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	
	2021 US$'000	2020 US$'000
Before tax	(540)	243
Tax charge	119	(54)
After tax	(421)	189

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 if all other assumptions were held constant.

	Increase/(decrease)	
	2021 US$'000	2020 US$'000
Increase by 100 basis points	(511)	(644)
Decrease by 100 basis points	587	226

29. Provisions

Group	Mine rehabilitation and closure (Note a) US$'000	Onerous contracts (Note b) US$'000	Reinstatement costs (Note c) US$'000	Total US$'000
Cost				
At 1 January 2020	5,079	–	21	5,100
Acquisition of subsidiaries	20,053	3,459	-	23,512
Additions/(reversal) charged to profit or loss	(4,326)	(1,656)	23	(5,959)
Additions charged to mine properties (Note 12)	1,171	–	–	1,171
Notional interest	176	232	–	408
Exchange difference	3,339	478	1	3,818
At 31 December 2020 and 1 January 2021	25,492	2,513	45	28,050
Reversal charged to profit or loss	(147)	(894)	–	(1,041)
Additions charged to mine properties (Note 12)	9,905	–	–	9,905
Notional interest	258	180	–	438
Utilisation	(824)	(491)	–	(1,315)
Exchange difference	(1,341)	(86)	-	(1,427)
At 31 December 2021	33,343	1,222	45	34,610
At 31 December 2020				
Current	1,426	470	–	1,896
Non-current	24,066	2,043	45	26,154
At 31 December 2021				
Current	1,855	286	–	2,141
Non-current	31,488	936	45	32,469

(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. The amount of provision relating to rehabilitation of areas caused by mining disturbance is capitalised against Mine Properties as incurred.

(b) Provision for onerous contracts

This represents the net present value of long-term contracts acquired along with Stanmore's acquisition of the Isaac Plains Coal Mine in November 2015. It 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 2021, a number of onerous contracts have been settled through the ordinary course of business.

(c) Provision for reinstatement costs

This represents net present value of the costs expected to be incurred for reinstatement of the leased office premises.

30. Share capital

	Group		Company	
	Number of shares '000	US$'000	Number of shares '000	US$'000
Issued and fully paid:				
At 31 December 2020	2,353,100	305,528	2,353,100	1,230,107
Non-controlling interest pursuant to disposal without loss of control (Note 16(a))	–	(13,233)	–	–
At 31 December 2021	2,353,100	292,295	2,353,100	1,230,107

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.

The amount recognised as issued equity interest in the consolidated financial statements were determined by adding the issued equity interest of GEMS, outstanding immediately before reverse acquisition to the fair value of GEAR Group at the completion date of reverse acquisition on 20 April 2015. However, the equity structure appearing in the balance sheets (i.e. the number and type of equity interests issued) shall reflect the equity structure of GEAR, including the equity interests issued to DSS to effect the acquisition in 2015.

In a reverse acquisition, the assets and liabilities of GEMS are measured and recognised in the consolidated financial statements at their pre-combination carrying amounts. Therefore, in a reverse acquisition the non-controlling interest reflects the non-controlling shareholders' proportionate interest in the pre-combination carrying amounts of GEMS net assets.

On 30 March 2021, the Company disposed 264,705,885 shares representing approximately 4.5% interest in GEMS which was accounted for as a reverse acquisition as explained above for a consideration of US$50,000,000. This disposal did not result in a loss of control (Note 16(a)) and was accounted for as an equity transaction.

Any difference between the consideration paid and the carrying amount of the non-controlling interests was recognised in equity of the parent for the changes in ownership interests as there was no loss of control. The Group has elected to recognise the difference in retained earnings.

As a result, Group's share capital of US$13,233,000 and other reserves of US$91,000 were decreased, and foreign currency translation reserves of US$3,551,000, retained earnings of US$43,377,000, and non-controlling interest of US$15,596,000 were increased.

31. Reserves

Group	Foreign currency translation reserves US$'000	Hedging Reserves US$'000	Other Reserves US$'000	Total US$'000
At 1 January 2020	(49,234)	–	14,805	(34,429)
Net loss on equity instruments fair value through other comprehensive income	–	–	(3,432)	(3,432)
Net actuarial gain on post-employment benefits	–	–	126	126
Foreign currency translation	20,764	–	–	20,764
Share-based payment transactions	–	–	(6)	(6)
Transfer of fair value reserves of equity instruments at FVOCI upon disposal	–	–	(4,228)	(4,228)
At 31 December 2020 and 1 January 2021	(28,470)	–	7,265	(21,205)
Net loss on equity instruments fair value through other comprehensive income	–	–	(1,823)	(1,823)
Net actuarial loss on post-employment benefits	–	–	(269)	(269)
Share of other comprehensive income of a joint venture	–	(35,864)	–	(35,864)
Foreign currency translation	(4,331)	–	–	(4,331)
Share-based payment transactions	–	–	6	6
Disposal of ownership interest in a subsidiary without a change in control	3,551	–	(91)	3,460
Acquisition of non-controlling interests of a subsidiary without a change in control	2,008	–	(1)	2,007
At 31 December 2021	(27,242)	(35,864)	5,087	(58,019)

Foreign currency translation reserves
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.

Hedging reserve
Hedging reserve represent hedges accounted for as cashflow hedges with the end of financial year losses recognised as a derivative liability with the corresponding entry recognised as hedge reserve and amortised in line with actual gold sales in Ravenswood Gold Group Pty Ltd, a 50% owned Joint Venture.

Other reserves
Other reserves pertains to the reserves that arose from movements in non-controlling interest ("NCI") of certain subsidiaries, net actuarial gain/(loss) in post-employment benefits, share-based payment reserves and net gain/(loss) on equity instruments fair value through other comprehensive income.

32. Commitments and contingent liabilities

Commitments

The Group is committed to make an additional investment in Ravenswood Gold Group Pty Ltd of A$7,500,000, as part of its investment interest in the joint venture.

The Group is also committed to invest up to US$7,400,000 into Redeemable Preference Shares of an investee company. As at reporting date, the Group had invested US$4,000,000 (2020: US$4,000,000) in the Redeemable Preference Shares, leaving a balance of US$3,400,000 (2020: US$3,400,000) to be invested.

GEAR has agreed to guarantee Stanmore's obligations (as guarantor) 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 GEAR or its subsidiary, Golden Investments (Australia) Pte Ltd ("Golden Investments"), in connection with the Acquisition) ("GEAR Guarantee") (Note 39).

Financial support

The Company has agreed to provide financial support to subsidiaries having current liabilities in excess of its current assets by US$121,248,000 (2020: US$67,824,000).

33. 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	
	2021 US$'000	2020 US$'000
Sales	207,924	169,354
Interest income	9	18
Purchases	(990)	(592)
Rental expenses	(582)	(447)
Insurance expenses	(218)	(6,079)
Telecommunication expenses	(28)	(11)
Office expenses	–	(11)
Freight & demurrage expenses	(936)	(1,030)
Bank charges	(1)	(1)

Related parties are subsidiaries and associated companies of the Sinarmas Group and other related parties, excluding entities within the Group.

33. Related party disclosures (cont'd)

(b) Compensation of key management personnel

	Group	
	2021 US$'000	2020 US$'000
Short-term employee benefits	16,741	6,400
Defined contributions/benefits	131	49
Other short-term benefits	870	545
	17,742	6,994
Comprises amounts paid and payable to:		
- directors of the Company	3,083	4,053
- other key management personnel	14,659	2,941
	17,742	6,994

Included in the compensation paid or payable to key management personnel are contributions to defined contributions/benefits amounted to US$131,000 (2020: US$49,000).

34. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group classify 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 (i.e. as 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.

34. 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 using			
2021	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
Assets				
Non-financial assets				
Biological assets (Note 10)	–	–	7,376	7,376
Financial assets				
Equity securities at fair value through profit or loss				
Equity securities – Quoted (Note 23)	1,519	–	–	1,519
Redeemable Preference Shares (Note 23)		15,000	–	15,000
Equity securities at FVOCI				
Equity securities – Quoted (Note 23)	24,832	–	–	24,832
– Unquoted (Note 23)	–	–	1,000	1,000
Redeemable Preference Shares at FVOCI (Note 23)	–	–	3,497	3,497
Financial liabilities				
– Contingent consideration – vendor royalties (Note 25)	–	–	(6,313)	(6,313)
– Derivative financial Instruments (Note 26)	–	(4,437)	–	(4,437)

34. 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 using			
2020	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
Assets				
Non-financial assets				
Biological assets (Note 10)	-	-	6,587	6,587
Financial assets				
Equity securities at fair value through profit or loss				
Equity securities – Quoted (Note 23)	1,925	-	-	1,925
Equity securities at FVOCI				
Equity securities – Unquoted (Note 23)	–	-	1,030	1,030
Redeemable Preference Shares at FVOCI (Note 23)	-	-	3,613	3,613
Financial liabilities				
– Contingent consideration – vendor royalties (Note 25)	-	--	(10,583)	(10,583)

There has been no transfer from Level 1 and Level 2 and Level 3 for the financial years ended 31 December 2021 and 2020 respectively.

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.

34. Fair value of assets and liabilities (cont'd)

(b) Assets and liabilities measured at fair value (cont'd)

Valuation policies and procedures (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

The carrying amounts of trade and other receivables (Note 19), cash and cash equivalents (Note 24), trade and other payables (Note 25), and loans and borrowings (Note 27) are reasonable approximation of fair values due to their 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
2021			
At 1 January	1,030	3,613	(10,583)
Additions	–	15,000	–
Disposals	(30)	–	–
Notional interest	–	–	(741)
Utilisation			2,990
Fair value (losses)/gains recognised in			
- other comprehensive income	–	(116)	–
- profit or loss	–	–	1,617
Exchange differences	–	–	404
At 31 December	1,000	18,497	(6,313)

34. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements (cont'd)

2020	Unquoted equity securities (Note 23) US$'000	Redeemable preference shares (Note 23) US$'000	Contingent consideration – vendor royalties (Note 25) US$'000
At 1 January	30	3,774	-
Acquisition of subsidiaries	–	–	(14,503)
Additions	1,000	–	–
Notional interest	-	-	(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	(10,583)

Determination of 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.

Investments in unquoted ordinary shares of US$1,000,000 (31 December 2020: US$1,000,000) and in redeemable preference shares of US$3,497,000 (31 December 2020: US$3,613,000) were valued using valuation report and net assets value report, respectively, obtained from external party which had been reviewed and approved by the Board of Directors (Level 3). The balance of US$15,000,000 was referenced to a recent transacted price (Level 2). Subsequent to year end, the redeemable preference shares of US$15,000,000 were redeemed.

The fair value of forward currency contracts is determined using quoted forward currency rates at the balance sheet date and classified as Level 2 derivative financial instruments.

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.

35. 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 agrees 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 except the hedging reserve which arose from cashflow hedge from Group's share of its investment in Ravenswood (Note 31).

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 (2020: 75) basis points lower/higher with all other variables held constant, the Group's profit after tax would have been approximately US$543,000 (2020: US$1,415,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

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.

35. 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			
2021	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	224,900	12,651	4,353	241,904
Cash and cash equivalents	379,821	–	–	379,821
Redeemable Preference Shares (Note 23)	15,000	–	3,497	18,497
Other current assets	31,071	–	–	31,071
Other non-current assets	–	21,801	–	21,801
Total undiscounted financial assets	650,792	34,452	7,850	693,094
Financial liabilities:				
Trade and other payables	304,235	5,688	–	309,923
Derivative financial instruments	4,437	–	–	4,437
Lease Liabilities	2,048	2,487	–	4,535
Bank borrowings	103,717	428,267	–	531,984
Total undiscounted financial liabilities	414,437	436,442	–	850,879
Total net undiscounted financial assets/(liabilities)	236,355	(401,990)	7,850	(157,785)

35. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	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	682	1,390	141,708
Cash and cash equivalents	262,799	-	–	262,799
Redeemable Preference Shares (Note 23)	--	–	3,613	3,613
Other current assets	33,355	–	-	33,355
Other non-current assets	--	26,043	-	26,043
Total undiscounted financial assets	435,790	26,725	5,003	467,518
Financial liabilities:				
Trade and other payables	275,389	35,413	335	311,137
Lease Liabilities	1,746	1,338	–	3,084
Bank borrowings	137,272	298,593	–	435,865
Total undiscounted financial liabilities	414,407	335,344	335	750,086
Total net undiscounted financial assets/(liabilities)	21,383	(308,619)	4,668	(282,567)

	Company		
2021	1 year or less US$'000	2 to 5 years US$'000	Total US$'000
Financial assets:			
Trade and other receivables	72,563	–	72,563
Cash and cash equivalents	135,738	–	135,738
Redeemable Preference Shares (Note 23)	15,000	–	15,000
Other current assets	59	–	59
Amounts due from subsidiaries	108,873	307	109,180
Loan to a subsidiary	67,600	–	67,600
Total undiscounted financial assets	399,833	307	400,140
Financial liabilities:			
Trade and other payables	21,377	–	21,377
Lease liabilities	228	58	286
Bank borrowings	36,885	366,759	403,644
Total undiscounted financial liabilities	58,490	366,817	425,307
Total net undiscounted financial assets/ (liabilities)	341,343	(366,510)	(25,167)

35. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	Company		
2020	1 year or less US$'000	2 to 5 years US$'000	Total US$'000
Financial assets:			
Trade and other receivables	20,519	–	20,519
Cash and cash equivalents	53,543	–	53,543
Other current assets	32,911	–	32,911
Amounts due from subsidiaries	67,434	290	67,724
Loan to a subsidiary	10,000	–	10,000
Total undiscounted financial assets	184,407	290	184,697
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	(207,448)	(95,658)

(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.

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 ("LC"), 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.

35. 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 2021 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:

2021	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
Gross carrying amount	164,537	6,353	667	645	172,202
Loss allowance provision	–	–	–	(305)	(305)
	164,537	6,353	667	340	171,897
2020					
Gross carrying amount	114,193	2,156	554	555	117,458
Loss allowance provision	–	–	–	(278)	(278)
	114,193	2,156	554	277	117,180

Exposure to credit risk

The carrying amount of trade and other receivables, cash and bank balances, deposits and Redeemable Preference Shares represent the Group's maximum exposure to credit risk which are disclosed in Note 19. No other financial assets carry a significant exposure to credit risk.

35. 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, deposits and Redeemable Preference Shares on an on-going basis, and the credit risk concentration profile of the Group's at the reporting date is as follows:

	2021		2020	
	US$'000	% of total	US$'000	% of total
By country				
Singapore	151,129	32%	90,218	32%
Indonesia	191,018	41%	136,338	49%
Australia	126,722	27%	53,234	19%
Total	468,869		279,790	
By industry sector				
Energy Coal	181,127	39%	131,921	47%
Metallurgical Coal	91,325	19%	34,414	12%
Non-coal business	196,417	42%	113,455	41%
Total	468,869		279,790	

As at 31 December 2021 and 2020, the Group had no significant concentration of credit risk with any single customer.

Cash and cash equivalents are placed with creditworthy financial institutions.

Other receivables, deposits and Redeemable Preference Shares are due from creditworthy counterparties, which are reviewed annually.

(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 and AUD. Approximately 30% (2020: 37%) 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) and trade and other payable (Note 25) at the reporting date have similar exposure. The foreign currency in which these transactions are denominated is mainly in IDR. 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.

Currently, there is no specific policy to reduce currency exposure through forward currency contracts, derivatives transactions or other arrangements except for forward currency contracts entered by a subsidiary for hedging a portion of its currency risk (Note 26). However, the Group relies on its operational cash flow to hedge against the foreign currency exposure.

35. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk (cont'd)

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 2021 US$'000	2020 US$'000
IDR/USD	-	strengthened 7% (2020: 7%)	491	4,198
	-	weakened 7% (2020: 7%)	(565)	(4,830)
AUD/USD	-	strengthened 7% (2020: 7%)	(5,772)	7,712
	-	weakened 7% (2020: 7%)	6,641	(8,873)

(e) Commodity price risk

The Group is exposed to the risk of fluctuations in prevailing market commodity prices mainly arising from changes in market value of coal.

The Group has mitigating controls in place to monitor the trend of coal price, mine plan and performance of coal production in addition to strategic direction and implementation plans.

Sensitivity analysis for commodity price risk

At the reporting date, if the coal price had been 5% (2020: 5%) higher/lower with all other variables held constant, the Group's profit before tax would have been US$93,627,000 (2020: US$58,081,000) higher/lower.

36. 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 2021 and 2020 respectively.

The Group monitors its capital using gearing ratios.

36. 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.

	2021 US$'000	2020 US$'000
Loans and borrowings	409,432	381,992
Trade and other payables	309,085	307,667
Less: Cash and cash equivalents	(379,821)	(262,799)
Net debts	338,696	426,860
Equity attributable to equity holders of the Company	486,707	384,872
Capital and net debts	825,403	811,732
Gearing ratio	41.03%	52.59%

37. Segment information

For management purposes, the Group is organised into operating segments based on their 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 manager's 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, gold mining 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.

37. Segment information (cont'd)

	Energy Coal		Metallurgical Coal		Non-coal Business		Adjustments and Eliminations		Note	Consolidated	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000		2021 US$'000	2020 US$'000
Revenue:											
Revenue from external customers	1,585,954	1,064,230	286,596	97,234	1,547	1,223	–	–		1,874,097	1,162,687
Inter segment revenue	5,139	–	–	–	–	–	(5,139)	–	A,C	–	–
	1,591,093	1,064,230	286,596	97,234	1,547	1,223	(5,139)	–		1,874,097	1,162,687
Results:											
Segment results	488,316	144,350	5,479	(19,038)	(51,161)	(18,059)	(14,171)	(11,748)	B,C	428,463	95,505
Interest income	2,719	4,133	1,353	32	8,449	9,140	(3,791)	(4,687)	C	8,730	8,618
Finance costs	(17,711)	(18,923)	(7,062)	(2,734)	(35,475)	(21,823)	4,966	6,081	C	(55,282)	(37,399)
Profit before tax										381,911	66,724
Income tax expense										(130,651)	(32,256)
Profit for the year										251,260	34,468
Compensation income	–	–	–	–	8,860	3,667	(8,860)	(3,667)	C	–	–
Depreciation expenses	(10,935)	(10,917)	(11,920)	(5,741)	(1,178)	(1,463)	–	–		(24,033)	(18,121)
Amortisation expenses	(6,975)	(5,790)	(20,306)	(10,489)	(518)	(611)	–	–		(27,799)	(16,890)
Share of loss of joint ventures	–	–	(1,808)	–	(20,850)	(4,903)	–	–		(22,658)	(4,903)
Fair value gain on biological assets	–	–	–	–	484	321	–	–		484	321
Fair value (loss)/gain on investment securities	–	–	–	–	(573)	516	–	–		(573)	516
Fair value gain on remeasurement of contingent consideration	–	–	1,617	6,846	–	–	–	–		1,617	6,846
Fair value loss on derivatives	–	–	(4,595)	–	(443)	–	–			(5,038)	–
Assets and Liabilities:											
Segment assets	694,793	649,656	405,870	325,770	1,146,372	792,976	(678,982)	(373,917)		1,568,053	1,394,485
Segment assets includes:											
Investment in joint ventures	–	–	–	–	34,310	48,012	–	–		34,310	48,012
Addition to non-current assets	6,830	6,061	47,218	12,892	156	246		–	D	54,204	19,199
Segment liabilities	554,991	478,547	227,638	136,749	365,598	314,091	(233,219)	(112,431)		915,008	816,956

37. Segment information (cont'd)

A Inter-segment revenues are eliminated on consolidation.

B The following items are added to/(deducted from) segment results net of intra-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
2021				
Other income	5,884	2,331	5,449	13,664
Selling and distribution expenses	(195,965)	(29,226)	(611)	(225,802)
Administrative expenses	(74,237)	(11,610)	(27,651)	(113,498)
Other operating (expenses)/income	(1,905)	283	(26,526)	(28,148)
2020				
Other income	14,521	429	5,347	20,297
Selling and distribution expenses	(187,131)	(13,648)	(604)	(201,383)
Administrative expenses	(62,090)	(7,054)	(10,193)	(79,337)
Other operating (expenses)/income	(2,044)	(114)	(12,687)	(14,845)

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.

37. 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	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
China	726,628	347,393	–	–
Indonesia	570,129	428,572	478,220	499,085
India	237,434	235,767	–	–
Japan	168,509	49,479	–	–
South Korea	63,260	17,799	–	–
Netherlands	43,835	7,154	–	–
Philippines	33,501	21,775	–	–
Cambodia	3,648	18,025	–	–
Malaysia	3,488	18,072	–	–
Australia	–	–	270,376	245,887
Others	23,665	18,651	13,221	13,455
	1,874,097	1,162,687	761,817	758,427

Non-current assets information presented above excludes deferred tax assets, investment securities and investment in joint ventures.

Major customer information

The Group's revenue derived from customers who individually account for 10% (2020: 10%) or more of the Group's revenue is detailed below:

	Energy Coal		Metallurgical Coal	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Customer				
Top 1st	202,984	180,567	–	–

38. Dividends

No dividends were paid by the Company in respect of the financial year ended 31 December 2021 and 2020.

39. Proposed acquisition of BHP Mitsui Coal Pty Ltd ("BMC")

On 8 November 2021, Stanmore Resources Limited ("Stanmore") executed a definitive share purchase agreement ("SPA") with BHP Minerals Pty Ltd ("BHP") to acquire BHP's 80% interest in the BHP Mitsui Coal Pty Ltd ("BMC") (the "Acquisition"). Consideration for the acquisition comprises of a cash amount of US$1.2 billion with a potential follow-up payment of up to US$150 million after two years, the value of which is dependent on the average sales price achieved exceeding certain targets over a two year testing period.

On 24 February 2022, Stanmore has announced all the conditions precedent has been satisfied and the Acquisition became unconditional and a refundable deposit of US$30 million has been refunded.

Stanmore intends to fund the Acquisition via:

1. A underwritten pro-rata entitlement offer of the ordinary shares in Stanmore;
2. A new US$625 million acquisition debt facility; and
3. Internal sources.

BMC Acquisition Debts Facility

On 7 January 2022, Stanmore announced that a US$625,000,000 acquisition debt facility ("Debt Facility") had been executed with certain financiers advised or managed by Värde Partners, Canyon Capital Advisors LLC, Farallon Capital Asia Pte Ltd and other credit funds (together, the "Lenders") through its wholly owned subsidiary Stanmore SMC Holdings Pty Ltd (the "Borrower").

The Debt Facility is a senior secured, first-lien amortising loan note facility which matures 5 years from first utilisation.

The Debt Facility is guaranteed by and secured against all assets of the Borrower (including its 100% interest in Dampier Coal (Queensland) Pty Ltd, the "Target"). Subject to the Target obtaining any necessary financial assistance approvals, the Debt Facility will also become guaranteed by and secured against all assets of the Target (including its 80% interest in BMC). The Debt Facility is non-recourse to GEAR and Stanmore.

39. Proposed acquisition of BHP Mitsui Coal Pty Ltd ("BMC") (cont'd)

Entitlement offer

On 3 March 2022, Stanmore announced a proposed approximately of A$694 million partially underwritten 7 for 3 pro-rata accelerated renounceable entitlement offer, with retail rights trading ("Entitlement Offer"), of new fully paid ordinary shares in Stanmore ("New Shares") at an offer price of A$1.10 per New Share ("Offer Price"). The Entitlement Offer was split into two stages, Institutional Entitlement Offer and Retail Entitlement Offer.

On 4 March 2022, Stanmore announced the completion of Institutional Entitlement Offer, which raised gross proceeds of approximately A$656 million. The New Shares are expected to settle on 15 March 2022 with allotment and trading on the Australia Stock Exchange on 17 March 2022. The Retail Entitlement Offer will open on 10 March 2022 and is expected to close on 21 March 2022.

The Company, via Golden Investments, has subscribed for US$300 million of its entitlements and is expected to hold voting power in Stanmore of approximately 64.01% upon completion of the Entitlement Offer.

40. Subsequent events

Inter-company loan

On 15 February 2022, the maturity date of GEAR loan facility of US$70,000,000 provided to Stanmore has been extended by one year to 30 June 2023. All other terms of the agreement remain unchanged as a result of the extension.

Additional investment in a Joint Venture

Subsequent to financial year, the Group made additional investments totalling A$15,000,000 in Ravenswood Gold Group Pty Ltd as part of its investment interest in a joint venture.

Working capital loan

On 25 February 2022, the Company's subsidiary, GEMS, has drawn down a term loan of US$50,000,000 from PT Bank Mandiri (Persero) Tbk ("Bank") for working capital purpose. The loan is secured by a pledge of shares of GEMS held by the Company in favour of the Bank.

On 3 March 2022, Stanmore entered into a facility agreement with Virtue Investments Corporation for a revolving working capital loan facility amounting to US$120,000,000. Stanmore is in the process of satisfying the relevant conditions precedent in order to draw down on the available facility. The facility will be secured against certain assets of Stanmore's subsidiary, Stanmore IP Coal Pty Ltd as a first ranking security.

40. Subsequent events (cont'd)

Placement

On 25 February 2022, the Company entered into a placement agreement ("Placement Agreement") with KGI Securities (Singapore) Pte Ltd. Pursuant to the Placement Agreement, the Company agreed to issue up to 285,000,000 new ordinary shares ("Placement Shares") in the capital of the Company at an issue price of S$0.305 for each Placement Share amounting to an aggregate consideration of S$86,925,000. The Placement Shares have been allotted by the Company on 7 March 2022.

Notes 2026

On 3 March 2022, the Company announced that it has priced its proposed issue of US$90,000,000 8.5% senior secured Notes due 2026 ("New Notes"), which will constitute a further issue of, and consolidated and form a single series with, and rank *pari passu* with, the existing US$285,000,000 8.5% senior secured notes due 2026 issued on 14 May 2021. The New Notes will be unconditionally and irrevocably guaranteed by Golden Investments (Australia) Pte Ltd.

41. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Directors dated on 9 March 2022.

Company Registration No. 199508589E

Golden Energy and Resources Limited and its Subsidiaries

Annual Financial Statements
31 December 2020

General information

Directors

Fuganto Widjaja	Executive Chairman
Dwi Prasetyo 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 Arif	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

Registered Office

20 Cecil Street
#05-05 PLUS
Singapore 049705

Share Registrar and Share Transfer Office

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

External Auditor

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Vincent Toong Weng Sum (Partner-in-charge since financial year ended 31 December 2017)

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
National Australia Bank

Index **Page**

Directors' statement	1
Independent auditor's report	5
Consolidated statement of comprehensive income	12
Statements of financial position	13
Statements of changes in equity	15
Consolidated cash flow statement	19
Notes to the consolidated financial statements	21

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:

Fuganto Widjaja	
Dwi Prasetyo Suseno	
Mochtar Suhadi	
Mark Zhou You Chuan	(Appointed on 8 February 2021)
Lim Yu Neng Paul	
Lew Syn Pau	
Irwandy Arif	
Djuangga Mangasi Mangunsong	
Lay Krisnan Cahya	(Resigned on 8 February 2021)

In accordance with Regulation 107 of the Company's Constitution, Messrs Dwi 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 object 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.

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:

	Direct interest		Deemed interest	
Name of Director	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
Fuganto Widjaja *	–	–	–	–
Lim Yu Neng Paul **	–	–	320,000	320,000

* Mr Fuganto 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 Sinarindo 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.

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 auditor's 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.

7. Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors,

Fuganto Widjaja
Director

Dwi Prasetyo Suseno
Director

26 MAR 2021

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 these 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 in 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 do 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 these 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 Anrof 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 their 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.

Independent auditor's report to the Members of Golden Energy and Resources Limited

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 expect 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 (a) of the financial statements concerning the provision for rehabilitation.

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, disclosing, as 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.

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.

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 these 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 Sum.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

26 March 2021

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	1,115,815
Cost of sales		(786,076)	(751,324)
Gross profit		376,611	364,491
Other income	5	20,297	16,747
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		(14,845)	(19,409)
Share of loss of a joint venture (net of tax)		(4,903)	-
Profit before tax	7	66,724	70,317
Income tax expense	8	(32,256)	(37,429)
Profit for the year		34,468	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.

Statements of financial position
As at 31 December 2020

(In United States Dollars)

	Note	Group		Company	
		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	12,108	10,689	–	–
Right-of-use assets	14	2,763	3,285	505	52
Goodwill	15	98,198	106,751	–	–
Investment in subsidiaries	16	–		1,462,696	1,382,271
Investment in a joint venture	17	48,012	–	–	–
Deferred tax assets	18	6,867	7,133	–	–
Other receivables	19	2,072	8,975	290	5,583
Restricted funds	20	19,255	18,585	10,679	8,599
Other non-current assets	21	73,923	53,134	–	–
Investment securities	23	4,643	115,109	–	57,757
		817,950	653,742	1,474,255	1,454,415
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	–	1,925	–
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	19,263	7,272
Loans and borrowings	26	113,515	62,451	34,229	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

Statements of financial position (cont'd)
As at 31 December 2020

(In United States Dollars)

	Note	Group		Company	
		2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Non-current liabilities					
Deferred tax liabilities	18	80,400	31,354	–	102
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	–
		412,621	323,840	187,845	170,094
Net assets		577,529	479,121	1,419,382	1,350,607
Equity attributable to equity holders of the Company					
Share capital	29	305,528	305,528	1,230,107	1,230,107
Reserves		79,344	53,807	189,275	120,500
		384,872	359,335	1,419,382	1,350,607
Non-controlling interests		192,657	119,786	–	–
Total equity		577,529	479,121	1,419,382	1,350,607

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

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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	Total equity US$'000
At 1 January 2020	305,528	(49,234)	14,805	88,236	53,807	119,786	479,121
Profit for the year	–	–	–	8,085	8,085	26,383	34,468
Other comprehensive income							
Net loss on equity instruments fair value through other comprehensive income	–	–	(3,432)	–	(3,432)	–	(3,432)
Net actuarial loss on post-employment benefits	–	–	126	–	126	63	189
Foreign currency translation	–	20,764	–	–	20,764	3,484	24,248
Other comprehensive income for the year	–	20,764	(3,306)	–	17,458	3,547	21,005
Total comprehensive income for the year	–	20,764	(3,306)	8,085	25,543	29,930	55,473
Transfer of fair value reserves of equity instruments at FVOCI upon disposal	–	–	(4,228)	4,228	–	–	–
Capital contribution from non-controlling interest of a subsidiary	–	–	–	–	–	27,467	27,467
Acquisition of subsidiaries with non-controlling interests	–	–	–	–	–	50,938	50,938
Dividends paid to non-controlling interests by subsidiaries	–	–	–	–	–	(25,561)	(25,561)
Dividends declared to non-controlling interests by subsidiaries	–	–	–	–	–	(9,900)	(9,900)
Share-based payment transactions	–	–	(6)	–	(6)	(3)	(9)
At 31 December 2020	305,528	(28,470)	7,265	100,549	79,344	192,657	577,529

(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 arose from movements in non-controlling interest ("NCI") of certain subsidiaries, net actuarial gain/(loss) 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.

Statements of changes in equity (cont'd)
For the financial year ended 31 December 2020

(In United States Dollars)

	Attributable to owners of the Company						
Group 2019	**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	305,528	(48,429)	(27,135)	83,291	7,727	105,020	418,275
Profit for the year	–	–	–	9,947	9,947	22,941	32,888
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	–	–	(229)	–	(229)	(110)	(339)
Foreign currency translation	–	(805)	–	–	(805)	(298)	(1,103)
Other comprehensive income for the year	–	(805)	35,608	–	34,803	(408)	34,395
Total comprehensive income for the year	–	(805)	35,608	9,947	44,750	22,533	67,283
Deemed capital contribution from non-controlling interest of a subsidiary	–	–	6,332	–	6,332	–	6,332
Dividends paid to non-controlling interests by subsidiaries	–	–	–	–	–	(7,767)	(7,767)
Dividend paid (Note 36)	–	–	–	(5,002)	(5,002)	–	(5,002)
At 31 December 2019	305,528	(49,234)	14,805	88,236	53,807	119,786	479,121

[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 arose from movements in non-controlling interest ("NCI") of certain subsidiaries, net actuarial gain/(loss) 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.

Statements of changes in equity (cont'd)
For the financial year ended 31 December 2020

(In United States Dollars)

Company 2020	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$'000	Total equity US$'000
At 1 January 2020	1,230,107	55,975	12,313	52,212	120,500	1,350,607
Profit for the year	–	–	–	45,535	45,535	45,535
Other comprehensive income						
Net loss on equity instruments fair value through other comprehensive income	–	–	(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)	45,535	68,775	68,775
Transfer of fair value reserves of equity instruments at FVOCI upon disposal	–	–	(4,825)	4,825	–	–
At 31 December 2020	1,230,107	80,877	5,826	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 whose functional currency is different from that of the Company's presentation currency.

[2] Other reserves pertains to reserves that arose from acquisition of subsidiary in 2002.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of changes in equity (cont'd)
For the financial year ended 31 December 2020

(In United States Dollars)

Company 2019	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$'000	Total equity US$'000
At 1 January 2019	1,230,107	38,266	(22,736)	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 upon transfer to a subsidiary	–	–	1,208	(1,208)	–	–
At 31 December 2019	1,230,107	55,975	12,313	52,212	120,500	1,350,607

(1) Foreign currency translation reserves are used to record exchange differences arising from the translation of the financial statements of the Company whose functional currency is different from that of the Company's presentation currency.

(2) Other reserves pertains to reserves that arose from acquisition of subsidiary in 2002.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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	66,724	70,317
Adjustments for:		
(Reversal of)/provision for mining activities	(5,982)	3,083
Depreciation of property, plant and equipment	15,701	8,307
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)	(2,543)
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
Impairment loss on trade receivables	182	–
Amortisation of mining properties	14,988	4,888
Amortisation of land exploitation	1,046	501
Amortisation of intangible assets	723	505
Amortisation of software	133	89
Amortisation of discounted loans and borrowings	442	441
Notional interest on provisions and contingent consideration	1,557	–
Interest and other financial charges	34,453	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	(882)
Operating cash flows before changes in working capital	130,524	113,892
Changes in working capital:		
Increase in inventories	(5,182)	(3,634)
Decrease/(increase) in trade, other receivables and prepayments	38,310	12,020
(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)	(44,214)
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.

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	(53,456)	-
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)	(3,902)
Net cash flows used in investing activities	(75,718)	(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 Dian Swastatika Sentosa Tbk ("DSS"), incorporated in Republic of Indonesia, and its ultimate holding company is PT Sinarindo Gerbangmas.

The registered office of the Company is located at 20 Cecil Street, #05-05 PLUS, 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:

i. The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.

ii. 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 disclosed 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 *Insurance Contracts*	1 January 2021
Amendments to SFRS(I) 3 *Reference to the Conceptual Framework*	1 January 2022
Amendments to SFRS(I) 1-16 *Proceeds before Intended Use*	1 January 2022
Amendments to SFRS(I) 1-37 *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Amendments to SFRS(I) 1-1 *Classification of Liabilities as Current or Noncurrent*	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*	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 controls 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 their 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 acquiree'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 acquiree 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 purpose, 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 re-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 reclassified 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 their forest plantations. The yearly harvest made from the forecasted tree growth is multiplied by the actual wood pines 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 productive forest lands.

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/unit of production
Motor vehicles	4 to 8 years
Computers and office equipment	3 to 8 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 up-keeping/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 assets 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 exploitation 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 measure 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 benefit 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 if 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 CGU's 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 instruments 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 365 days past due.

The Group considers a financial asset in default when contractual payments are 365 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 lease, 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 assets 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 payment 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 item 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 models. 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 (Note16d). 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.

4. Revenue

	Group	
	2020 US$'000	2019 US$'000
Energy Coal	1,064,230	1,114,284
Metallurgical Coal	97,234	–
Non-coal business	1,223	1,531
	1,162,687	1,115,815

5. Other income

	Group	
	2020 US$'000	2019 US$'000
Interest income	8,618	9,775
Dividend income	2,864	5,413
Compensation income	–	13
Others	8,815	1,546
	20,297	16,747

6. Finance costs

	Group	
	2020 US$'000	2019 US$'000
Interest expense on bank loans and trade financing (including amortisation of transactions costs)	34,263	32,550
Interest expense on lease liabilities	190	425
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
	37,399	34,584

7. Profit before tax

Profit before tax is derived after charging/(crediting) the following:

	Group	
	2020 US$'000	2019 US$'000
Mining services and overheads	489,120	445,351
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 exploitation expenses	12,571	8,707
(Reversal of)/provision for mining activities	(5,982)	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	14,988	4,888
- land exploitation	1,046	501
- intangible assets	723	505
- software	133	89
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	915
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	5,508	2,311

8. 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	(19,851)	(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	(54)	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.

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	9,947
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	6,321	7,721	5,646
Utilisable Natural Forest	2,048	266	2,313	413
	11,301	6,587	10,034	6,059

10. Biological assets (cont'd)

Biological assets relate to timber plantation, 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. 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 m^3 (2019: 13,064 m^3) of logs.

Fair value measurements

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. Point-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: 16.8 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$38.9/$m^3$ to US$54.9/$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.

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	–	(21,583)	–
Additions	352	113	367	1,673	87	18,382	20,974
Written off	–	–	–	(6)	–	–	(6)
Exchange differences	62	1	-	19	-	1	83
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	136	233	1,412	65	12,769	14,725
Disposals	–	–	(2)	–	–	–	(2)
Acquisition of subsidiaries (Note 16d)	3,206	36,058	-	167	-	2,178	41,609
Exchange differences	665	7,600	-	44	-	258	8,567
At 31 December 2020	66,957	111,713	3,509	9,799	2,996	4,622	199,596
Accumulated depreciation							
At 1 January 2019	17,581	10,228	1,596	3,866	–	–	33,271
Charge for the year	3,942	2,321	277	1,767	-	-	8,307
Impairment loss	–	965	–	–	-	-	965
Written off	-	–	-	(6)	–	–	(6)
Exchange differences	37	1	–	8	–	–	46
At 31 December 2019 and 1 January 2020	21,560	13,515	1,873	5,635	–	--	42,583
Charge for the year	4,583	8,738	414	1,923	43	–	15,701
Reclassification	–	(57)	–	57	–	-	–
Disposals	–	–	(1)	–	–	–	(1)
Exchange differences	64	557	–	15	-	-	636
At 31 December 2020	26,207	22,753	2,286	7,630	43	–	58,919
Net carrying amount							
At 31 December 2019	34,090	33,263	1,288	1,949	2,931	18,593	92,114
At 31 December 2020	40,750	88,960	1,223	2,169	2,953	4,622	140,677

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 931 (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	2019
Charged to profit or loss	US$'000	US$'000
- cost of sales	8,818	3,348
- selling and distribution expenses	2,623	1,363
- administrative expenses	3,665	2,668
- other operating expenses	595	928
Depreciation for the financial year	15,701	8,307

	Computers, office equipment, furniture and fittings	
	2020	2019
Company	US$'000	US$'000
Cost		
At 1 January	389	381
Additions	6	4
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

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	220,888	91,834	321,752
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	1,133	–	5,433
Acquisition of subsidiaries (Note 16d)	58,064	94,901	-	152,965
Net exchange differences	11,223	20,042	(3)	31,262
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	3,913	14,988
Net exchange differences	-	3,735	–	3,735
At 31 December 2020	–	51,338	66,377	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 arise from acquisition of subsidiaries amounting to US$78,744,000 as of acquisition date (Note 16 (d)).

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.

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 5 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	2,598	3,203	15	5,816
Additions	2,028	443	–	2,471
Disposals	–	(751)[1]	–	(751)
Exchange difference	64	(45)	–	19
At 31 December 2020	4,690	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

[1] The disposal relates to remeasurement 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

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	175	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

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 SFRS(I) 16, under modified retrospective approach	2,060	220
Additions	3,542	9
Accretion of interest	425	6
Payments	(2,674)	(183)
At 31 December 2019	3,353	52
Current (Note 26)	2,086	47
Non-current (Note 26)	1,267	5

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 followings 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	–	1,089

15. Goodwill

Group	2020 US$'000	2019 US$'000
At 1 January	106,751	113,739
Impairment loss	(8,553)	(6,988)
At 31 December	98,198	106,751

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	10,689	–	–

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$98/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 results in further impairment. A reduction by 0.5% in the coal prices in coal mining CGUs would not result in impairment.

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 investor. 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 results 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)
	1,462,696	1,382,271

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 investee'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 loss is required to be recognised during the year (2019: Nil).

16. 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				
Anrof Singapore Limited[2]	Mauritius	Investment holding	100.0000	100.0000
Poh Lian (Cambodia), Ltd[3]	Cambodia	Dormant	100.0000	100.0000
Able Advance Limited[3]	British Virgin Islands	Dormant	100.0000	100.0000
PT Golden Energy Mines Tbk[2][6]	Indonesia	Investment holding	66.9998	66.9998
GEAR Trading Enterprise Pte Ltd[1]	Singapore	General commodities trading	100.0000	100.0000
GEAR Innovation Network Pte Ltd[1]	Singapore	R&D on engineering, software & programming for coal mining industry	100.0000	100.0000
Golden Investments (Australia) Pte Ltd[1]	Singapore	Investment holding	79.6697*	99.9999
Golden Investments (Australia) II Pte Ltd[1]	Singapore	Investment holding	100.0000	-
GEAR Renewables Pte Ltd[1]	Singapore	Generation of electricity by other sources	100.0000	100.0000
PT Marga Buana Bumi Mulia[5]	Indonesia	Dormant	100.0000	100.0000
PT Hutan Rindang Banua[2]	Indonesia	Forestry operation	33.8487	–

*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 Anrof Singapore Ltd				
PT Hutan Rindang Banua[2]	Indonesia	Forestry operation	66.1513	100.0000
PT Mangium Anugerah Lestari[5]	Indonesia	Dormant	99.9976	99.9976
Pacificwood Investment Ltd[2]	Mauritius	Investment holding and trading	100.0000	100.0000
Shinning Spring Resources Limited[3]	British Virgin Islands	Investment holding	100.0000	100.0000
Held through PT Golden Energy Mines Tbk				
PT Roundhill Capital Indonesia[2]	Indonesia	Holding company and trading	99.0158	99.0158
PT Kuansing Inti Makmur[2]	Indonesia	Coal mining	99.9998	99.9998
PT Trisula Kencana Sakti[2]	Indonesia	Coal mining	70.0000	70.0000

16. 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
Held through PT Golden Energy Mines Tbk (cont'd)				
GEMS Trading Resources Pte Ltd[1]	Singapore	Trading	100.0000	100.0000
PT Karya Mining Solution[3]	Indonesia	Mining Services	99.9999	99.9999
PT Borneo Indobara[2]	Indonesia	Coal mining	98.0951	98.0951
PT Karya Cemerlang Persada[2]	Indonesia	Coal mining	99.9998	99.9998
PT Bungo Bara Utama[2]	Indonesia	Coal mining	99.9998	99.9998
PT Bara Harmonis Batang Asam[2]	Indonesia	Coal mining	99.9998	99.9998
PT Berkat Nusantara Permai[2]	Indonesia	Coal mining	99.9998	99.9998
PT Tanjung Belit Bara Utama[2]	Indonesia	Coal mining	99.9998	99.9998
PT GEMS Energy Indonesia[4]	Indonesia	Trading	99.9902	99.9902
PT Era Mitra Selaras[2]	Indonesia	Holding company	100.0000	100.0000
PT Wahana Rimba Lestari[2]	Indonesia	Coal mining	100.0000	100.0000
PT Berkat Satria Abadi[2]	Indonesia	Coal mining	100.0000	100.0000
PT Kuansing Inti Sejahtera[4]	Indonesia	Coal mining	99.9998	99.9998
PT Bungo Bara Makmur[4]	Indonesia	Coal mining	99.9998	99.9998
PT Dwikarya Sejati Utama[2]	Indonesia	Management consulting	100.0000	100.0000
PT Duta Sarana Internusa[2]	Indonesia	Management consulting	100.0000	100.0000
PT Barasentosa Lestari[2]	Indonesia	Coal mining and developing a mine-mouth power plant	100.0000	100.0000
PT Unsoco[2]	Indonesia	Management consulting	99.9999	99.9999
Held through Golden Investments (Australia) Pte. Ltd.				
Stanmore Coal Limited[2]	Australia	Investment holding	75.3300	–
Held through Stanmore Coal Limited				
Mackenzie Coal Pty Limited[2]	Australia	Coal exploration	100.0000	–
Comet Coal & Coke Pty Limited[2]	Australia	Coal exploration	100.0000	–
Belview Coal Pty Ltd[2]	Australia	Coal exploration	100.0000	–

16. 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[2]	Australia	Coal exploration	100.0000	–
Stanmore Coal Custodians Pty Ltd[2]	Australia	Trustee of Stanmore Employee Share Trust	100.0000	–
Emerald Coal Pty Ltd[2]	Australia	Coal exploration	100.0000	–
New Cambria Pty Ltd[2]	Australia	Coal exploration	100.0000	–
Kerlong Coking Coal Pty Ltd[2]	Australia	Coal exploration	100.0000	–
Stanmore Surat Coal Pty Ltd[2]	Australia	Coal exploration	100.0000	–
Theresa Creek Coal Pty Ltd[2]	Australia	Coal exploration	100.0000	–
Stanmore Wotonga Pty Ltd[2]	Australia	Coal exploration & mining	100.0000	–
Stanmore IP Coal Pty Ltd[2]	Australia	Coal mining	100.0000	–
Stanmore IP South Pty Ltd[2]	Australia	Coal exploration	100.0000	–
Stanmore Bowen Coal Pty Ltd[2]	Australia	Coal exploration & mining	100.0000	–
Isaac Plains Coal Management Pty Ltd[2]	Australia	Coal exploration & mining	100.0000	–
Isaac Plains Sales & Marketing Pty Ltd[2]	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, Nurdiyaman, Mulyadi, Tjahjo & Rekan.
(6) The shares were pledged to secure bank borrowings (Note 26).

During the year, the Company had subscribed ordinary shares of PT Hutan Rindang Banua, an indirect subsidiary of the Company held through Anrof 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.

16. 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	20.3303%	(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	410,625	367,569	80,532	462
Liabilities	(331,222)	(279,999)	(62,769)	(3,324)
Net current assets/ (liabilities)	79,403	87,570	17,763	(2,862)
Non-current				
Assets	403,644	416,054	245,887	53,548
Liabilities	(133,660)	(145,638)	(82,883)	–
Net non-current assets	269,984	270,416	163,004	53,548
Net assets	349,387	357,986	180,767	50,686

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) Pte Ltd	
	2020 US$'000	**2019 US$'000**	**2020 US$'000**	**2019 US$'000**
Revenue	1,061,410	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	2,519
Total comprehensive income	95,591	59,019	(14,603)	7,707

Other summarised information

	PT Golden Energy Mines Tbk		Golden Investments (Australia) Pte 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)	-

16. 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) Pte 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	152,965
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

Effect of the acquisition of Stanmore

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.

17. Investment in a joint venture

	Group 2020 US$'000
Redeemable Preference Shares in a joint venture	17,430
Interest in a joint venture	30,582
	48,012

Name of entity	Place of business/country of incorporation	Proportion (%) of ownership interest 31 December 2020
Held through Golden Investments Australia (II) Pte Ltd		
Ravenswood Gold Group Pty Ltd*	Australia	50

* Audited by Ernst & Young, Brisbane

On 14 January 2020, the Company entered into a joint venture with Raven 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 PRS; 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.

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	212,984
Current liabilities, including trade and other payables and provisions US$34,373	(56,283)
Non-current liabilities, including trade and other payables and provisions US$28,424	(154,648)
Equity	61,163
Group's share in equity - 50%	30,582
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)

18. 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 US$'000	2019 US$'000	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Deferred tax assets:						
Unutilised tax losses	3,831	4,362	(532)	311	–	–
Stripping activity asset	666	733	52	(44)	–	–
Post-employment benefits liability	934	1,033	65	199	–	–
Provisions	1,002	805	439	275	–	–
Others	434	200	306	98	–	–
	6,867	7,133			–	–
Deferred tax liabilities:						
Mining properties	(71,618)	(26,740)	(705)	91	–	–
Property, plant and equipment	(5,866)	–	113	–	–	–
Biological assets	(974)	(903)	(70)	359	–	–
Intangible assets	(2,304)	(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	69	–	(102)
	(80,400)	(31,354)			–	(102)
			(4,007)	(965)		

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.

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 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Current				
Trade receivables				
- Related parties	10,854	10,818	–	–
- Third parties	106,326	107,742	–	184
Amount due from subsidiaries	–	–	77,572	10,272
Other receivables				
- Related parties	–	–	20,353	–
- Third parties	22,456	17,543	28	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)	262,799	177,757	53,543	40,194
Deposits (Note 21)	59,398	8,670	32,911	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

19. Trade and other receivables (cont'd)

Trade and other receivables denominated 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$5,314,000, 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$8,280,000 (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

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	103,800	–	31,955
Prepayments	7,249	11,234	170	448
Deposits	33,355	113	32,911	70
	100,989	115,147	33,081	32,473
Non-current				
Land exploitation[2]	31,735	30,990	–	–
Estimated tax refund	10,456	11,448	–	–
Deposits [3]	26,043	8,557	–	–
Prepayment	664	703	–	–
Advances	3,913	653	–	–
Software	107	69	–	–
Others	1,005	714	–	–
	73,923	53,134	–	–

(1) Advances mainly consist of advance paid to suppliers for the purchase of coal.

(2) Land exploitation 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.

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	40,843
Addition	174	55	2,057	2,386
Exchange difference	–	–	(339)	(123)
At end of the year	2,599	2,425	44,824	43,106
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	13,089	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
Overburden 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

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 US$'000	2019 US$'000	2020 US$'000	2019 US$'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 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Cash on hand	104	154	–	1
Cash at banks	205,054	157,631	1,300	26,273
Short-term deposits	57,641	19,972	52,243	13,920
	262,799	177,757	53,543	40,194

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	8,073	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%

25. Trade and other payables

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Current				
Trade payables: [1]				
- Related parties	1,247	965	-	-
- Third parties	161,467	169,972	-	-
Other payables:				
- Dividend payable [2]	9,678	–	–	–
- Related parties	2,154	4,466	-	-
- Subsidiaries [3]	–	–	9,510	986
- Third parties [4]	1,387	1,434	274	29
Accrued expenses [5]	83,901	49,755	6,805	5,847
Non-trade payables [4]	9,852	2,693	2,610	404
Advances received [6]	3,121	8,317	–	–
Contingent consideration – vendor royalties (Note 32d)	5,356	–	–	–
Others	64	6	64	6
	278,227	237,608	19,263	7,272
Non-current				
Guarantee deposits	106	108	–	–
Other payables - related parties [7]	27,183	25,599	-	-
Contingent consideration – vendor royalties (Note 32d)	5,227	–	–	–
Others	45	-	-	-
	32,561	25,707	-	-
Total trade and other payables	310,788	263,315	19,263	7,272
Less:				
Advances received	(3,121)	(8,317)	–	–
Contingent consideration – vendor royalties (Note 32d)	(10,583)	-	-	-
Add:				
Loans and borrowings (Note 26)	381,992	319,693	222,050	180,256
Total financial liabilities carried at amortised costs	679,076	574,691	241,313	187,528

[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 royalty.

[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.

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 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
IDR	167,792	165,837	2,051	12
AUD	56,149	301	1,032	301

26. Loans and borrowings

	Maturity	Group 2020 US$'000	Group 2019 US$'000	Company 2020 US$'000	Company 2019 US$'000
Current:					
Lease liabilities					
5.25% - 9.59% p.a Lease liabilities (Note 14)	2021	1,600	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	–	–
1.3% p.a + LIBOR USD loan	2020	–	1,500	–	–
5.25% - 6.25% p.a fixed rate USD loan (2019: 6.25% - 7.0%)	2021	11,592	8,231	–	–
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	10,509	15,273	10,509
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)	(807)	(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

26. Loans and borrowings (cont'd)

	Maturity	Group 2020 US$'000	Group 2019 US$'000	Company 2020 US$'000	Company 2019 US$'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		(2,668)	(3,630)	(2,324)	(3,173)
Total bank borrowings (non-current)		267,250	255,975	187,537	169,987
Total loans and borrowings (non-current)		268,477	257,242	187,821	169,992
Total loans and borrowings		381,992	319,693	222,050	180,256

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 150%.

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$801,000. 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$875,000). 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).

0.08% 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$1,222,000. 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.

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$2,205,000 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$2,703,000 respectively (2019: US$845,000 and US$1,776,000 respectively).

A reconciliation of liabilities arising from financing activities is as follows:

				Non-cash changes	
2020	**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**
Current					
- Bank borrowings	60,365	81,331	(58,306)	28,525	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	
2019	**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**
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	87,744	(37,798)	(13,047)	255,975
- Lease liabilities	5,602	–	(2,674)	(1,661)	1,267
	224,678	87,744	(40,472)	(14,708)	257,242

* Others pertains to reclassification of non-current portion of bank borrowings and lease liabilities, acquisition of subsidiaries, foreign exchange from translation, discounts and transaction costs.

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	964	915
Benefits paid during the year	(33)	(129)
Transferred liability for transferred employees	(25)	(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 US$'000	2019 US$'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 US$'000	2019 US$'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 if all other assumptions were held constant.

	Increase/(decrease)	
	2020 US$'000	2019 US$'000
Increase by 100 basis points	(644)	(389)
Decrease by 100 basis points	226	435

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
	28,050	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	1,996
Acquisition of subsidiaries (Note 16d)	20,053	–
Additions	1,171	3,083
Unwinding of discount	176	–
Reversal	(4,326)	–
Exchange difference	3,339	–
At 31 December	25,492	5,079
Current	1,426	–
Non-current	24,066	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 2015 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	(1,656)	–
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 reinstating 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

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	305,528	2,353,100	1,230,107

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 into Redeemable Preference Shares of an investee company. During the reporting year, an investment of Nil (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$67,824,000 (2019: US$18,016,000).

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)	(587)
Insurance expenses paid to related parties	(6,079)	(5,993)
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
	6,994	6,785
Comprises amounts paid and payable to:		
- directors of the Company	4,053	4,022
- other key management personnel	2,941	2,763
	6,994	6,785

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 classify 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 (i.e. as 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.

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 using			
2020	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
Assets				
Non-financial assets				
Biological assets (Note 10)	--	–	6,587	6,587
Financial assets				
Equity securities at fair value through profit or loss				
Equity securities				
– Quoted (Note 23)	1,925	–	–	1,925
Equity securities at FVOCI				
Equity securities				
– Quoted (Note 23)	–	–	–	–
– Unquoted (Note 23)	–	–	1,030	1,030
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 using			
2019	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
Assets				
Non-financial assets				
Biological assets (Note 10)	--	-	6,059	6,059
Financial assets				
Equity securities at FVOCI				
Equity securities				
– Quoted (Note 23)	111,305	-	-	111,305
– Unquoted (Note 23)	–	–	30	30
Redeemable Preference Shares at FVOCI (Note 23)	–	–	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 assumption 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 approximation of fair values due to their 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	(10,583)

32. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements (cont'd)

2019	Unquoted equity securities (Note 23) US$'000	Redeemable preference shares (Note 23) US$'000	Contingent consideration – vendor royalties (Note 25) US$'000
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$30,000) 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 agrees 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. 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.

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	682	1,390	141,708
Cash and cash equivalent	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	1,746	1,338	-	3,084
Bank borrowings	137,272	298,593	-	435,865
Total undiscounted financial liabilities	414,407	335,344	335	750,086
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)

	Group			
2019	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	136,103	8,975	-	145,078
Cash and cash equivalent	177,757	-	-	177,757
Redeemable 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	17,532	3,774	335,279
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	(1,766)	(325,372)	3,774	(323,364)

	Company		
2020	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	290	77,862
Total undiscounted financial assets	184,407	290	184,697
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	(207,448)	(95,658)

33. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	Company		
2019	1 year or less US$'000	2 to 5 years US$'000	Total US$'000
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	7,272	–	7,272
Lease Liabilities	48	6	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)	(181,800)

(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 ("LC"), 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:

2020	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
Gross carrying amount	114,193	2,156	554	555	117,458
Loss allowance provision	–	–	–	(278)	(278)
2019					
Gross carrying amount	118,194	6	173	275	118,648
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	90,218	32%	27,525	16%
Indonesia	136,338	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 concentrate 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 (Note19), 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 US$'000	2019 US$'000
IDR/USD	-	strengthened 7% (2019: 7%)	4,198	2,526
	-	weakened 7% (2019: 7%)	(4,830)	(2,906)
AUD/USD	-	strengthened 7% (2019: 7%)	7,712	1,875
	-	weakened 7% (2019: 7%)	(8,873)	(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 plan and performance of coal production in addition to strategic direction 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.

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	381,992	319,693
Trade and other payables	307,667	254,998
Less: Cash and cash equivalents	(262,799)	(177,757)
Net debts	426,860	396,934
Equity attributable to equity holders of the Company	384,872	359,335
Capital and net debts	811,732	756,269
Gearing ratio	52.59%	52.49%

35. Segment information

For management purposes, the Group is organised into operating segments based on their 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.

35. Segment information (cont'd)

	Energy Coal		Metallurgical Coal		Non-coal Business		Adjustments and Eliminations		Note	Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019		2020	2019
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000		US$'000	US$'000
Revenue:											
Revenue from external customers	1,064,230	1,114,284	97,234	–	1,223	1,531	–	–		1,162,687	1,115,815
Inter segment revenue	–	4,214	–	–	–	–	–	(4,214)	A	–	–
	1,064,230	1,118,498	97,234	–	1,223	1,531	–	(4,214)		1,162,687	1,115,815
Results:											
Segment results	144,350	108,941	(19,038)	–	(18,059)	12,331	(11,748)	(26,146)	B,C	95,505	95,126
Interest income	4,133	10,298	32	–	9,140	12,662	(4,687)	(13,185)	C	8,618	9,775
Finance costs	(18,923)	(21,949)	(2,734)	–	(21,823)	(20,422)	6,081	7,787	C	(37,399)	(34,584)
Profit before tax										66,724	70,317
Income tax expense										(32,256)	(37,429)
Profit for the year										34,468	32,888
Compensation income	–	–	–	–	3,667	580	(3,667)	(567)	C	–	13
Depreciation expenses	(10,917)	(9,164)	(5,741)	–	(1,463)	(1,674)	–	–		(18,121)	(10,838)
Amortisation expenses	(5,790)	(5,410)	(10,489)	–	(611)	(573)	–	–		(16,890)	(5,983)
Share of loss of a joint venture	–	–	–	–	(4,903)	–	–	–		(4,903)	–
Fair value gain on biological assets	–	–	–	–	321	2,543	–	–		321	2,543
Fair value gain on other investment	–	–	–	–	516	–	–	–		516	–
Fair value gain on remeasurement of contingent liability		–	6,846	–	–	–	–	–		6,846	–
Assets and Liabilities:											
Segment assets	649,656	669,375	325,770	–	792,976	701,588	(373,917)	(264,935)		1,394,485	1,106,028
Segment assets includes:											
Investment in a joint venture	–	–	–	–	48,012	–	–	–		48,012	–
Addition to non-current assets	6,061	20,774	8,592	–	246	264	–	–	D	14,899	21,038
Segment liabilities	478,547	498,553	136,749	–	314,091	217,023	(112,431)	(88,669)		816,956	626,907

35. Segment information (cont'd)

A Inter-segment revenues are eliminated on consolidation.

B The following items are added to/(deducted from) segment results net of intra-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)	(13,648)	(604)	(201,383)
Administrative expenses	(62,090)	(7,054)	(10,193)	(79,337)
Other operating (expenses)/ income	(2,044)	(114)	(12,687)	(14,845)
2019				
Other income	11,101	-	5,646	16,747
Selling and distribution expenses	(184,451)	-	(965)	(185,416)
Administrative expenses	(58,255)	-	(15,800)	(74,055)
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.

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	519,972
China	347,393	436,606	-	-
India	235,767	250,554	-	-
Japan	49,479	-	-	-
Philippines	21,775	13,380	-	-
Malaysia	18,072	-	-	-
Cambodia	18,025	12,207	-	-
South Korea	17,799	29,522	-	-
Australia	-	-	245,887	-
Others	25,805	19,922	13,455	11,528
	1,162,687	1,115,815	758,427	531,500

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:

	Energy Coal		Metallurgical Coal	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Customer				
Top 1st	180,567	193,691	-	-
Top 2nd	-	116,074	-	-

36. Dividends

	Group and Company	
	2020 US$'000	2019 US$'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	(74,981)	(74,055)
Finance costs	(33,658)	(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	56,599	53,134	3,465	-
Current liabilities:				
Trade and other payables	237,629	237,608	7,272	7,272
Loans and borrowings	62,743	62,451	10,556	10,264
Non-current liabilities:				
Loans and borrowings	260,415	257,242	173,165	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 - ADSP ("Ascend Global"). Pursuant to the terms of the Agreement, GEAR 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 9.0% 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 25, 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. The 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 Surveillance 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.

A REPORT BY MEASURED GROUP PTY LTD

COAL RESOURCE REPORT 2021

ISAAC DOWNS PROJECT

STANMORE RESOURCES LIMITED

December 2021

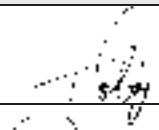
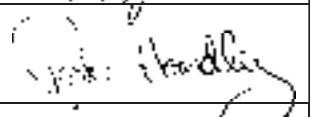
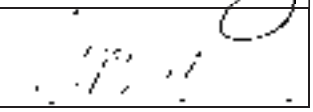
REPORT NO: MG810_REPORT_2021_01

DOCUMENT ISSUES AND APPROVALS

DOCUMENT INFORMATION

Project:	Isaac Downs Project
Document Number:	MG801_Report_2021_01
Title:	Coal Resource Report 2021
Client:	Stanmore Resources Limited
Date:	January 2022

CONTRIBUTORS

	Name	Position	Signature
Prepared by:	Toby Prior	Director and Principal Geologist	
Reviewed by:	Peter Handley	Principal Geologist	
Approved by:	James Knowles	Director and Principal Geologist	

DISTRIBUTION

Company	Attention	Hard Copy	Electronic Copy
Stanmore Resources Limited	Nigel Clifford	No	Yes

PURPOSE OF REPORT

Measured Group Pty Ltd (Measured) has prepared a report on the Coal Resources at Isaac Downs Project for the Directors of Stanmore Resources Limited. The Coal Resources are estimated as at 31 December 2021.

The purpose of the report is to provide an objective assessment of the Coal Resources contained within the Isaac Downs Project, that is compliant with the Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves, 2012 edition (the JORC Code, 2012).

LIMITATIONS AND LIABILITY

Measured Group, after due enquiry and subject to the limitations of the Report hereunder, confirms that:

- The conlusions presented in this report are professional opinions based solely upon Measured Group's interpretations of the documentation received, interviews and conversations with personnel knowledgeable about the site and other available information, as referenced in this report. These conclusions are intended exclusively for the purposes stated herein.
- For these reasons, the reader must make their own assumptions and their own assessments of the subject matter of this report.
- Opinions presented in this report apply to the site's conditions and features as they existed at the time of Measured Group's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this report, about which Measured Group have had no prior knowledge nor had the opportunity to evaluate.

Limited Liability

Measured Group will not be liable for any loss or damage suffered by a third party relying on this report regardless of the cause of action, whether breach of contract, tort (including negligence) or otherwise unless and to the extent that that third party has signed a reliance letter in the form required by Measured Group (in its sole discretion). Measured Group's liability in respect of this report (if any) will be specified in that reliance letter.

Responsibility and Context of this Report

The contents of this report have been created using data and/or information provided by or on behalf of the Customer. Measured Group accepts no liability for the accuracy or completeness of data and information provided to it by, or obtained by it from, the Customer or any third parties, even if that data and information has been incorporated into or relied upon in creating this report.

The report has been produced by Measured Group using information that is available to Measured Group as at the date stated on the cover page. This report cannot be relied upon in any way if the information provided to Measured Group changes. Measured Group is under no obligation to update the information contained in the report at any time.

COMPETENT PERSONS STATEMENT

I, Toby Prior, confirm that I am the Competent Person for this Report and:

- I have read and understood the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition).
- I am a Competent Person as defined by the JORC Code 2012 Edition, having at least five years of experience that is relevant to the style of mineralisation and type of deposit described in this Report, and to the activity for which I am accepting responsibility.
- I am a Member of *The Australasian Institute of Mining and Metallurgy* (AusIMM).
- I have reviewed the Report to which this Consent Statement applies.

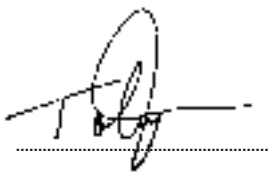
I am a full-time employee of Measured Group Pty Ltd and have been engaged by Stanmore Resources Limited to prepare the documentation for the Isaac Downs Project on which the Report is based, for the period ended December 2021.

I have more than 24 years of experience in the estimation of Coal Resources, both in Australia and overseas. This expertise has been acquired principally through exploration and evaluation assignments at operating mines and exploration areas.

I have disclosed to the reporting company the full nature of the relationship between myself and the company, including any issue that could be perceived by investors as a conflict of interest.

I verify that the Report is based on and fairly and accurately reflects in the form and context in which it appears, the information in my supporting documentation relating to Coal Resources.

Pursuant to the requirements of ASX Listing Rules 5.6, 5.22 and 5.24 and Clause 9 of the JORC Code 2012 Edition, I consent to the release of this Report and this Consent Statement by the Directors of Stanmore Resources Limited.



Toby Prior

Member AusIMM – 221964

EXECUTIVE SUMMARY

The Isaac Downs Project is located in the northern central Bowen Basin in Queensland, Australia, approximately 13 km southeast of the town of Moranbah. The project is immediately south-southeast of Stanmore Resources Limited's Isaac Plains Mining Complex and to the west of MetRes Pty Ltd's Millennium Coal Mine.

The project area is located approximately 10 km south-southeast of the Goonyella-Hay Point Railway, the Isaac Plains Complex Rail Loop and the mine infrastructure area. The Hay Point/Dalrymple Bay Coal Terminal (**DBCT**) facilities are approximately 170 km by rail from the Isaac Plains Complex.

Coal Resources for the Isaac Downs Project are contained within the Mining Lease (ML) 700046 which was granted on 26 November 2021. Mineral Development Licence MDL 137 and portions of Exploration Permits for Coal EPC 728 and EPC 755 also cover the deposit area. All leases are held by Stanmore IP South Pty Ltd or Stanmore IP Coal Pty Ltd (each 100% owned subsidiaries of Stanmore Resources Limited).

Coal Resources at Isaac Downs are contained within the Leichhardt and Vermont Upper seams, which form part of the Late Permian aged Rangal Coal Measures. The Resource is expected to make, through beneficiation, a primary semi-hard or semi-soft coking coal product and a secondary PCI and/or thermal product via open-cut mining methods

Coal Resources have been modelled and estimated using Maptek's Vulcan modelling software. The model is dated 17 December 2021.

The total Coal Resource estimate is 32 million tonnes (Mt), of which 29.2 Mt is classified as Measured Resources and 2.9 Mt is classified as Indicated Resources.

Resources are declared as at 31 December 2021. There has been a reduction in total Resources of 4 Mt. As at the declaration date, a total of 1.2 Mt has been depleted by mining.

The Coal Resource estimate and report have been prepared in accordance with the principles of the Joint Ore Reserves Committee's Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (December 2012), JORC Code, 2012 Edition. The Competent Person is Toby Prior from Measured Group Pty Ltd. Toby is a member of the AusIMM and has over 23 years' experience in the estimation and reporting of Coal Resources.

A summary of the Coal Resource estimate is contained in the following table.

Summary of Coal Resources by Seam

SEAM	PLY	MEASURED (Mt)	INDICATED (Mt)	TOTAL (Mt)
Leichhardt	LU	4.8	1.5	6
	LL3	6.1	0.4	6
	LL2	3.8	0.5	4
	LL1	4.2	0.3	4
Vermont Upper	VU1	7.4	0.1	8
	VU2	2.9	0.1	3
Total		29.2	2.9	32

Notes:
1. Coal Resources estimated at 4% in situ moisture.
2. Totals may not sum correctly due to rounding.

TABLE OF CONTENTS

DOCUMENT ISSUES AND APPROVALS i
PURPOSE OF REPORT ii
LIMITATIONS AND LIABILITY iii
COMPETENT PERSONS STATEMENT iv
EXECUTIVE SUMMARY v
TABLE OF CONTENTS vii
LIST OF FIGURES x
LIST OF TABLES xi
1. Introduction 12
1.1 Location 12
1.2 Tenure and Ownership 12
1.3 Access to Infrastructure 12
1.4 Mining 13
2. Exploration History 16
3. Geological Setting 17
3.1 Regional Geology 17
3.2 Local Geology 20
3.2.1 Tertlary 20
3.2.2 Permian Statigraphy 20
3.2.3 Structure 25
3.2.4 Weathering 25
3.2.5 Depth Of Cover 25
3.2.6 Intrusions 25
4. Data Acquisition 31
4.1 Survey Datum 31
4.2 Topography 31
4.3 Exploration 31
4.3.1 Drilling 31
4.3.2 Geological Logging 33
4.3.3 Downhole Geophysics 33
4.3.4 Sampling Techniques 34
4.4 Seismic Surveys 34
4.5 Coal Assay Analysis 35
4.5.1 Stage 1. Apparent Relative Density (ARD) 35

4.5.2 Stage 2. Raw Coal, Quick Coke and Float/Sink Analysis 35
4.5.3 Stage 3. Product Analysis 35
4.6 Data Validation 36
4.7 Geological Database 37
5. Data Analysis 38
5.1 Lithology data 38
5.2 Assay data 40
5.2.1 Dataset 40
5.2.2 Program of Works 40
5.2.3 Raw Coal Analysis 41
5.2.4 Washed Coal Analysis & LIMN SIMULATION 42
5.2.5 Coal Processing Potential 44
5.2.6 Ash vs Relative Density Relationship 45
6. Modelling 47
6.1 Data Processing 48
6.1.1 New Data 48
6.1.2 Hole Collars 48
6.1.3 Seam Names 49
6.1.4 Excluded Data 49
6.1.5 Control Data 49
6.1.6 Coal Seam Interpolation 50
6.1.7 Coal Quality Composites 50
6.2 Structural Model 51
6.2.1 Fault Blocks 51
6.2.2 Topography 51
6.2.3 Tertiary 51
6.2.4 Weathering 51
6.2.5 Permian Strata and Coal Seams 51
6.2.6 Faulting 52
6.3 Coal Quality Modelling 53
6.3.1 In Situ Moisture and Density 54
6.4 Model Validation and Publication 55
6.5 Final Resource Model 55
7. Resource Estimate 57
7.1 Reasonable Prospects for Economic Extraction 57
7.2 Resource Limits 57
7.3 Points of Observation 59

7.3.1 Coal Quality 59
7.3.2 Coal Structure 59
7.3.3 Interpretive Data Points 59
7.4 Category Ranges 60
7.4.1 Domains 60
7.4.2 Geostatistics 60
7.4.3 Ranges 60
7.4.4 Extrapolation 61
7.5 Resource Classification 62
7.5.1 Measured Resources 62
7.5.2 Indicated Resources 62
7.5.3 Inferred Resources 62
8. Coal Resource Estimate 2021 70
9. Previous Estimates 71
10. Audits and Acknowledgements 73
11. References 74
APPENDIX A: PLANS AND CROSS SECTIONS 75
APPENDIX B: JORC TABLE 1 98
APPENDIX C: GEOSTATISTICAL STUDY 115

LIST OF FIGURES

Figure 1-1: Isaac Downs Project Location 14
Figure 1-2: Isaac Downs Coal Tenure and Deposit Location 15
Figure 3-1: Regional Geology 19
Figure 3-2: Thickness of Tertiary 23
Figure 3-3: Local Stratigraphy 24
Figure 3-4: Depth of Weathering 26
Figure 3-5: Depth of Cover 27
Figure 3-6: Geological Structure, VU1 Floor Contours 28
Figure 3-7: VU1 Seam Dip 29
Figure 3-8: Cross Sections 30
Figure 4-1: Drill Hole Location Plan 32
Figure 5-1: Histogram – Depth of Weathering 39
Figure 5-2: Histogram – Thickness of Tertiary 39
Figure 5-3: Relative Density vs Raw Ash % (ad) – All Seams 45
Figure 5-4: Relative Density vs Raw Ash % (ad) – All Seams 46
Figure 6-1: Histogram – Collar v Topographic Surface 48
Figure 7-1: Vertical Strip Ratio 58
Figure 7-2: L Seam – Resource Classification Polygons 63
Figure 7-3: LU Ply Resource Classification Polygons 64
Figure 7-4: LL3 Ply Resource Classification Polygons 65
Figure 7-5: LL2 Ply Resource Classification Polygons 66
Figure 7-6: LL1 Ply Resource Classification Polygons 67
Figure 7-7: VU1 Ply Resource Classification Polygons 68
Figure 7-8: VU2 Ply Resource Classification Polygons 69
Figure A-1: L Seam Thickness 76
Figure A-2: LU Ply Thickness 77
Figure A-3: LL3 Ply Thickness 78
Figure A-4: LL2 Ply Thickness 79
Figure A-5: LL1 Ply Thickness 80
Figure A-6: VU1 Ply Thickness 81
Figure A-7: VU2 Ply Thickness 82
Figure A-8: L Seam Raw Ash (% ad) 83
Figure A-9: LU Ply Raw Ash (% ad) 84
Figure A-10: LL3 Ply Raw Ash (% ad) 85

Figure A-11: LL2 Ply Raw Ash (% ad) 86
Figure A-12: LL1 Ply Raw Ash (% ad) 87
Figure A-13: VU1 Ply Raw Ash (% ad) 88
Figure A-14: VU2 Ply Raw Ash (% ad) 89
Figure A-15: LU-VU1 Product HY 1 - Primary In-Seam Yield (% d/d) 90
Figure A-16: LU-VU1 Product HY 1 – Primary Ash (% ad) 91
Figure A-17: LU-VU1 Product HY 1 - Secondary In-Seam Yield (% d/d) 92
Figure A-18: LU-VU1 Product HY 1 - Secondary Ash (% ad) 93
Figure A-19: VU2 Product HY 1 - Primary In-Seam Yield (% d/d) 94
Figure A-20: VU2 Product HY 1 - Primary Ash (% ad) 95
Figure A-21: VU2 Product HY 1 - Secondary In-Seam Yield (% d/d) 96
Figure A-22: VU2 Product HY 1 - Secondary Ash (% ad) 97

LIST OF TABLES

Table 1-1 Tenement Status 12
Table 3-1: Regional Stratigraphy of the Isaac Downs Area 17
Table 3-2: Local Stratigraphy 20
Table 5-1: Drill Hole Statistics 38
Table 5-2: Non-coal Horizon Statistics 38
Table 5-3: Coal Quality Holes by Purpose and Proponent 40
Table 5-4: Processing options for diluted LIMN simulations 42
Table 6-1: Grid Model Extents 47
Table 6-2: HARP Block Model Extents 47
Table 6-3: Seam Ply and Parent Relationship 49
Table 6-4: Selected Average Raw Coal Quality Parameters (%ad basis) 50
Table 6-5: Modelled Assays 53
Table 6-6: Resource Models 55
Table 6-7: Block Model Variables 56
Table 7-1: 2021 Resource Category Distances in Meters Used for Estimation 61
Table 8-1: Summary of Coal Resources by Seam 70
Table 8-2: Detailed Coal Resources by Seam 70
Table 9-1: Reconciliation Back to Previous Coal resource Estimate 72

1. INTRODUCTION

1.1 LOCATION

The Isaac Downs Project is located in the northern central Bowen Basin in Queensland, Australia. It lies approximately 13 km southeast of the town of Moranbah, immediately south-southeast of Stanmore Resources Limited's (**Stanmore's**) Isaac Plains Mining Complex and to the west of MetRes Pty Ltd's Millennium Coal Mine (Figure 1-1)

1.2 TENURE AND OWNERSHIP

Coal Resources for the Isaac Downs Project are wholly contained within Mining Lease (ML) 700046 (ID 1), which was recently granted in July 2021. ML 700046 overlays most of Mineral Development Licence (MDL) 137, and portions of Exploration Permits for Coal (EPC) 728 and EPC 755, as shown in Figure 1-2.

Stanmore IP South Pty Ltd is also the holder of the adjacent Mining Leases 700047 (ID 2) and 700048 (ID 3).

The tenure is held by Stanmore IP South Pty Ltd or Stanmore IP Coal Pty Ltd, both 100% owned subsidiaries of Stanmore Resources Limited. Table 1-1 provides a summary of the project tenure.

Table 1-1 Tenement Status

TENEMENT	LODGE DATE	GRANT DATE	EXPIRY DATE	AREA (ha)	PRINCIPAL HOLDER
EPC 728	21/11/2000	17/04/2001	16 /04/2026	2170	STANMORE IP SOUTH PTY LTD
EPC 755	17/08/2001	4/10/2002	4/09/2023	5890	STANMORE IP COAL PTY LTD
MDL 137	02/10/1993	07/06/1993	30/06/2023	652	STANMORE IP SOUTH PTY LTD
ML 700046	27/05/2019	26/07/2021	31/07/2046	1831	STANMORE IP SOUTH PTY LTD
ML 700047	27/05/2019	26/07/2021	31/07/2046	485	STANMORE IP SOUTH PTY LTD
ML 700048	27/05/2019	26/07/2021	31/07/2046	50	STANMORE IP SOUTH PTY LTD

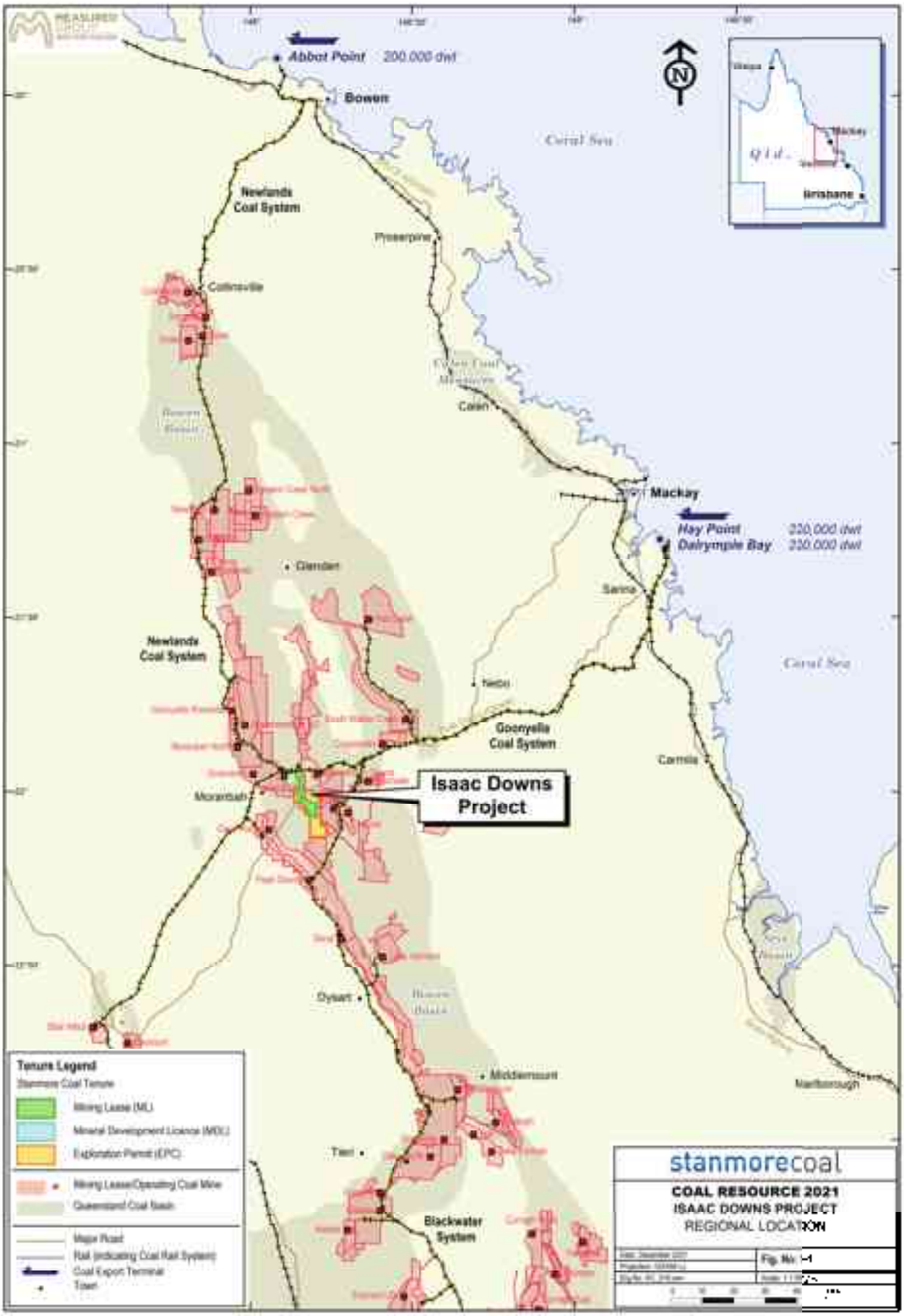
1.3 ACCESS TO INFRASTRUCTURE

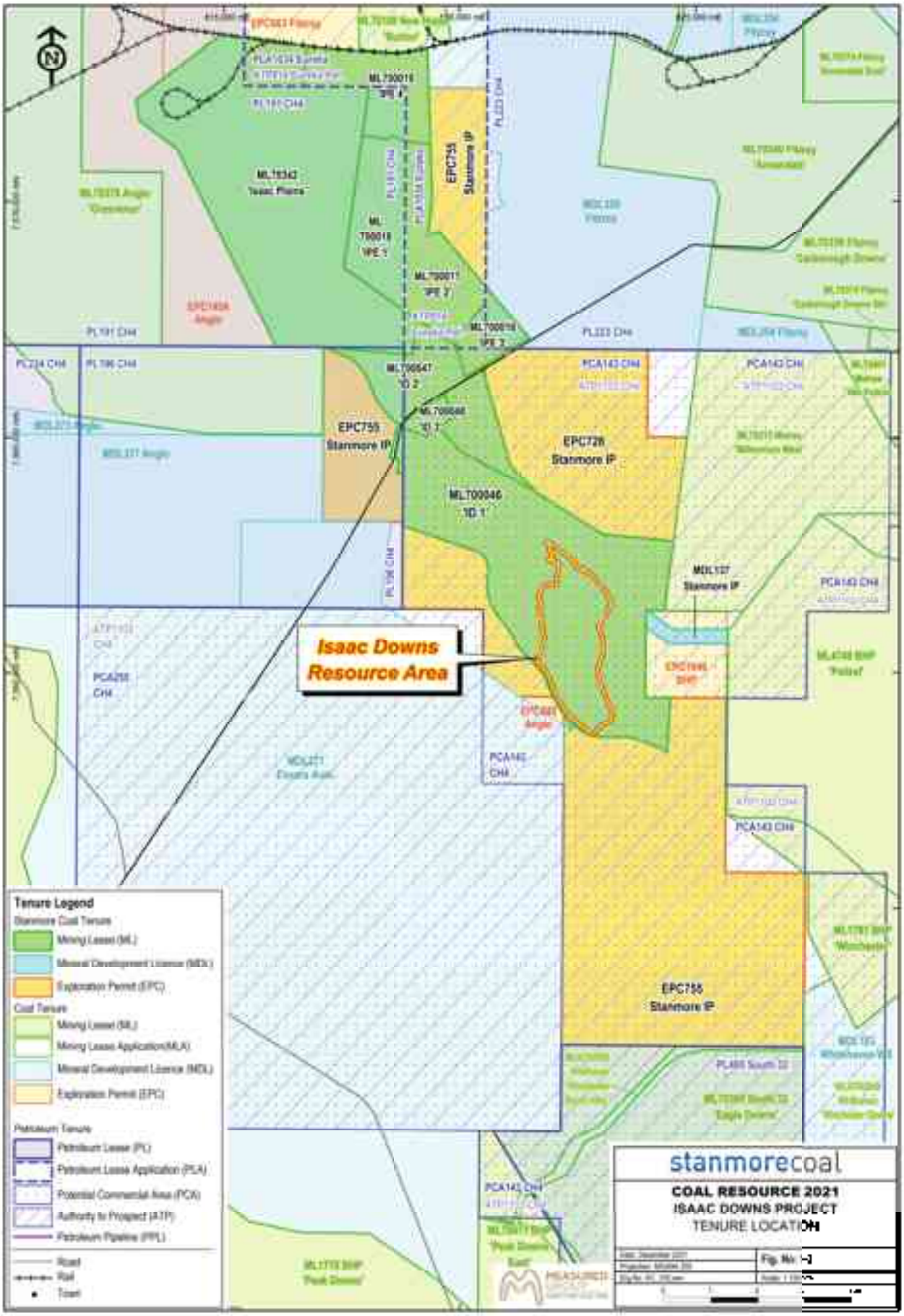
The project area is located approximately 10 km south-southeast of the Goonyella – Hay Point Railway and the Isaac Plains Coal Handling and Processing Plant (CHPP), Rail Loop and mine infrastructure area, which is located within Stanmore ML 70342. The Dalrymple Bay Coal Terminal (**DBCT**) facilities are some 170 km by rail from the Isaac Plains mine.

Access south of the Peak Downs Highway within the Isaac Downs Project is trafficable via both farm and mine roads. North of the Peak Downs Highway, the project is linked to the CHPP via the mine access road, which runs at first along the western edge of ML 700047 and subsequently within ML 70342 itself.

1.4 MINING

Open cut coal mining commenced at Isaac Downs in late-2021. Open-cut mining has also been successful in neighbouring Stanmore operations, Isaac Plains (ML 70342) and Isaac Plains East (ML 700018, ML 700017 & ML 700016), both to the north of Isaac Downs lease area.


Abbot Point 200,000 dwt
Bowen
Coral Sea
Newlands Coal System
Proserpine
Collinsville
Coast Coal Measures
Clairn
Mackay
Hay Point 220,000 dwt
Dalrymple Bay 220,000 dwt
Glendon
Sarina
Newlands Coal System
Nebo
Goonyella Coal System
Carmila
Isaac Downs Project
Moranbah
Dysart
Middlemount
Marlborough
Tieri
Blackwater System
Brisbane
Tenure Legend
Stanmore Coal Tenure
Mining Lease (ML)
Mineral Development Licence (MDL)
Exploration Permit (EPC)
Mining Lease/Operating Coal Mine
Queensland Coal Basin
Major Road
Rail (indicating Coal Rail System)
Coal Export Terminal
Town
stanmorecoal
COAL RESOURCE 2021
ISAAC DOWNS PROJECT
REGIONAL LOCATION
Fig. No: 1



Isaac Downs Resource Area
EPC755 Stanmore IP
EPC728 Stanmore IP
MDL137 Stanmore IP
ML700046 1D 1
ML700047 1D 2
ML700048 1D 1
ML700011 IPE 2
ML700018 IPE 3
ML700016 IPE 4
ML75342 Isaac Plains
Tenure Legend
Stanmore Coal Tenure
Mining Lease (ML)
Mineral Development Licence (MDL)
Exploration Permit (EPC)
Coal Tenure
Mining Lease (ML)
Mining Lease Application(MLA)
Mineral Development Licence (MDL)
Exploration Permit (EPC)
Petroleum Tenure
Petroleum Lease (PL)
Petroleum Lease Application (PLA)
Potential Commercial Area (PCA)
Authority to Prospect (ATP)
Petroleum Pipeline (PPL)
Road
Rail
Town
stanmorecoal
COAL RESOURCE 2021
ISAAC DOWNS PROJECT
TENURE LOCATION

2. EXPLORATION HISTORY

Before MDL 137 being granted to BHP Mitsui#1 (BMC) in 1993, the exploration of the area was limited to two now extinguished (historical_ Exploration Permits for Coal held over the area. The tenures that previously covered the current extent of MDL 137 were:

EPC 3: Thiess Peabody Mitsui Pty Ltd
EPC 6: Utah Development Company Pty Ltd

Utah Development Company Pty Ltd was granted EPC 6 in October 1964 which overlapped the western half of MDL 137. No exploration was conducted within the vicinity of MDL 137.

Under the tenure of EPC 3, Thiess Peabody Mitsui Pty Ltd conducted many exploration campaigns throughout the area from the mid-1960s, 1970s and early 1980s. It was this exploration that initially identified numerous coal deposits within the area, including Wotonga, Millennium Mine, and Poitrel. EPC 3 was the prerequisite tenure for MDL 137.

Numerous WSW-ENE traverses extend across the tenure and make up most of the historical holes within MDL 137. The bulk of this drilling occurred around 1981-82, which was before geophysical logging becoming industry standard best practice. Following the grant of MDL 137 to BHP Mitsui Coal Pty Ltd (BMC), BMC conducted some east-west and southwest to northeast lines of drilling to help locate the major structures within the area namely the Isaac Fault.

An initial resource estimate was undertaken in 1983, followed by an updated; resource assessment as conducted by JB mining in 2002, using computer software. The 2002 model and assessment encompassed the 9 coal quality holes and 38 chip holes that had been drilled in the tenure at the time.

Many holes were not geophysically logged, and the topographic surface and collar relative levels were relatively inaccurate. Due to these issues, most of the deposit was classified as Inferred.

In 2008 tenure ownership transferred to Millennium Coal (100% Peabody Coal Australia subsidiary) after which time some further infill drilling occurred, being a mixture of open chip holes cored coal quality holes and hydrogeological holes, the further data is sufficient to generate greater confidence in the resource. Peabody conducted a JORC Resource Estimate in March 2018 as part of the supporting documentation for the renewal application of MDL 137. The Peabody 2018 JORC Resource estimated ~23 Mt for Wotonga South (currently Isaac Downs) mostly located within MDL 137, with a small portion of the resource extending into neighbouring EPC 728.

Previous drilling in EPC 755 has primarily been conducted by Aquila Coal Pty Ltd and Bowen Central Coal. JB Mining conducted an appraisal of the exploration drilling in EPC 755 in 2018 as a part of the Isaac South Resource Statement.

In 2019 Stanmore IP South Pty Ltd applied for Mining Leases 700046, 700047 and 700048, associated with the development of Isaac Downs. These leases were granted in July 2021.

#1 - Depending on the year and joint venture arrangement ~ BHP Mitsui Coal; Thiess Dampier Mitsui Coal Pty Ltd; BHP Coal Pty Ltd.

3. GEOLOGICAL SETTING

3.1 REGIONAL GEOLOGY

The Isaac Downs Project is located in the northern part of the Permo-Triassic Bowen Basin principally containing fluvial and some marine sediments of the marginal marine Back Creek Group; Late Permian coal-bearing, non-marine strata from the Blackwater Group; and overlying Tertiary basalts and sediments within the Suttor Formation (see Table 3-1 and Figure 3-1).

Table 3-1: Regional Stratigraphy of the Isaac Downs Area

AGE	GROUP	FORMATION
TERTIARY		
TRIASSIC	Rewan Group	Rewan Formation
PERMIAN	Blackwater Group	Rangal Coal Measures
		Fort Cooper Coal Measures
		Moranbah Coal Measures
	Back Creek Group	Exmoor Formation
		Blenheim Formation
		Gebbie Formation
		Tiverton Formation

The Bowen Basin is part of a connected group of Permo-Triassic basins in eastern Australia which includes the Sydney and Gunnedah Basins. The Basins axis orientation is NNW-SSE roughly parallel to the Palaeozoic continental margin.

Tectonically, the basin can be divided into NNW-SSE trending platforms or shelves separated by sedimentary troughs. The units from west to east are the Springsure Shelf, Denison Trough, Collinsville Shelf/Comet Platform, Taroom Trough, Connors and Auburn Arches (interrupted by the Gogango Overfolded Zone) and the Marlborough Trough.

Development of the basin in the Early Permian was in the form of half grabens which subsequently became areas of regional crustal sag. Variations in depositional patterns and deformation styles occur along strike suggest the possibility of NE trending deep-seated crustal transfer faults evidence for such occurs at the neighbouring Isaac Plains Mine.

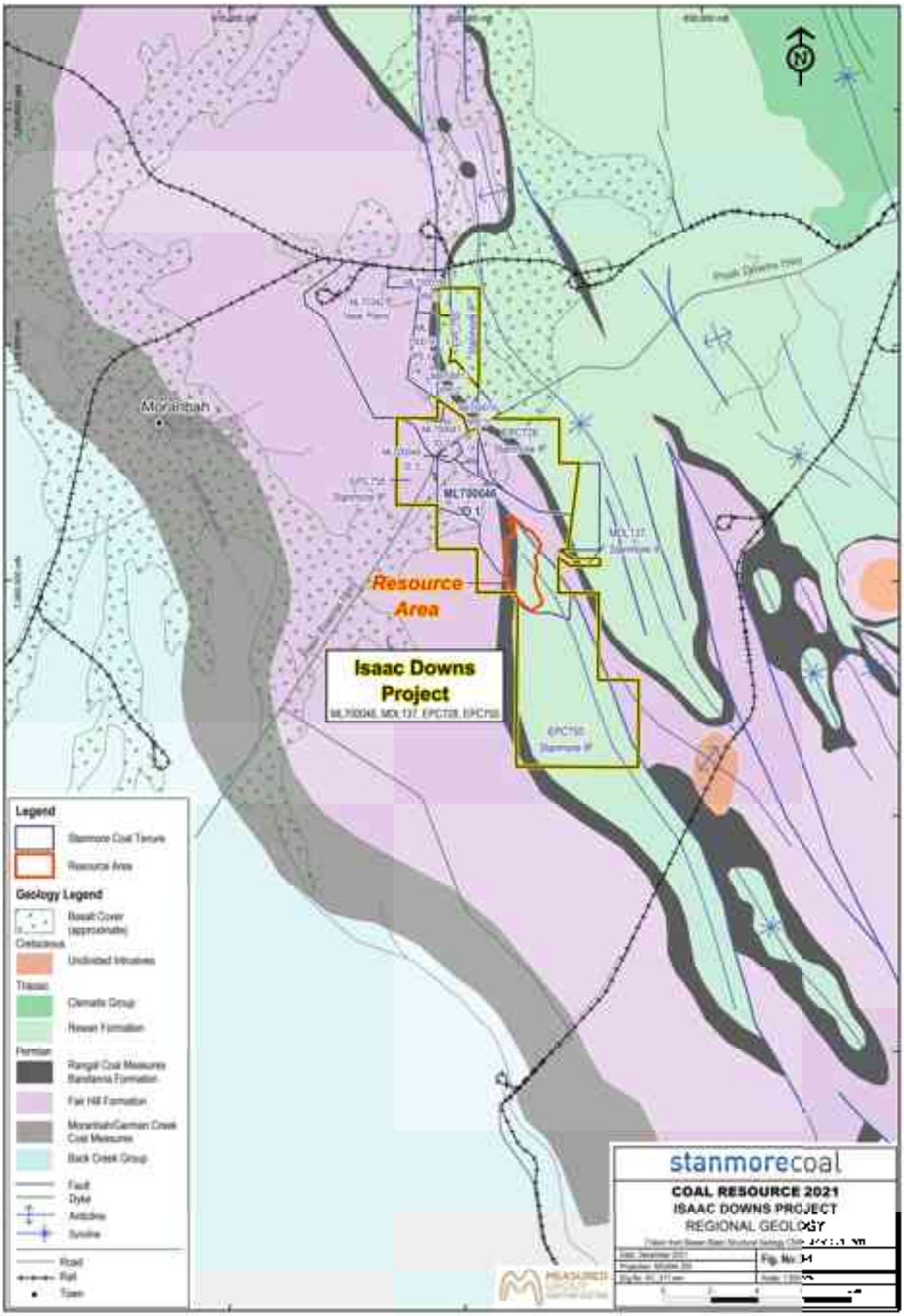
The Bowen Basin has undergone oriented NE-SW extensional and compressional events. Structurally, the tenure lies on the western boundary of the deformed Nebo Synclinorium immediately south-west of a regional thrust fault system- the Burton Range Thrust. Further to the west is the structurally simple Collinsville Shelf.

The economic seams are contained in the Late Permian Rangal Coal Measures which are approximately 100 m thick. The Rangal Coal Measures are underlain by the Fort Cooper Coal Measures and overlain by the Late Permian to Early Triassic Rewan Group.

Tertiary sediments rest unconformably on the coal measure sequences and consist predominantly of unconsolidated, poorly sorted fluviatile and well-bedded lacustrine quartzose sediments. Tertiary volcanism in the form of basaltic to basinitic plugs and associated flows occur throughout the area.

The Rangal Coal Measures comprise light grey, cross-bedded, fine to medium-grained labile sandstones, grey siltstones, mudstones and coal seams. Cemented sections are common in the sandstones. The transition from the Rangal Coal Measures to the Rewan Formation is generally difficult to define and is often based on the change from the green-grey colour of the Rewan sandstones to the blue-grey colour of the Rangal sandstones. The transition between the formations is 15 to 60 m above the first major seam of the Rangal Coal Measures.

The Fort Cooper Coal Measures comprise typically tuffaceous sandstones, siltstones, mudstones and coal seams. The transition between the Rangal Coal Measures and the Fort Cooper Coal Measures is generally clearly marked by the Yarrabee Tuff - a basin-wide marker bed comprised of weak, brown tuffaceous claystone.


Moranbah
Resource Area
Isaac Downs Project
Legend
Stanmore Coal Tenure
Resource Area
Geology Legend
Basalt Cover (approximate)
Cretaceous
Undivided Intrusives
Triassic
Clematis Group
Rewan Formation
Permian
Rangal Coal Measures Bandanna Formation
Fair Hill Formation
Moranbah/German Creek Coal Measures
Back Creek Group
Fault
Dyke
Anticline
Syncline
Road
Rail
Town
stanmorecoal
COAL RESOURCE 2021
ISAAC DOWNS PROJECT
REGIONAL GEOLOGY

3.2 LOCAL GEOLOGY

3.2.1 TERTIARY

Tertiary sediments and soils occur across the lease area, generally ranging in thickness from 0 m to 8 m, reaching 27 m in some areas (Figure 3-2). They consist of unconsolidated sand and silts, derived mainly from the underlying Permian units. Areas of thicker Tertiary greater than 10 m, also exist. These occur primarily towards the south of the project area, typically in close proximity with the current location of the Isaac River. These thicker accumulations of gravels and or sands are likely attributable to the meandering and overbank flows of the river system over more recent geological time.

3.2.2 PERMIAN STATIGRAPHY

The economic coal seams located within the Isaac Downs Project area occur within the Permian age Rangal Coal Measures. Locally, the Rangal Coal measures are unconformably overlain by Tertiary sediments and soils.

The Rewan Formation (Triassic) has not been observed in historical or recent drilling. As drilling progresses to deeper areas of the deposit, the overlying Rewan formation may be encountered.

The local stratigraphy is typical of the regional stratigraphy and is summarised in Table 3-2 below and shown in Figure 3-3.

Table 3-2: Local Stratigraphy

UNIT	DESCRIPTION
Unconsolidated material (0-8 m thick)	Tertiary soils and unconsolidated sand/silts derived from the underlying Permian sediments.
Rangal Coal Measures (RCM) overburden	Dominantly Medium grey siltstones and fine to medium-grained light grey sandstones
RCM Immediate coal roof (1-2 m thick)	RCM Immediate coal roof (1-2 m thick)
RCM Leichhardt and Vermont Coal Seams (5-6 m thick)	Dull to bright coal plies separated by siltstone or carbonaceous siltstone beds. Occasional tuffaceous siltstone
RCM Immediate coal floor (3 m thick)	Dark grey siltstone, occasionally tuffaceous
Yarrabee Tuff	Tuff material that is a stratigraphically significant marker unit across the Bowen Basin. Marks the boundary between the Fort Cooper Coal measures and the Rangal Coal measures.
Fort Cooper Coal Measures overburden	Dominantly medium grey fine to medium-grained sandstones with occasional siltstone beds
Fort Cooper Coal Seams	Dull to medium bright coal plies separated by tuffaceous sandstones, siltstones, mudstones and tuffs

3.2.2.1 Coal Seams

The main coal seams of interest in the project area are the Leichhardt (L) and Vermont Upper (VU) seams.

The L & VU coal seams have been further divided into their sub-plies with each ply being modelled across the entire deposit, meaning the geological model retains its ply definition even in areas of ply coalescence.

Figure 3-3 shows the coal ply sequence and approximate thicknesses as correlated between two boreholes with geophysical logs.

Leichhardt Seam

The Leichhardt (L) seam consists of five main plies:

- LUD - Leichhardt Upper Dilution (average thickness ~0.25 m)
- LU - Leichhardt Upper (average thickness ~1.3 m)
- LL3 - Leichhardt Lower 3; upper component (average thickness ~ 0.85 m)
- LL2 – Leichhardt Lower 2; middle component (average thickness ~ 0.85 m)
- LL1 - Leichhardt Lower 1; lower component (average thickness of 0.8 m).

In terms of coal stratigraphy, the deposit can be further delineated into its western and eastern extents. Within the shallower western part of the deposit, the Leichhardt seam exists as a contiguous single coal seam (L) of average thickness ~4.2 m.

In this coalesced portion of the deposit, the first ply of the Leichhardt seam, the LUD, is a carbonaceous transition into the coal plies of the Leichhardt seam. The LU and LL3 plies are typically separated by mudstones, whereas LL2 and LL1 are separated by a thin tuffaceous siltstone. In most cases the separations are less than 0.1 m thick.

Heading east and at typical depths of 80-100 m from the surface, the combined L seam begins to split into plies, as identified above, though the LUD and LU plies remain coalesced. The splits develop along a north to north-northwest orientation, and definition of the split line occurs where inter-burden between the plies reaches thicknesses greater than 0.3 m.

The first ply of the Leichhardt seam, the LUD, generally represents a carbonaceous transition from siltstone into the coals of the Leichhardt seam. The LUD is typically high ash (above 50%adb) and has been excluded from Resource estimations.

Vermont Upper Seam

The Vermont Upper occurs approximately 0.5 m below the Leichhardt seam and is split into two main plies, typically separated by siltstones.

- VU1 - Vermont Upper 1 (average thickness 1.3 m); *and*
- VU2 - Vermont Upper 2 (average thickness (0.45 m).

The VU1 is the thickest and most consistent of the Vermont plies, averaging 1.30 m across the entirety of the deposit. The VU2 is typically 0.45 m thick and sits below the VU1, separated by <0.5 m of inter-burden.

A small rider seam called the V0 consisting of dull coal is observed occurring between the VU1 and LL1. Averaging 0.3 m. It's distribution as a discreet ply is inconsistent as it is usually included as part of the VU1.

Within the southern and eastern part of the deposit a small ply, the VU3 splits from the base of the VU2. This ply averages 0.15 m thick and is not included as part of the Resource.

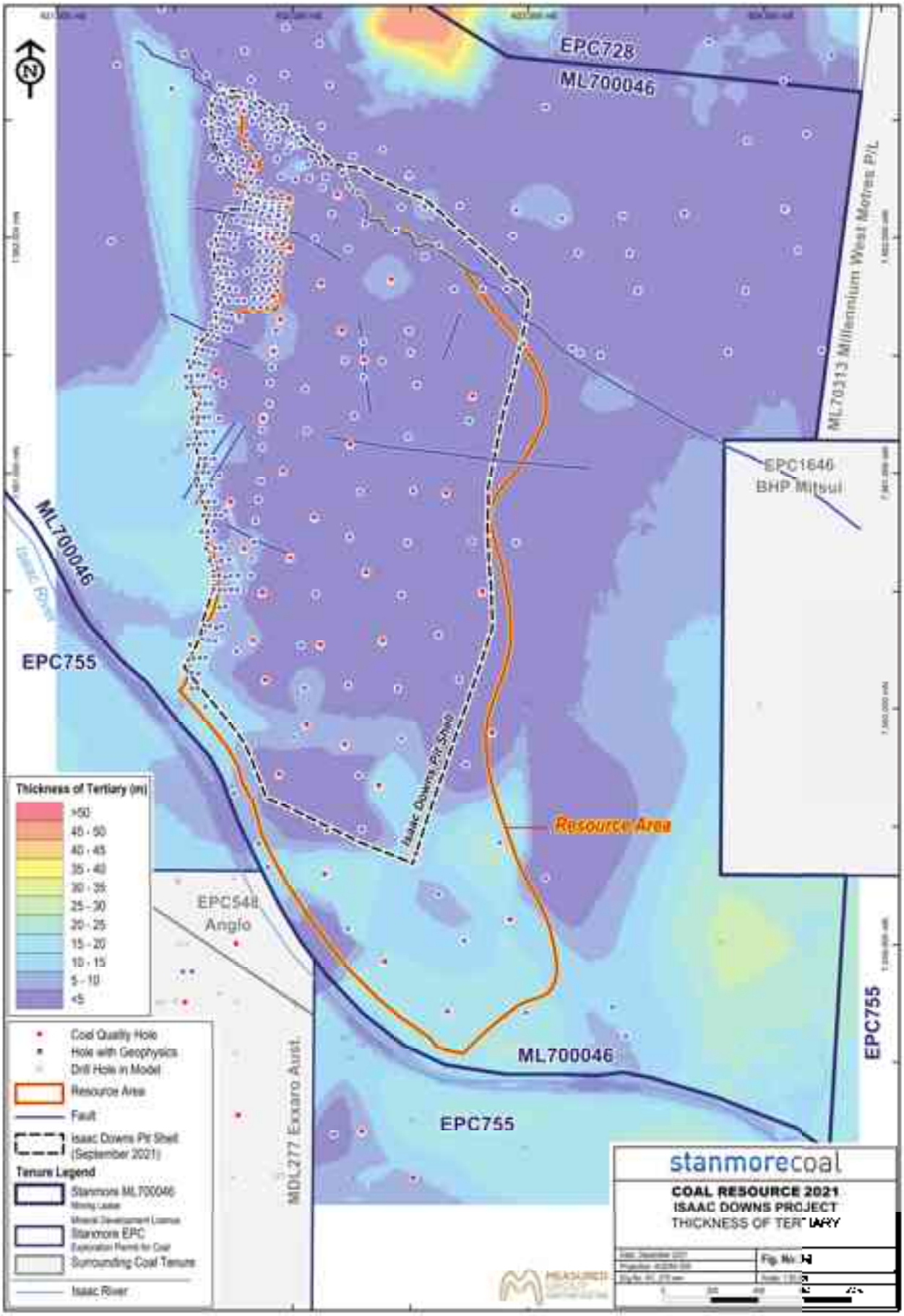
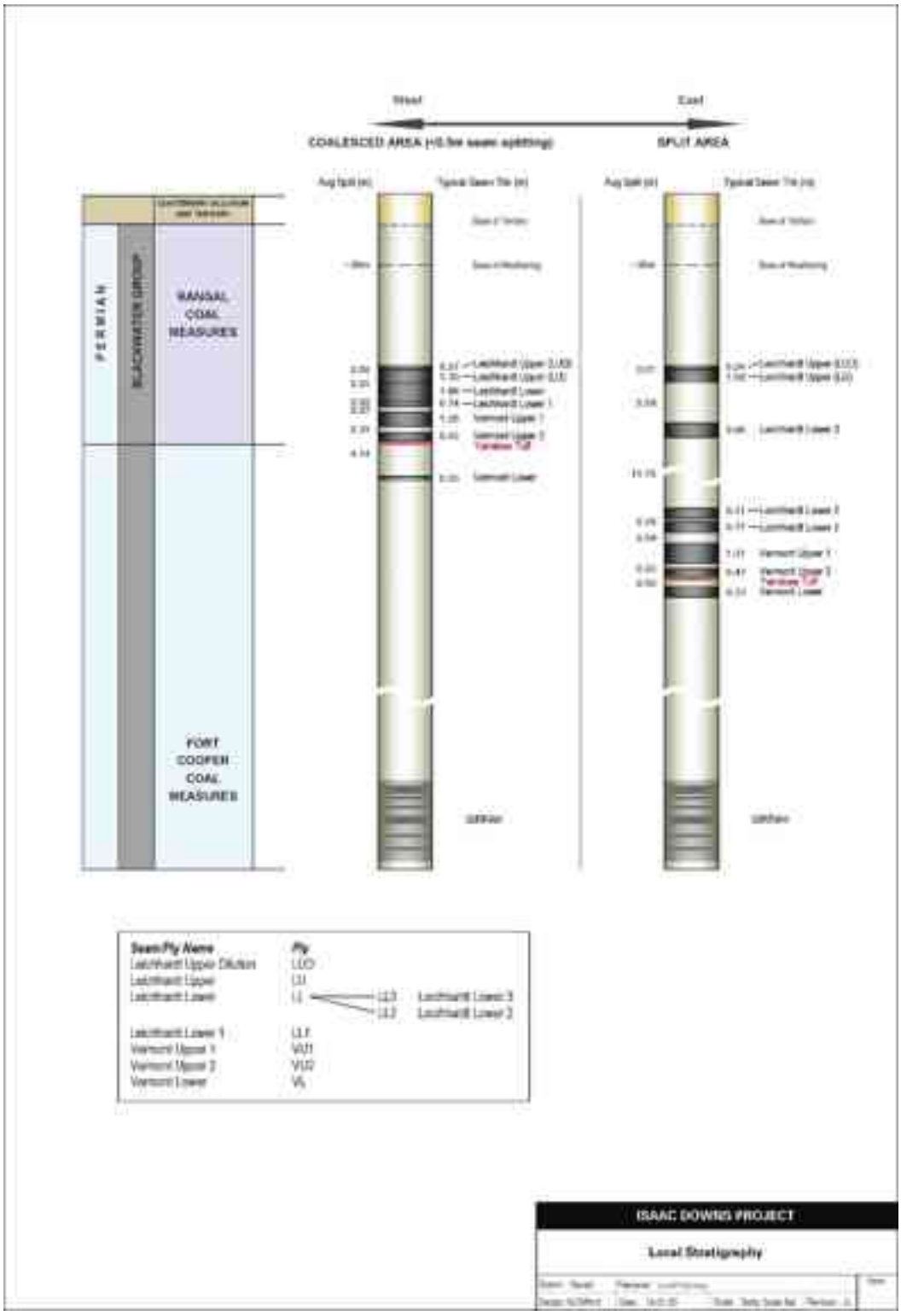

EPC728
ML700046
ML70313 Millennium West Mortes P/L
EPC1646
BHP Mitsui
ML700046
EPC755
Isaac River
Isaac Downs Pit Shell
Resource Area
EPC548
Anglo
MDL277 Exxaro Aust.
ML700046
EPC755
EPC755
Thickness of Tertiary (m)
>50
45 - 50
40 - 45
35 - 40
30 - 35
25 - 30
20 - 25
15 - 20
10 - 15
5 - 10
<5
Coal Quality Hole
Hole with Geophysics
Drill Hole in Model
Resource Area
Fault
Isaac Downs Pit Shell (September 2021)
Tenure Legend
Stanmore ML700046
Stanmore EPC
Surrounding Coal Tenure
Isaac River
stanmorecoal
COAL RESOURCE 2021
ISAAC DOWNS PROJECT
THICKNESS OF TERTIARY

Figure 3-3: Local Stratigraphy



3.2.3 STRUCTURE

The project area generally has a laterally consistent seam dip of between 4 and 5 degrees down to the east. Seam dips of the VU1 ply are shown in Figure 3-7.

The project area is bounded in the northeast by a major regional-scale reverse fault, as associated with the regional scale Burton Range Fault System. This fault is referred to locally as the "Isaac Fault". At Isaac Downs, the Isaac Fault is presently modelled as a series of multiple sub-parallel reverse fault zones of varying displacement, with maximum interpreted throws of >50 m. In parts, the fault is interpreted to present as a local scale en-echelon reverse fault geometry. The geometry of these faults has been confirmed by recent 2D seismic surveys.

Evidence for localised minor thinning, seam offsets and steeper dips associated with faulting has been observed in exploration data but is not considered to impact on Coal Resource estimates materially.

Two-seam splits have been interpreted in the Leichhardt and Vermont seams. The splits develop as the seam package extends down dip, with the first split developing between the LL2 and LL1 plies reaching a thickness of up to 30 m. The second spilt develops between the LL3 and LL2 plies and reaches a thickness of up to 25 m. Both splits develop along a north to north-northwest orientation.

The geological features influencing coal seam geometry are shown in plan view in Figure 3-6, while cross-sections through the deposit are shown in Figure 3-8.

3.2.4 WEATHERING

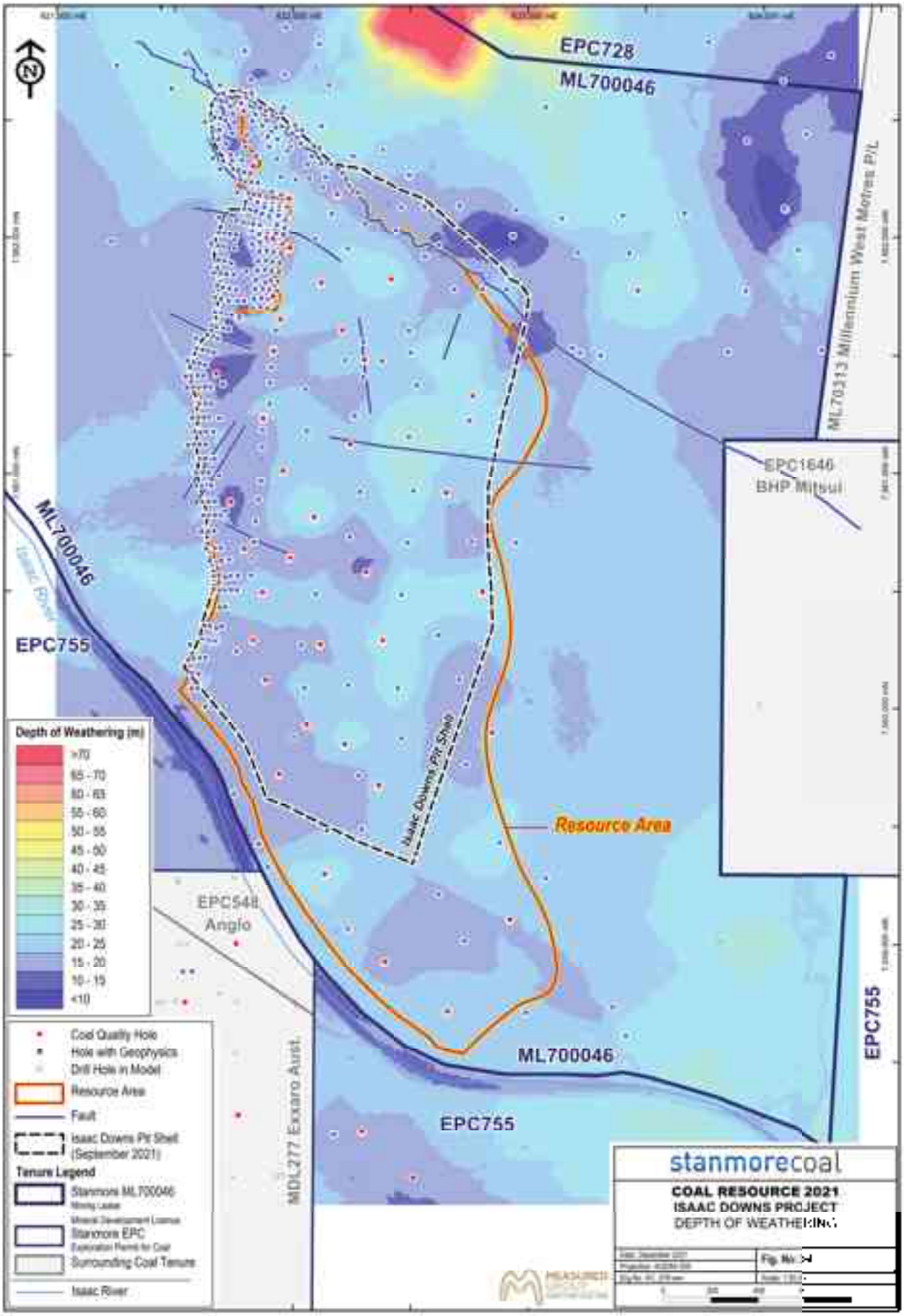
The base of weathering has been logged in all drill holes within the project area and is intersected at an average depth of 20 m (Figure 3-4).

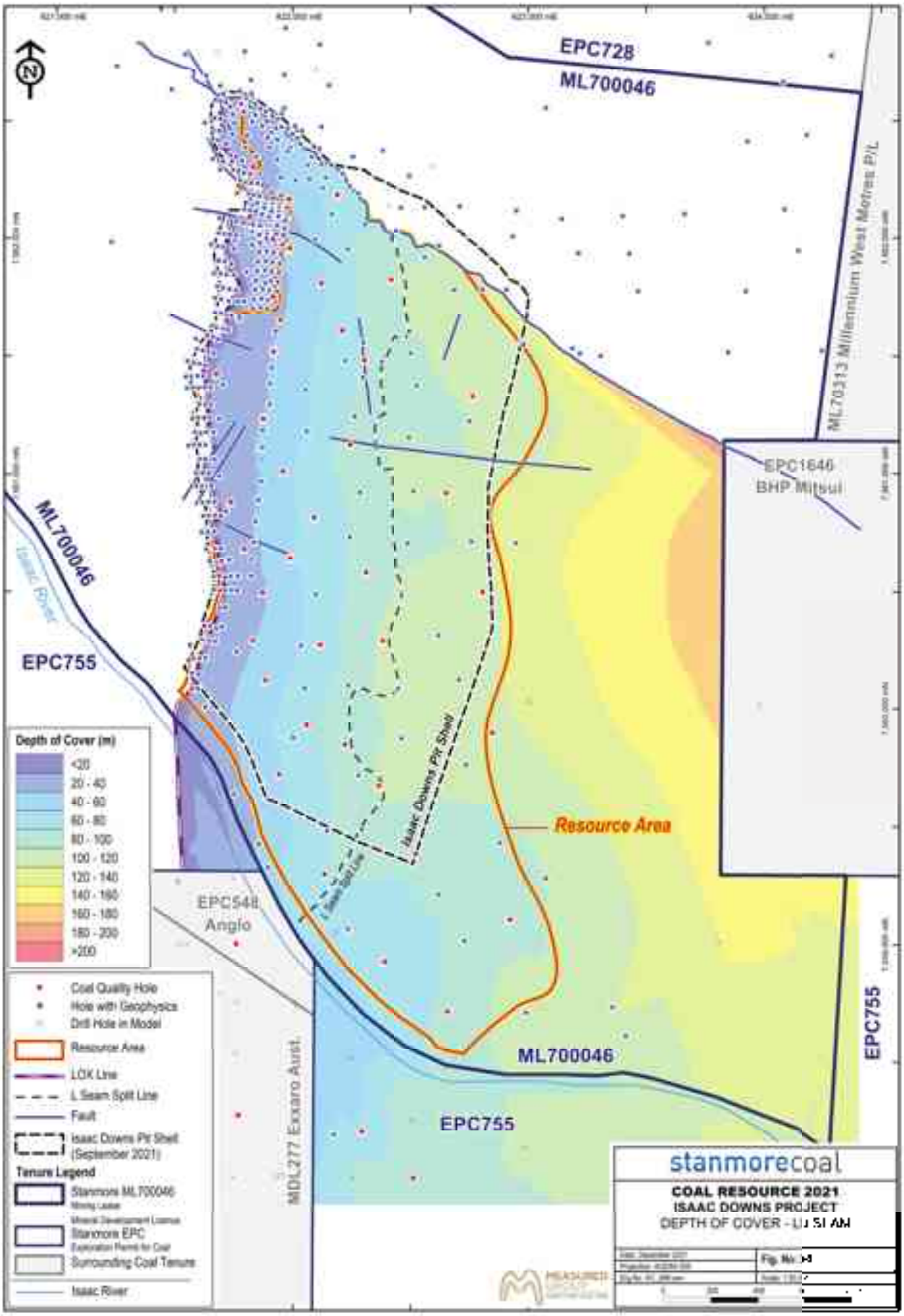
3.2.5 DEPTH OF COVER

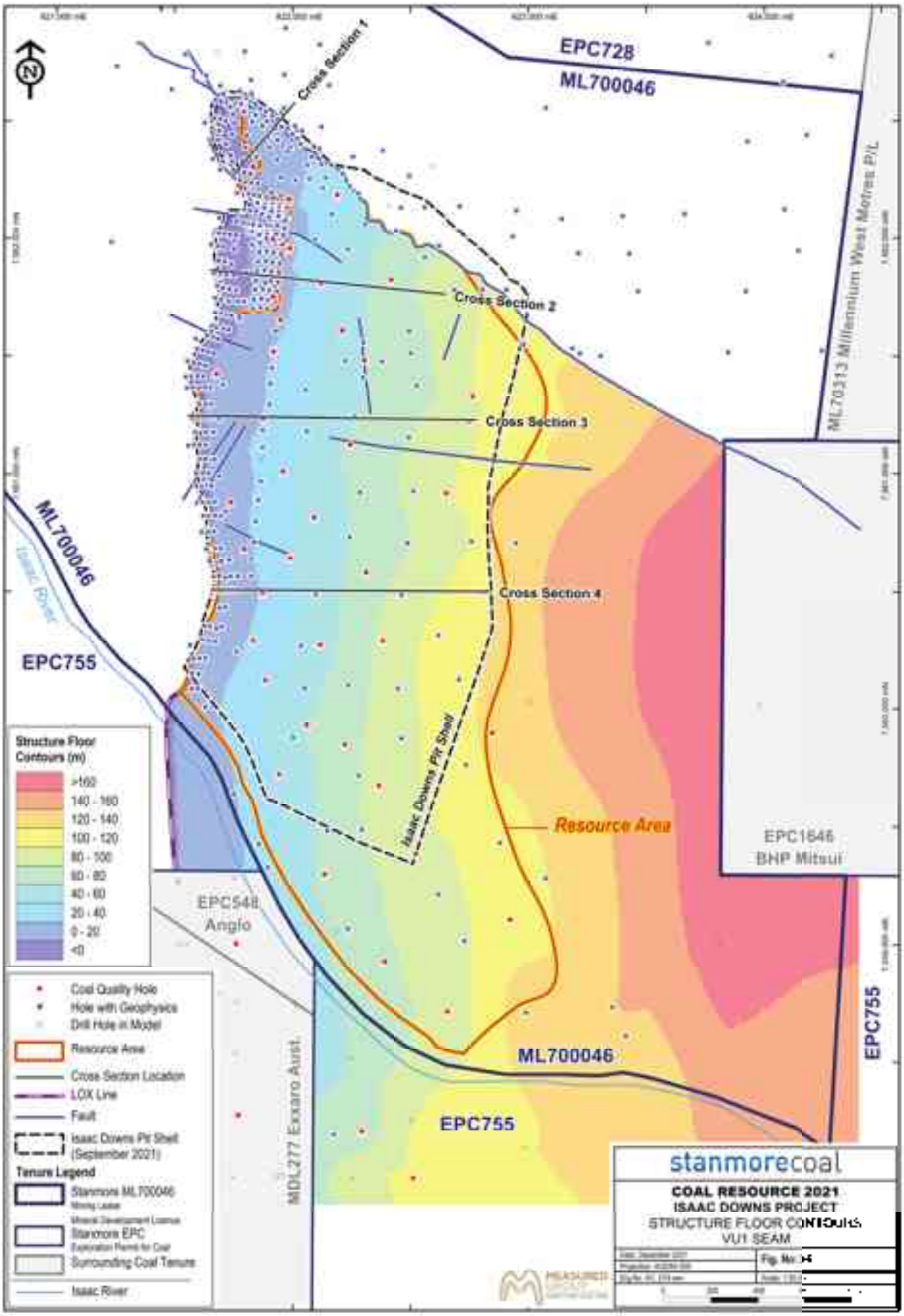
The depth of cover to the Leichhardt Seam ranges between <20 m to >180 m (Figure 3-5).

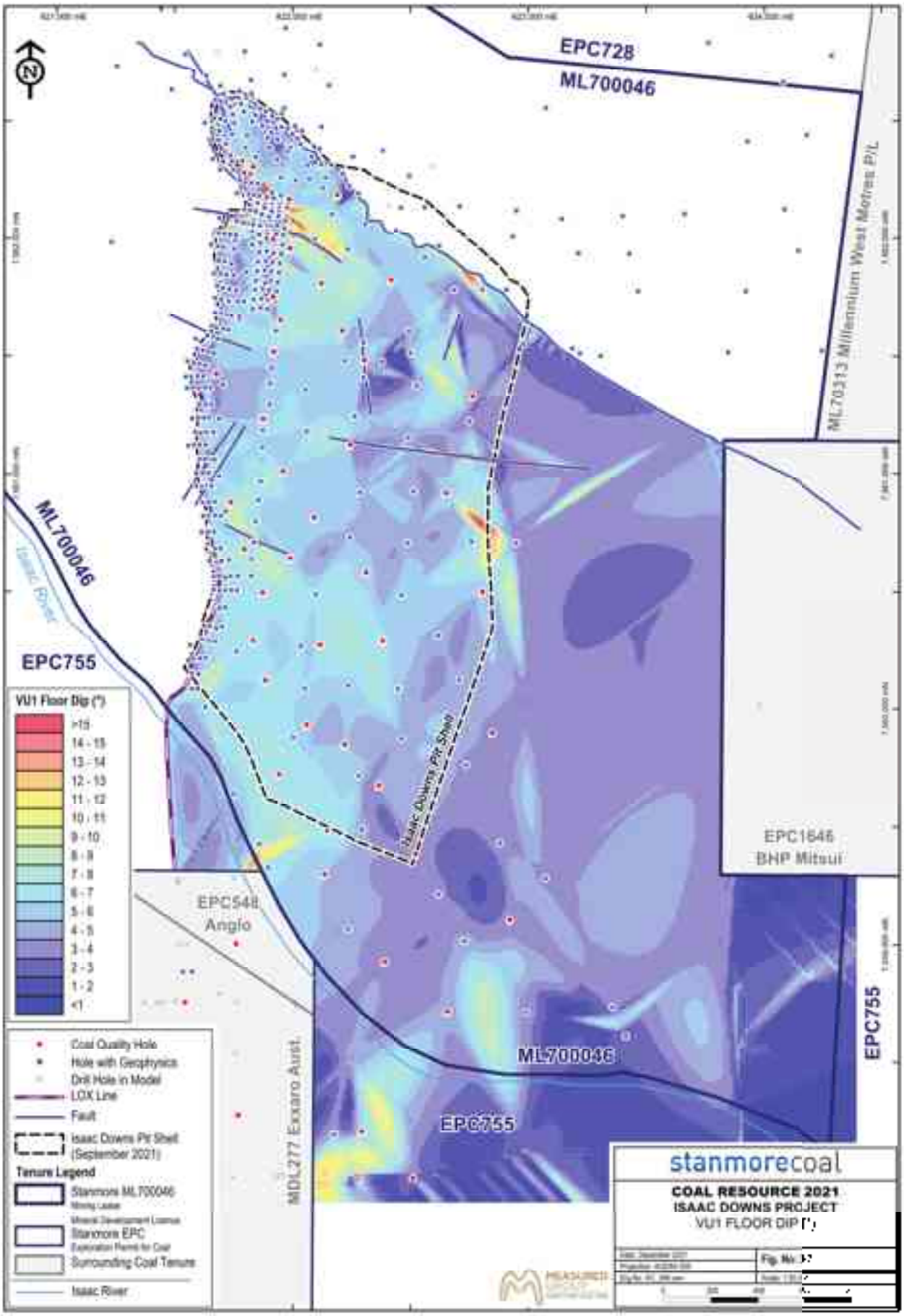
3.2.6 INTRUSIONS

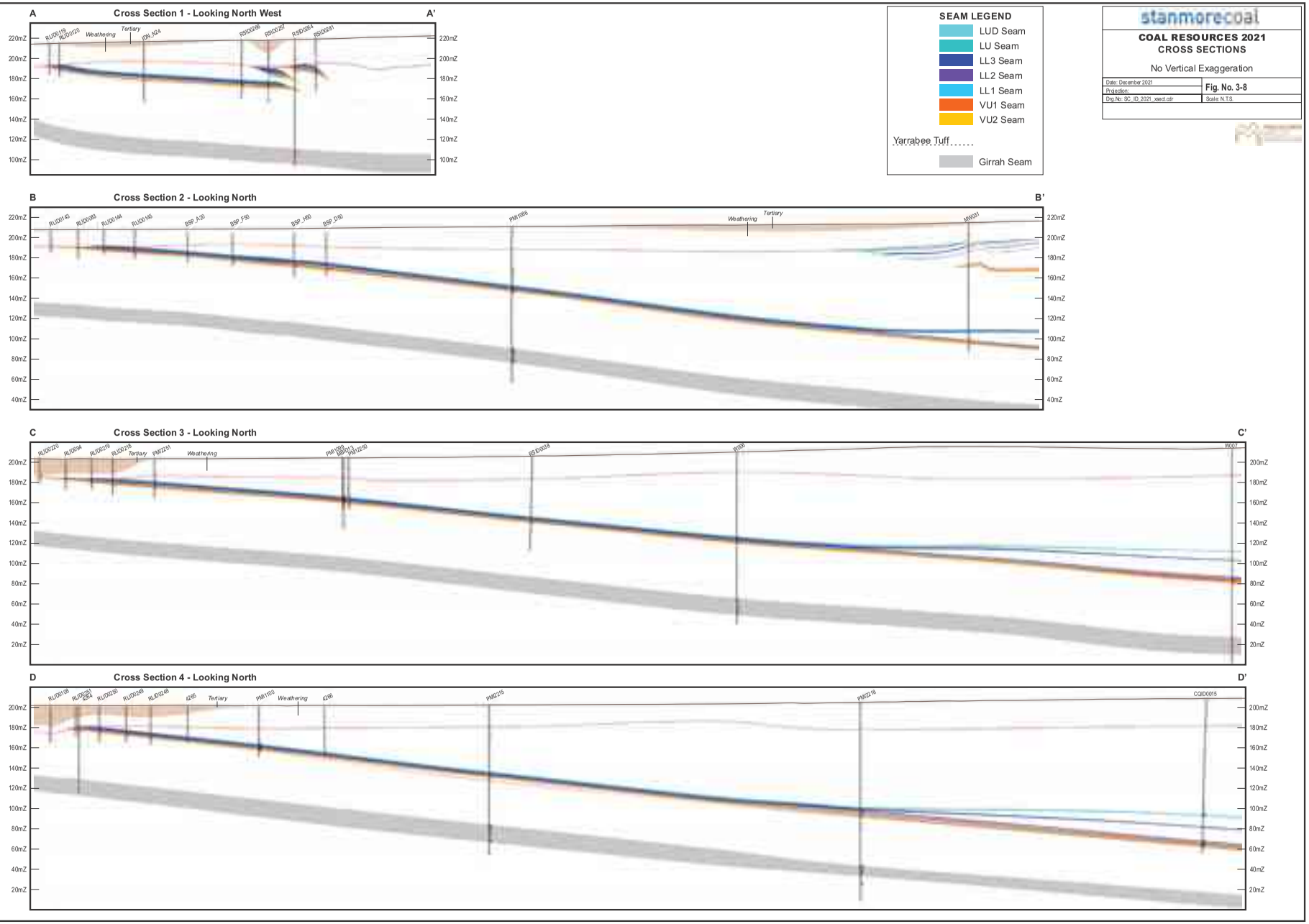
Limited intersections of volcanic rocks (intrusive or extrusive) are recorded in borehole intercepts. There are no dykes or volcanic plugs with surface expression mapped over the area, and there is no present evidence to support volcanics having an impact on Coal Resource estimates.


EPC728
ML700046
ML70313 Millennium West Mortes P/L
EPC1646
BHP Mitsui
ML700046
EPC755
Isaac Downs Pit Shell
Resource Area
EPC548
Anglo
MDL277 Exxaro Austr.
ML700046
EPC755
EPC755
Depth of Weathering (m)
>70
65 - 70
60 - 65
55 - 60
50 - 55
45 - 50
40 - 45
35 - 40
30 - 35
25 - 30
20 - 25
15 - 20
10 - 15
<10
Coal Quality Hole
Hole with Geophysics
Drill Hole in Model
Resource Area
Fault
Isaac Downs Pit Shell (September 2021)
Tenure Legend
Stanmore ML700046
Stanmore EPC
Surrounding Coal Tenure
Isaac River
stanmorecoal
COAL RESOURCE 2021
ISAAC DOWNS PROJECT
DEPTH OF WEATHERING


EPC728
ML700046
ML70313 Millennium West Mortes P/L
EPC1646
BHP Mitsui
ML700046
Isaac River
EPC755
Isaac Downs Pit Shell
Resource Area
EPC548
Anglo
MDL277 Exxaro Aust.
ML700046
EPC755
EPC755
Depth of Cover (m)
<20
20 - 40
40 - 60
60 - 80
80 - 100
100 - 120
120 - 140
140 - 160
160 - 180
180 - 200
>200
Coal Quality Hole
Hole with Geophysics
Drill Hole in Model
Resource Area
LOK Line
L Seam Split Line
Fault
Isaac Downs Pit Shell (September 2021)
Tenure Legend
Stanmore ML700046
Stanmore EPC
Surrounding Coal Tenure
Isaac River
stanmorecoal
COAL RESOURCE 2021
ISAAC DOWNS PROJECT
DEPTH OF COVER - U/S SEAM


EPC728
ML700046
Cross Section 1
Cross Section 2
Cross Section 3
Cross Section 4
ML70313 Millennium West Mortes P/L
ML700046
Isaac River
EPC755
Isaac Downs Pit Shell
Resource Area
EPC1646
BHP Mitsui
EPC548
Anglo
MDL277 Exxaro Aust.
ML700046
EPC755
EPC755
Structure Floor Contours (m)
>160
140 - 160
120 - 140
100 - 120
80 - 100
60 - 80
40 - 60
20 - 40
0 - 20
<0
Coal Quality Hole
Hole with Geophysics
Drill Hole in Model
Resource Area
Cross Section Location
LOX Line
Fault
Isaac Downs Pit Shell (September 2021)
Tenure Legend
Stanmore ML700046
Stanmore EPC
Surrounding Coal Tenure
Isaac River
stanmorecoal
COAL RESOURCE 2021
ISAAC DOWNS PROJECT
STRUCTURE FLOOR CONTOURS
VU1 SEAM


EPC728
ML700046
ML70313 Millennium West Mortes P/L
ML700046
Isaac River
EPC755
Isaac Downs Pit Shell
EPC1646
BHP Mitsui
EPC548
Anglo
MDL277 Exxaro Aust.
ML700046
EPC755
EPC755
VU1 Floor Dip (°)
>15
14 - 15
13 - 14
12 - 13
11 - 12
10 - 11
9 - 10
8 - 9
7 - 8
6 - 7
5 - 6
4 - 5
3 - 4
2 - 3
1 - 2
<1
Coal Quality Hole
Hole with Geophysics
Drill Hole in Model
LOX Line
Fault
Isaac Downs Pit Shell (September 2021)
Tenure Legend
Stanmore ML700046
Stanmore EPC
Surrounding Coal Tenure
Isaac River
stanmorecoal
COAL RESOURCE 2021
ISAAC DOWNS PROJECT
VU1 FLOOR DIP (°)



A
Cross Section 1 - Looking North West
A'
Weathering
Tertiary
B
Cross Section 2 - Looking North
B'
Weathering
Tertiary
C
Cross Section 3 - Looking North
C'
Tertiary
Weathering
D
Cross Section 4 - Looking North
D'
Tertiary
Weathering
SEAM LEGEND
LUD Seam
LU Seam
LL3 Seam
LL2 Seam
LL1 Seam
VU1 Seam
VU2 Seam
Yarrabee Tuff
Girrah Seam
stanmorecoal
COAL RESOURCES 2021
CROSS SECTIONS
No Vertical Exaggeration
Date: December 2021
Projection:
Drg.No: SC_ID_2021_xsect.cdr
Fig. No. 3-8
Scale: N.T.S.

4. DATA ACQUISITION

4.1 SURVEY DATUM

The survey Datum is Australian Map Grid AMG (84, Zone 55) and the height datum is Australian Height datum.

A survey of all Stanmore exploration boreholes was conducted by Airmap3D or Golding Surveyors (Moranbah). All survey associated with drillhole collars was completed using high precision differential GPS with base station reference with an accuracy of +/- 20 mm. All survey co-ordinates were captured in AGD 1984 AMG Zone 55 (ESPG 20355).

Checks of the topography surface and drill holes were completed, with the only minor, acceptable variances identified between the two data sets.

4.2 TOPOGRAPHY

Topography data at Isaac Downs is a combination of spatial data provided by Stanmore and Lidar data (acquired in 2015) at 0-20 cm resolution.

4.3 EXPLORATION

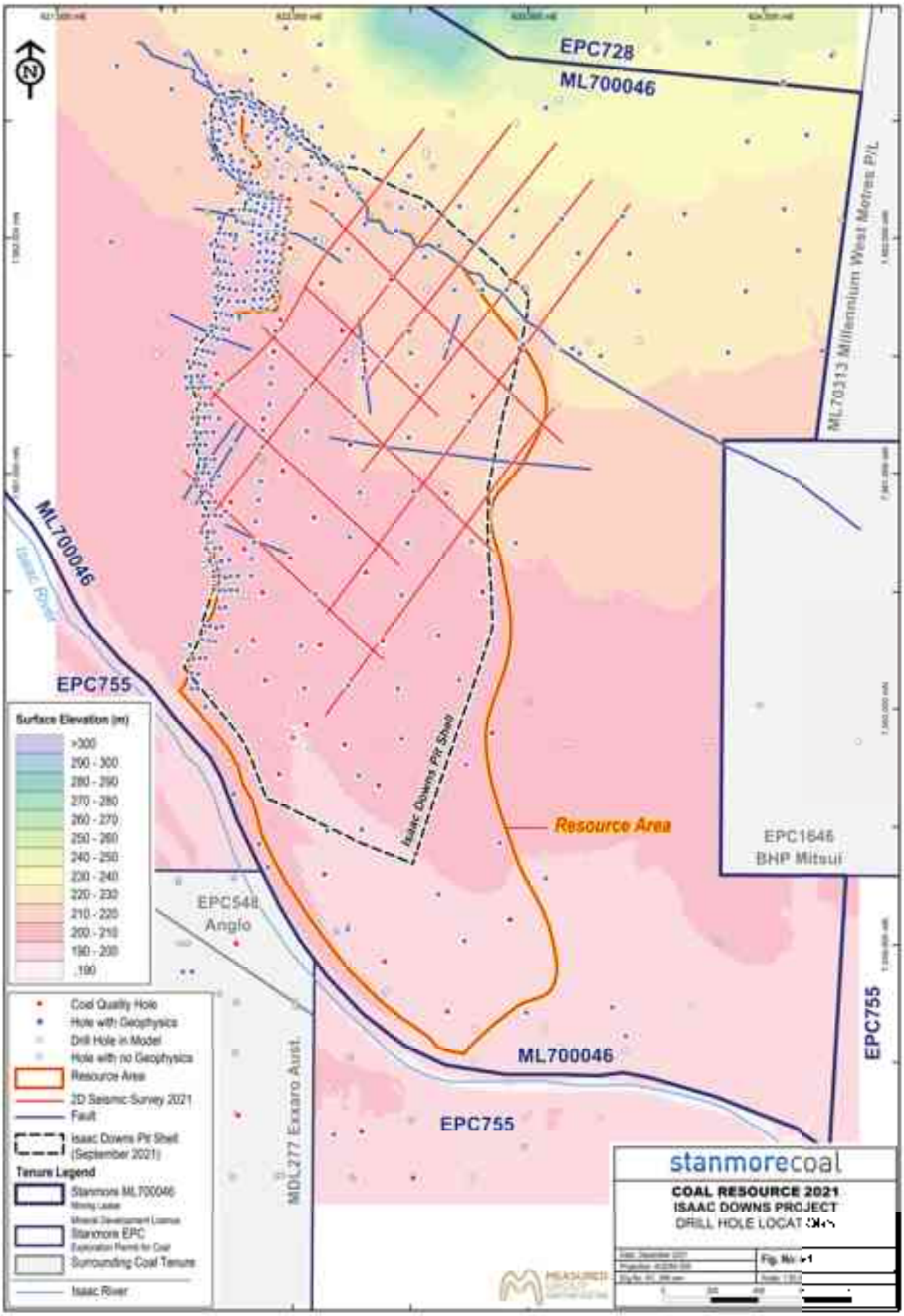
4.3.1 DRILLING

Recent exploration at Isaac Downs has been through a series of drilling campaigns incorporating slim core, large-diameter core and non-core holes. All drill holes were vertical. Drilling is generally on a 250-300 m grid pattern with a combination of cored and non-cored holes. The primary types of holes and their purposes are further explained below:

Partial core holes for coal quality testing: These holes were established using rotary chip methods with a 10 m offset from the predicted top of first coal marking the commencement of core drilling. The core was then taken until a minimum of 4 m past the base of last target coal seam. These boreholes produced a conventional 4-inch core (101.6 mm diameter) and were core drilled primarily using air techniques and with mud/water injection as required.

Fully cored holes for open-cut geotechnical characterisation: Only the initial 6 m of each of these holes were drilled using rotary chip methods with the remainder of the hole fully cored until a minimum of 6 m post the base of last target coal seam. These boreholes were drilled using HQ wireline core techniques resulting in a 61.1 mm core sample.

All conventional open (non-core) rotary chip holes drilled were completed using either blade, poly-crystalline diamond (PCD) and hammer drill bits, or a combination thereof. All holes were at a typical final hole diameter of 125 mm. Rotary holes were completed for a combination of purposes including structural and fault definition and LOX drilling which aimed to define the boundary of fresh and weathered coal. A total of 104 holes now within the model area were completed using a blast drilling rig. The location and types of all holes are depicted in Figure 4-1.


EPC728
ML700046
ML70313 Millennium West Mines P/L
ML700046
EPC755
Isaac River
Isaac Downs Pit Shell
Resource Area
EPC1646
BHP Mitsui
EPC548
Anglo
MDL277 Exxaro Aust.
ML700046
EPC755
EPC755
Surface Elevation (m)
>300
290 - 300
280 - 290
270 - 280
260 - 270
250 - 260
240 - 250
230 - 240
220 - 230
210 - 220
200 - 210
190 - 200
<190
Coal Quality Hole
Hole with Geophysics
Drill Hole in Model
Hole with no Geophysics
Resource Area
2D Seismic Survey 2021
Fault
Isaac Downs Pit Shell (September 2021)
Tenure Legend
Stanmore ML700046
Stanmore EPC
Surrounding Coal Tenure
Isaac River
stanmorecoal
COAL RESOURCE 2021
ISAAC DOWNS PROJECT
DRILL HOLE LOCAT

4.3.2 GEOLOGICAL LOGGING

All cored drill holes have comprehensive lithological logging, while non-cored drill holes have broad lithological logging (1.0 m minimum interval). Cored sections have detailed lithological descriptions, including coal brightness logging; and all logged sections have a depth of weathering, formation, seam and individual seam ply depths. All drill core was photographed in 0.5 m intervals and marked before sampling.

All chip holes or chip portions of partial core holes had chips collected in 1 m intervals, which were then geologically logged and photographed.

All lithological logging has been adjusted to geophysics, except in cases of some historical holes which do not have geophysical wireline logs. Care has been taken when (if) incorporating these non-geophysically logged boreholes into the model.

Stanmore core drilling has produced very good results in terms of sample recovery with 98.5% of coal ply samples for Leichhardt and Vermont Upper seams achieving >95% linear core recovery.

Minimum linear sample recovery cut-off (for use as a quality point of observation) was set at 95% of the mining ply/seam thickness. Linear core recovery was calculated by dividing the measured length of the core by the drilled length.

4.3.3 DOWNHOLE GEOPHYSICS

All modern boreholes have been geophysically logged (except where blocked) with a minimum suite of tools run consisting of the coal industry-standard suite of logs: Caliper, Gamma and Density, Deviation (except for LOX holes). Additional tools run on selected holes have also included: Temperature, Multi-channel sonic velocity, Full waveform sonic, Acoustic and Optical Scanners.

The calibration of the geophysical tools was conducted by the logging contractor, MPC Kinetic Pty Ltd.

Geophysical wireline logging of drill holes has been routinely undertaken, and currently, 316 holes have some type of geophysical log. All of these holes had digital files available for loading into the database and for correlation. All lithological logging of coal intervals has been adjusted to geophysics.

There is a total of 91 drillholes loaded in the geological database with downhole deviation data (verticality log).

Strata dips are generally between 4 and 5 degrees, and the overall deviation is minimal. However, some holes were found to be significantly deviated from vertical, particularly around faults. The use of this deviation data helps the geological model more correctly predict the spatial location of seams. Holes are assumed to be vertical where the data is not available or where they have already been adjusted to verticality.

Acoustic Televiewer (ATV) has been run on select holes.

4.3.4 SAMPLING TECHNIQUES

Open hole rotary chip holes including the initial (non-core) sections of partial core holes provided chip samples for geological logging and in the case of Line of Oxidation (LOX) drilling, chip samples for laboratory testing. Line of Oxidation (LOX) chip samples was collected in 1 m samples. LOX samples were double bagged on-site and sent to Mitra PTS, Gladstone for proximate and CSN analysis.

For cored holes, coal and its immediately proximal stone were ply sampled discretely based on lithological characteristics and quality. Non-coal parting material greater than 0.1 m thick was sampled separately. The immediate roof and floor of coal boundaries have been sampled at lengths of approximately 0.2 m. All coal samples were collected in 2 x plastic bags and transported to the laboratory via tracked freight courier and accompanied by a sample advice sheet. Chain of custody and field observations were emailed to the Laboratory to arrive before the sample.

Selected geotechnical samples from fully cored geotechnical holes were taken to analyse the overburden, coal and floor sediments for rock strength and other quantifiable geotechnical characteristics. Samples were stored in core trays, at representative lengths and wrapped in plastic, foil and sealed from moisture. Samples were selectively chosen by the specialist geotechnical consultant, Geotek Solutions of Milton, and then dispatched for laboratory testing.

Geotechnical laboratory testing was undertaken by Cardno, Ullman and Nolan Geotechnic laboratories in Mackay. Testing on selected samples included Unconfined Compressive Strength, Brazilian Compressive Strength, Direct Shear Strength and Atterberg Limits

The core was field sampled in increments of no greater than 0.5 m or at ply/brightness profile boundaries by splitting the core with hammer and chisel. All core coal samples were double bagged, tagged with a unique sample ID and then stored on-site in cold storage before eventual transport to the nominated laboratory for testing. Before shipment, sample bags were grouped and loaded into poly weave sacks and dispatched to the laboratory by a commercial transport company. A sample dispatch form is sent with the delivery to the laboratory. All samples were held in cold storage at the site and also at the laboratory during the analysis process.

All sampled intervals have been checked for core loss to determine that the sample was valid for both the seam and the associated coal ply based on a core sample recovery of >95%. Where the sampled recovery was <95%, an assessment was made on a case-by-case basis as to whether the sampled interval was representative of the overall seam/ply interval.

4.4 SEISMIC SURVEYS

A 2D seismic survey was conducted by Velseis Pty Ltd in July2021. It consisted of 11 Vibroseis lines for a total of 16.89 km. Processing was completed during August to September 2021.

The purpose of the survey was to locate and gain a greater understanding of the faulting to the north of the project as well as confirm and gain a better understanding of the faults within the main body of the deposit.

The roof of the Leichhardt and Vermont Upper seam were picked were possible as well the splitting associated with the L seam plies.

4.5 COAL ASSAY ANALYSIS

Quality testing was conducted for cored holes. Coal quality sample intervals are correlated and corrected to the lithological data so that the seam and ply intervals match. The main two coal testing laboratories utilised were, SGS Mackay and Mitra PTS Gladstone. Both laboratories comply with the Australian Standards for sample preparation and sub-sampling.

4.5.1 STAGE 1. APPARENT RELATIVE DENSITY (ARD)

All samples were initially tested for Apparent Relative Density (ARD) to help validate and determine coal/non-coal boundaries. Samples were then subsequently composited into working ply washability sections, the thickness of which typically ranged from 0.5 to 1.5 m.

4.5.2 STAGE 2. RAW COAL, QUICK COKE AND FLOAT/SINK ANALYSIS

To simulate mine transport conditions each composite sample was drop shattered 20 times from a height of 2 m. Any sample mass remaining of > 50 mm was hand knapped to 50 mm, dry tumbled and dry sized at 31.5 mm, 25 mm, 16 mm, 8 mm, 4 mm and 2 mm. Composite samples were then split and further allocated as follows:

- 1/8 for quick coke: Crush to 11.2 mm, float sink at 1.425 density, crush to 4 mm and mill sample to test for Proximate, CSN, Gieseler & Dilatation
- 1/8 for raw analysis: Crush to 4 mm, mill sample to test for RD, MHC, Proximate, TS, CSN, Calorific Value & Chlorine
- ¾ for float sink: Wet tumble and wet size at 31.5, 25, 16, 8, 4, 2, 1, 0.5, 0.25, 01.25 & 0.063 mm. Re-combine samples in following fractions: -50+16 mm, -16+8 mm, -8+2 mm and -2+0.25 mm. Float sink each size fraction at densities (F1.30, F1.35, F1.375, F1.40, F1.45, F1.50, F1.55, F1.60, F1.70, F1.80 and F2.00). -0.25+0 mm fraction subject to tree froth flotation. All fractions analysed for ash and CSN.

4.5.3 STAGE 3. PRODUCT ANALYSIS

Post wash simulation and analysis of the float sink data, clean coal composite (product) sample instructions were compiled at a range of sizings to generate various marketable products. The size range/potential products analysed included:

- Primary 8.0-8.5% ash coking product (-16+0 mm),
- Primary 9.5% coking product (-50+0 mm),
- Secondary 10.5% ash coarse coking product (-50+2 mm)
- Secondary thermal products (-50+2 mm) at typically optimal 16% ash level

Validation, analysis, simulation and interpretation, of all the aforementioned coal assay analysis has been undertaken and is further described in Section 5.2.

4.6 DATA VALIDATION

All data was validated by Measured personnel before being used in the modelling and resource estimation process. These checks included the following.

- Drill hole location is correct.
- Lithological descriptions and depths matched geophysical logs.
- Downhole depths were contiguous and not overlapping.
- Correct seam and ply labelling and correlation with surrounding holes.
- All sample information was transferred from sample sheets completed in the field to the appropriate database at the time and stored in the current drill hole database.
- All primary digital data is entered into a company database with physical copies being scanned and saved to a separate file server.
- Coal quality sample intervals and results were checked and correlated against lithological and geophysical logs.
- Relative Density testing was undertaken on all coal quality samples with density results selectively and randomly cross-checked against geophysical and geological datasets to ensure accuracy.
- Raw coal quality data was checked for internal consistency with the existing data set by checking cumulative totals and cross-correlations.
- The latest (2021) coal analysis procedure design, staged lab data validations; diluted LIMN washability simulation and product coal assessment were undertaken by independent consultant David Hornsby (Minserve).
- Minserve validated all coal quality results before provision to Stanmore and Measured Group for inclusion into the geological model and resource estimate.

Further validations were undertaken on the database to help ensure consistency and integrity of data included, but were not limited to:

- The relational link between geological, downhole geophysical and coal quality data.
- The exclusion of overlapping geological intervals.
- The restriction of data entry to the interval of the defined hole depth.
- The use only of defined rock type and stratigraphic codes, and basic coal quality integrity checks such ensuring data is within normal range limits.
- That proximate analyses add to 100 per cent.

4.7 GEOLOGICAL DATABASE

All geological data relating to the Isaac Downs Project area has been provided by Stanmore or sourced independently by Measured from public sources. This includes the following data:

- A drill hole database containing:
  - Drill hole survey information.
  - Lithology logs with seam and ply codes.
  - Coal quality data (raw and washed / product analysis).
- Wireline geophysical logs.
- Various reports and drill hole records.

All drill hole and coal quality data are stored in a LogCheck database managed and administrated by Stanmore.

5. DATA ANALYSIS

5.1 LITHOLOGY DATA

Drill hole data statistics are provided in Table 5-1. Non coal horizon statistics are provided in Table 5-2.

Table 5-1: Drill Hole Statistics

DESCRIPTION	COUNT
Number of holes in the database	722
Number of holes in the model area	612
Number of holes excluded from modelling	101
Number of barren holes (no litho from list)	23
Number of holes with no data	5
Number of holes used for structure modelling	604
Number of holes used for assay modelling	50

Table 5-2: Non-coal Horizon Statistics

HORIZON	COUNT	MEDIAN	MAX DEPTH
Base of Weathering	457	20	89
Tertiary	200	12.79	45

Figure 5-1: Histogram – Depth of Weathering

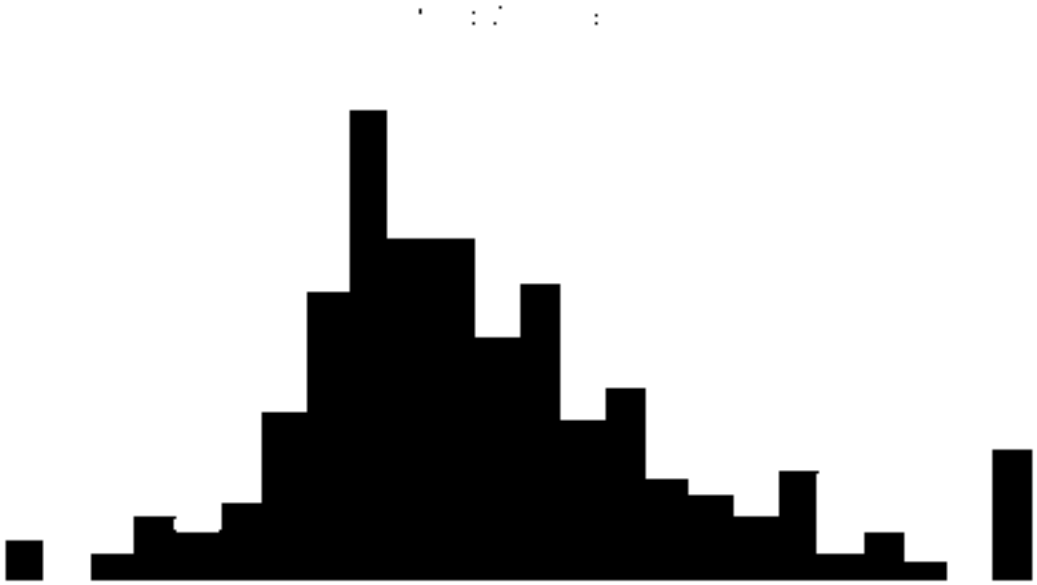


Figure 5-2: Histogram – Thickness of Tertiary

5.2 ASSAY DATA

Both the Leichhardt and Vermont Upper seam coals at Isaac Downs may be classified as medium volatile bituminous coal (ASTM Classification) with a reflectance (RoMax) in the order of 1.05% and an average Inherent Moisture of 1.9%. The Rangal Coal Measures at Isaac Downs can produce a variety of products, the principal targets being either Coking, PCI or Export Thermal coal types.

5.2.1 DATASET

The borehole dataset informing coal quality assessments including origins of the data and the proponent is shown in Table 5-3.

Table 5-3: Coal Quality Holes by Purpose and Proponent

DESCRIPTION	COUNT	RUNNING TOTAL	PROPONENT		
			BCC	PEABODY	STANMORE
Total number of holes available for assay modelling	70				
CQ holes excluded from modelling (incomplete dataset)	20	50			
Number of holes informing raw quality grid model	50		14	12	24
Number of holes without wash data	14	36			
Number of holes informing wash quality grid model	36			12	24
Number of holes informing product specifications*	24				24

*note that product data does exist for 12 x Peabody cores but its preparation is generally inconsistent with Stanmore's intended mining and processing methods, it is hence not utilised in compilation of product specifications

There are three (3) main seam groups, which make up the dataset being the:

- Leichhardt
- Vermont Upper, *and*
- Vermont Lower

5.2.2 PROGRAM OF WORKS

In 2019, Chris McMahon of McMahon Coal Quality Resources (MQCR) in association with Stanmore Resources produced a laboratory coal test program based on pre-treatment washability procedures to accurately represent likely size distributions, washability characteristics and product potential of Isaac Downs coals when processing via the Isaac Plains Coal Handing and Preparation Plant (CHPP).

Prior to the most recent (2021) exploration works, this lab program was checked, validated, and underwent very minor refinement, as applied by David Hornsby of Minserve in conjunction with Stanmore's coal marketing agents, MResources.

Samples sent for laboratory analysis were subjected to an initial non-destructive Apparent Relative Density (ARD) test from which individual coal samples were identified for further analysis.

Composite samples were further analysed across all sub-plies of the Leichhardt & Vermont Upper coal seams as identified and established in the current resource model.

A smaller number of composite samples have previously been taken and produced for Vermont Lower coal seam, which have been assessed for yield and product potential by Minserve, though the Vermont Lower is not part of the present Isaac Downs JORC resource estimate, nor was it sampled or assessed as part of the 2021 coal sampling and analysis campaign. The Vermont Lower is not a widespread valid target for mining and processing, though it could present as small/discrete opportunistic potential in small areas of the wider deposit.

All composite samples were each subjected to a pre-treated and sized "Large Wash" testing process, this process being part of the wider lab program, in summary the Large Wash process involves the following key steps:

- Pre-treatment and dry sizing
- Raw coal testing *and*
- Wet sizing and washability (float-sink) testing by size *and*
- Clean coal composite testing (Product analysis)

All results were reported to Stanmore Resources via the testing laboratory, Mitra PTS of Gladstone. All results were checked and validated by Minserve through each reporting stage.

In terms of the main coal quality testing steps, listed above, in each case the sum of all data which was deeded valid has been included in assessments. This included both historic (BCC and Peabody) and current (Stanmore) data, refer Table 5-3.

5.2.3 RAW COAL ANALYSIS

Raw coal results, including Proximate, Total Sulphur, Calorific Value, CSN and Relative Density is stored in the Maptek ISIS database. This data was compiled from laboratory results. Raw coal quality data was checked for internal consistency and consistency with the existing data set by checking cumulative totals and cross-correlations. Further detail on the modelled raw qualities and relationships between selected raw values is provided in section in Section 5.2.6.

5.2.4 WASHED COAL ANALYSIS & LIMN SIMULATION

In the Large Wash procedure, lab washability testing is undertaken on grouped size fractions, each of which bear relation to a separate processing stream within the Isaac Plains CHPP, as follows:

- -50 mm+16 mm – Dense Medium Cyclones (DMC)
- -16 mm+2 mm – Dense Medium Cyclones
- -2 mm+0.25 mm – Teetered Bed Separators (TBS)
- -0.25 mm –Flotation

The Isaac Plains CHPP is designed to produce two products simultaneously, a primary coking product and a higher ash secondary product.

The CHPP also has the option of sending the coarse coal product (-50 mm+16 mm) size fraction from the DMC, to either the primary **or** secondary product. Sending this coarse (duller) size fraction to the secondary product enhances the coking properties of the primary product.

When directing the coarse coal to the secondary product the term primary “High Quality” (HQ) processing is used, as opposed to the primary “High Yield” (HY) processing being where the coarse fraction remains in the primary coking product.

The Isaac Downs wash dataset consists of a total of thirty-six (36) boreholes, that is eighteen (24) Stanmore boreholes and twelve (12) Peabody boreholes. All 36 boreholes have the requisite data for wash processing simulation.

Diluted LIMN washability simulations were performed by David Hornsby, Principal Process Consultant at Minserve on the laboratory float sink results.

The Isaac Plains East dilution washability data was used for generating the Isaac Downs diluted working section washability data sets, along with Isaac Downs high ash plies including the LUD roof. A dilution level of 0.100m each of roof and floor, and the inclusion of any partings <0.30m was applied.

Six working sections were defined for applying dilution to and carrying out LIMN CHPP process simulations, these are shown in Table 5-4.

Table 5-4: Processing options for diluted LIMN simulations

WORKING SECTION OPTIONS	PLIES
A	LU_LL3_LL2 or LU_LL
	LL1_VU1
	VU2#
B	LU_VU1
	VU2
C	LU_VU2#
# same processing scenario for VU2 in options A & B	

For the composite working sections considered (i.e., LU_LL, LL1_VU1, LU_VU1 and LU_VU2) both High Quality (HQ) and High Yielding (HY) processing modes were considered.

For VU2 feed only HY processing is considered, i.e., no HQ -16mm+0mm option was considered for VU2, as the VU2 standalone feed was consistently unable to meet the HQ primary ash target.

Six product ash options were targeted for LIMN simulations and can be summarised as:

1. HQ 8.5% ash primary product with 10.5% secondary PCI product
2. HQ 8.5% ash primary product with 16% secondary thermal product
3. HY 9.5% ash primary product with 16% secondary thermal product
4. HY 16% ash single thermal product
5. HY 21% ash primary thermal product with 30% secondary thermal product (VU2 only)
6. HY 30% ash single thermal product (VU2 only)

Diluted LIMN washability simulations of the dataset were undertaken by Minserve, according to each of the working section and product options noted. Yield simulation results were reported as diluted and an in-seam, to a dry/dry basis.

'In-seam' yields are produced by firstly running the diluted simulated yields and then backing out the bulk dilution from the diluted yield [in-seam yield = diluted yield / (1 - % dilution)].

In-seam yields differ from yields obtained by running the simulations on undiluted (coal-only) washability data as they account for a "process dilution" effect. This process dilution effect occurs when some of the high ash dilution in the ROM plant feed is misplaced to product, due to plant process inefficiencies, particularly in the fines circuits, where it raises the circuit product ash.

Hence to achieve the overall primary product target ash the primary DMC cutpoint has to be reduced resulting in loss of coal to the secondary circuit. The effect is most pronounced at high dilution levels and low primary cutpoints. However, it is relatively neutral on total yield because losses in the primary DMC circuit are recovered in the secondary DMC circuit.

In-seam yields vary only marginally between different dilution levels which is why they can be useful for mine scheduling because different levels of dilution (within approximately $\pm$ 30-40% of the base level) can be applied to the in-seam yields without having to rerun the simulations and remodel the new diluted yields.

Following review and consideration, the feed and processing base case, decided on was as follows:

- Working section option B: LU_VU1 and VU2 feeds
- Product option 3: HY 9.5% ash primary product with 16% secondary thermal product

This base case was used to produce the geological yield model grid outputs, per section 6.3 and outlined in Table 6-5.

Further modelled grids are also shortly intended to be produced based on the remaining working section and product options, to allow for additional mine planning and processing evaluations.

5.2.5 COAL PROCESSING POTENTIAL

Review and analysis of wash simulations and the subsequent clean coal (product) laboratory results for the Leichhardt & Vermont Upper plies has determined several processing scenarios for Isaac Downs coal exist, each varying based upon the intended working section feed.

Process 1 - 8.5% ash HQ primary product with a 10.5% ash or 16% ash secondary product options

HQ primary processing will target 8.5% ash, with the objective of achieving the highest quality primary coking product. Dependant on feed option, HQ secondary target product options considered include a 10.5% ash product (potential PCI) or 16% ash Export Thermal product, >6,000 (kcal/kg, NAR).

Process 2 - 9.5% ash HY primary product with a 16% ash secondary product option

HY primary processing will target a 9.5% ash, with the objective of achieving a primary coking product, similar to the current Isaac Plains East product, depending on working section feed. HY secondary target product is a 16% ash Export Thermal product, >6,000 (kcal/kg, NAR).

Isaac Downs has the potential to offer a range of semi-hard, semi-soft, PCI (Pulverised Coal Injection) and secondary thermal coal product options at varying total yields (generally 60 to 85% depending upon location, wash option and ply or ply combination)*.

*Dry/Dry basis, in-seam yield.

Process 3 - 21-25% High Ash (HA) primary product option (VU2 and VL plies only)

This primary High Ash Thermal processing option consisted of a 21% primary ash target, with a 30% ash secondary cut, resulting typically in a 21% or slightly greater total product ash as depending on secondary DMC cut yield contributions. This product's energy will typically sit at ~5,500 (kcal/kg, NAR) and helps increase yield markedly for higher feed ash standalone VU2 or VL ROM feed options.

It is Minserve's and Stanmore's opinion that there are no limiting metallurgical factors in the production of various widely acceptable market products.

The current base scenario is a 9.5% ash primary product with a 16.0% ash secondary product from a separate LU-VU1 and VU2 feed. Figure A-15 to Figure A-22 plot the following contoured gridded LIMN simulation parameters for the LU-VU1 and VU2, base case feeds:

1. Primary product ash (%ad)
2. Primary in-seam yield (%d/d)
3. Secondary product ash (%ad)
4. Secondary in-seam yield (%d/d)

The combination of the wash simulation results, mine planning considerations including single (bulk) and multiple passes (composite ply) mining scenarios will be further evaluated as part of future mine planning works, to continue to assess confirm and or alter Stanmore's preferred processing and product methodology.

5.2.6 ASH VS RELATIVE DENSITY RELATIONSHIP

Several regressions were calculated for coal quality relationships for all samples within the coal quality analysis database.

Figure 5-3 shows the Relative Density vs Raw Ash relationship, and Figure 5-4 shows the Specific Energy vs Raw Ash relationship. These regression equations indicate a strong relationship between the datasets, as the R-Squared values are both 0.96. The strong relationships provide a sound validation methodology for the base data used to estimate in situ density.

The density regression equation was used to calculate a density from raw ash if the value was missing from the assay datasheet. Typically, this only occurred for historical coal samples, as relative density is now tested on all samples.

Figure 5-3: Relative Density vs Raw Ash % (ad) – All Seams

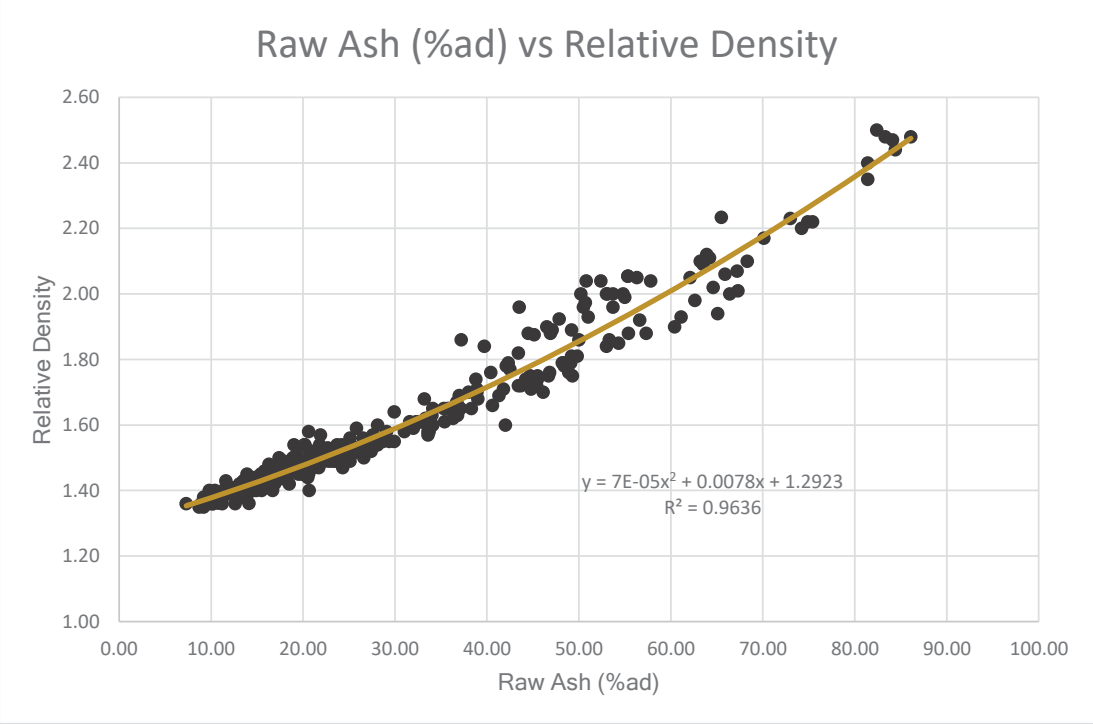
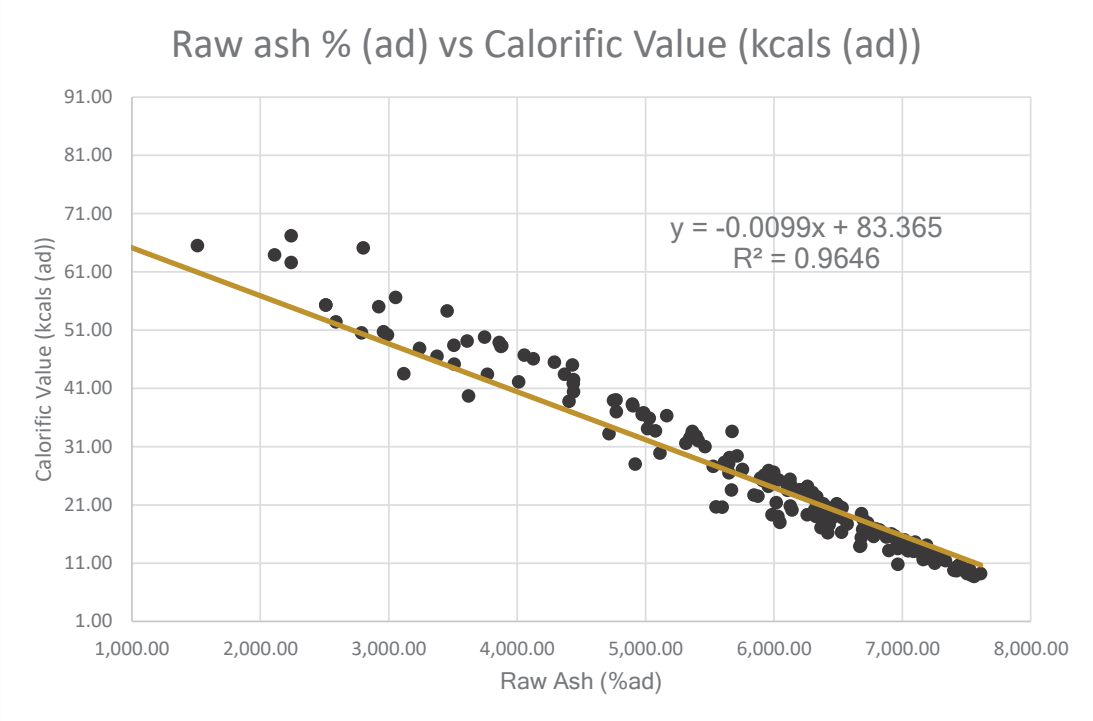


Figure 5-4: Relative Density vs Raw Ash % (ad) – All Seams



6. MODELLING

All geological modelling was conducted using Maptek's Vulcan v2021.3 3D geological modelling software utilising both grid and block modelling techniques.

These techniques concentrated on creating a geological model to enable accurate estimation of coal tonnage and grade. In this regard, the final model accurately reflects the overall position of the seam roof and floor.

All models use a base area, as outlined below in Table 6-1.

Table 6-1: Grid Model Extents

	MINIMUM	MAXIMUM	RANGE
EASTING	621,000	624,400	3,400
NORTHING	7,557,900	7,250,700	7,200
CELL SIZE	10	10	

A HARP style block model was created using the grid models mentioned above to estimate resources with the extents shown in Table 6-2. The model was rotated to align with the EPC lease orientation.

Table 6-2: HARP Block Model Extents

	ORIGIN	EXTENT	BLOCK SIZE
EASTING (X)	621,000	624,400	20
NORTHING (Y)	7,230,000	7,249,000	20
BEARING	0		

6.1 DATA PROCESSING

6.1.1 NEW DATA

Since the last report, a total of 276 new drill holes have been added to the geological database. Of these 6 were drilled with a primary purpose of coal quality testing.

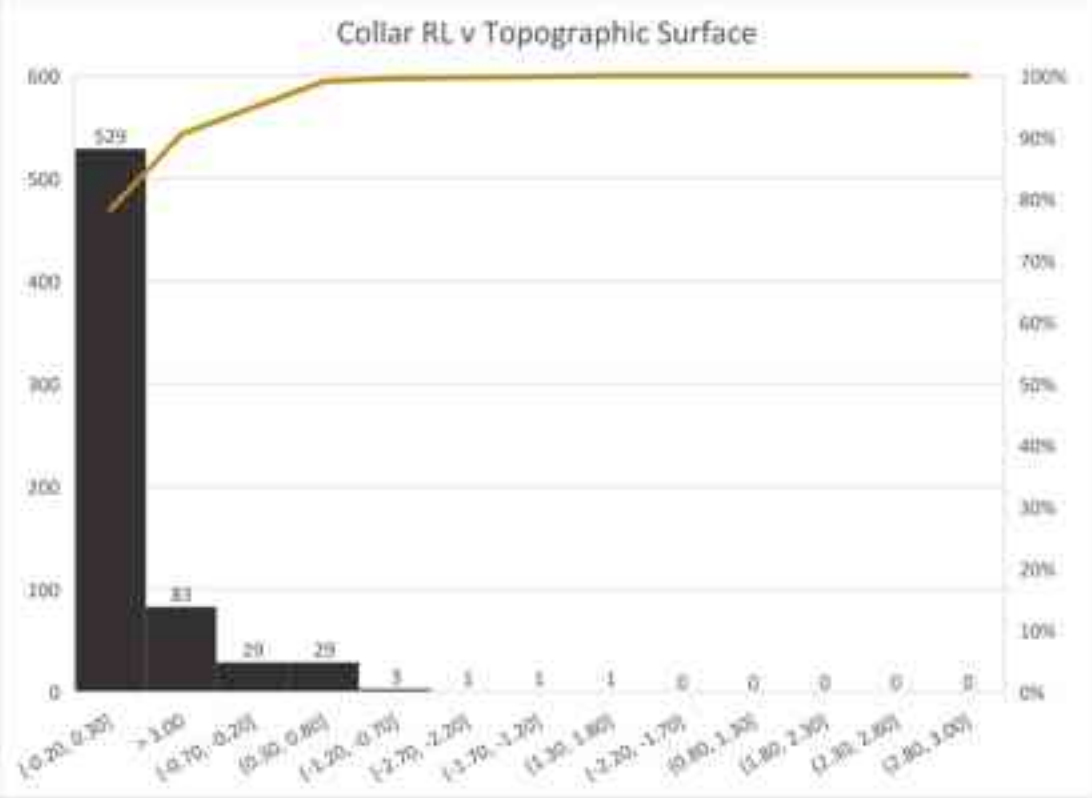
The last exploration hole in the database was completed on 17 August 2021.

6.1.2 HOLE COLLARS

A comparison between the topography model and drill hole collar levels indicate that most holes are within +/-0.3 m of the modelled topography (Figure 6-1). Of the holes used in the model, there was 1 hole with a collar difference of more than 2 m. Boreholes outside of acceptable tolerances were investigated on an area basis and reconciled as the cause. Some sites remain where there is no viable explanation as to why the collar differs from topography by more than 2 m. These have been removed from the model for now, and Stanmore will either keep these holes excluded or arrange re-surveying in the future.

Topography was adjusted to match drill hole collars except where the holes were drilled on disturbed ground, i.e., areas where drilling was undertaken that had been pre-stripped of topsoil and/or over-burden but prior to coal mining.

Figure 6-1: Histogram – Collar v Topographic Surface



6.1.3 SEAM NAMES

Table 6-3 shows the current nomenclature of the Leichhardt and Vermont plies. These were unchanged from previous studies.

Table 6-3: Seam Ply and Parent Relationship

<table>
<tr><th>SEAM</th><th>PLY</th><th colspan="9">PLY COMBINATIONS</th></tr>
<tr><td>Leichhardt</td><td>LUD</td><td rowspan="5">L</td><td rowspan="7">LVU1</td><td rowspan="2">LUDLU</td><td></td><td rowspan="2">LUDLL3</td><td rowspan="8">LVU</td><td></td><td></td><td rowspan="2"></td></tr>
<tr><td></td><td>LU</td><td rowspan="3">LULL</td><td rowspan="2">LULL2</td><td rowspan="2">LULL1</td></tr>
<tr><td></td><td>LL3</td><td rowspan="2">LL</td><td rowspan="2">LL21</td><td rowspan="2">LL2VU1</td></tr>
<tr><td></td><td>LL2</td></tr>
<tr><td></td><td>LL1</td><td></td><td rowspan="3"></td><td rowspan="3"></td></tr>
<tr><td>Vermont Upper</td><td>V0</td><td></td><td rowspan="4"></td></tr>
<tr><td></td><td>VU1</td><td rowspan="3">VU</td><td rowspan="2">VU12</td></tr>
<tr><td></td><td>VU2</td><td rowspan="2">VU23</td><td></td></tr>
<tr><td></td><td>VU3</td><td></td></tr>
<tr><td>Yarrabee Tuff</td><td>YT</td><td colspan="9"></td></tr>
<tr><td>Vermont Lower</td><td>VL1</td><td rowspan="3">VL</td><td rowspan="2">VL12</td><td></td><td colspan="5" rowspan="3"></td></tr>
<tr><td></td><td>VL2</td><td rowspan="2">VL23</td></tr>
<tr><td></td><td>VL3</td><td></td></tr>
<tr><td>Girrah</td><td>GIR</td><td colspan="9"></td></tr>
</table>

6.1.4 EXCLUDED DATA

Holes were excluded from the structural model based on the following criteria.

- The hole was a pilot hole or was located adjacent to another drill hole which had more reliable and/or complete seam or horizon intercepts.
- Hole data was deemed unreliable due to a lack of supporting geophysical data and a lack of consistency with surrounding holes which could not be explained by the effects of faulting or other geological structures.
- Hole survey location was deemed unreliable.

A total of 101 holes were excluded from the model. A list of these holes along with a description why the hole was excluded is kept in the database managed by Measured Group.

6.1.5 CONTROL DATA

Design data was used during the modelling process to help project the seam up dip and down dip where there was a lack of drilling information.

6.1.6 COAL SEAM INTERPOLATION

Each hole included in the model was processed and the seams interpolated as per the following:

- Combined seams were split into their corresponding coal plies. Thicknesses of each ply were determined by corresponding thickness ratios of these plies from nearby drillholes.
- Seams not intersected in a drillhole were assigned an interpolated position and thickness. The following criteria were applied:
  - Position and thickness were determined based on corresponding intercepts in nearby holes.
  - Where a seam should have been intersected in a drillhole but wasn't (i.e., between two other seams), it was given a position within the hole but with a zero thickness.
  - Where a seam roof occurred above the base of weathering, but the seam floor occurred below the base of weathering, the seam roof was given an interpolated value ensuring the seam model did not thin abnormally.
  - Where both the seam roof and floor occurred above the base of weathering both the roof and floor were given an interpolated value.
- In some cases, where a seam or ply was not geophysically logged, was faulted, or was weathered, the roof and/or floor of that interval was re-interpolated to better represent the expected geology.

6.1.7 COAL QUALITY COMPOSITES

Coal analysis samples have been composited (where necessary) to the individual ply level and modelled using the Maptek's "Coal Compositing" tool.

The proximate coal quality analysis, being raw ash, inherent moisture, volatile matter, chlorine, phosphorous, calorific value and CSN was modelled, as well as total sulphur and relative density all to a percentage air-dried basis (%ad). The following table provides a summary of coal quality for each of the coal plies modelled within the project area (Table 6-4).

Table 6-4: Selected Average Raw Coal Quality Parameters (%ad basis)

PLY	RD	ASH	IM	VM	CSN	CV	TS	CL	P
LUD	1.87	44.7	1.6	20.8	0.6	2330	0.25	0.04	0.106
LU	1.45	16.6	1.9	24.6	2.1	6791	0.34	0.06	0.079
LL3	1.47	18.6	2.0	23.4	1.4	6472	0.37	0.06	0.082
LL2	1.49	20.3	2.0	22.3	1.1	6207	0.35	0.06	0.076
LL1	1.48	21.2	2.1	23.2	2.4	6072	0.37	0.06	0.058
VU1	1.42	15.2	2.2	24.3	3.4	7072	0.49	0.06	0.024
VU2	1.56	28.4	2.3	20.6	1.0	5434	0.40	0.05	0.012
VU3	1.86	53.8	2.8	16.3	0.5	3621	0.18	0.01	
VL1	1.68	38.5	2.7	17.5	0.3	4683	0.40	0.05	0.027
VL2	1.70	43.8	2.8	17.7	0.8	4594	0.41	0.04	0.018
VL3	1.83	51.4	3.3	16.3	0.5	3293	0.29	0.04	0.015

6.2 STRUCTURAL MODEL

6.2.1 FAULT BLOCKS

The modelling process has divided the deposit into 6 sub-areas, constrained by thrust faulting: fault blocks 1 to 6. The model has been split into these sub-blocks to account for the regional over thrusting present within the deposit. The model has been subdivided using the Maptek fault block methodology. This method operates as follows:

- Each fault plane created by digitising a series of fault profiles and combining these to create a fault surface triangulation.
- Fault surfaces applied to a solid triangulation representing the model area to create 6 separate but contingent fault domains.
- The fault blocks method creates a fully featured, grid-based integrated stratigraphic model in each fault domain.
- Each set of grids generated is unmasked, triangulated, and then clipped exactly to each of the fault blocks bounds. This results in a series of disjointed surfaces representing the roofs and floors of each horizon.
- All the pieces of each horizon's roof and floor are appended to each other to create two faulted surfaces for each horizon - one roof and one floor.

6.2.2 TOPOGRAPHY

Topography was modelled from a pre-built triangulation along with a planar modelling method. The final topography surface was adjusted to match to drillhole collars.

6.2.3 TERTIARY

A Tertiary structure floor model was created using a planar modelling method to reflect the discontinuity between this stratigraphic unit and the underlying Permo-Triassic stratigraphy. The floor was set to match drillhole collars where there was no base of Tertiary recorded in the drillhole database, setting the thickness of Tertiary to zero in these locations.

6.2.4 WEATHERING

A depth of weathering model was created based on recorded depths in the geological database. Models were created using a planar modelling method. If there was no record of weathering in the database, the models ignored the hole. The depth model was subtracted from modelled topography to generate the structural base of weathering. The base of weathering was set so that it would always be at least 1 m below the floor of Tertiary.

The base of weathering horizon was used to truncate all coal seams, to reflect the oxidation of the seams above this horizon and to define coal seam sub-crop zones.

6.2.5 PERMIAN STRATA AND COAL SEAMS

A base grid surface was created for the floor of the VU1 seam as this seam occurs in the middle of the seam sequence and has good distribution.

Individual thickness models were created for each seam ply and each interburden between these plies. Thickness modelling was completed using planar modelling methods. These thickness models were then stacked above and below the VU1 floor reference surface, maintaining their stratigraphic sequence to create the roofs and floors for each respective seam and ply.

All ply structure and thickness models were limited and cut off to the base of weathering.

6.2.6 FAULTING

Major regional thrust faulting has been modelling using the methods and processes as described in Section 6.2.1.

Within fault block 1, additional faulting has been applied using a vertical fault throw method. Fault strings were digitise representing the intersection of the VU1 floor with the fault plane. A vertical displacement distance was applied to the structural grid model which was repeated, vertically, in all other seams and plies.

6.3 COAL QUALITY MODELLING

Grid models were created for all assays listed in Table 6-5 for each seam or ply for which there was data.

Modelling was completed using an inverse distance weighted modelling method over a 100 m grid with a power of 1.5 and a maximum of 5 data points. The IDW method was used in preference to alternative methods such as Kriging as the data density is relatively low. No domains were applied when modelling.

Table 6-5: Modelled Assays

ASSAY	VARIABLES		
	MAPFILE	GRID MODEL	BLOCK MODEL
Ash % (ad) - Raw	ASH	*.asg	raw_ash_adb
Chlorine % (ad) - Raw	CL	*.clg	raw_cl_adb
CSN - Raw	CSN	*.csg	raw_csn
Calorific Value kcal/kg (ad) - Raw	CV	*.cvg	raw_cv_kcal
Inherent Moisture % (ad) - Raw	IM	*.img	raw_im_adb
Phosphorous % (ad) - Raw	PH	*.phg	raw_ph_adb
Total Sulphur % (ad) - Raw	TS	*.tsg	raw_ts_adb
Volatile Matter % (ad) - Raw	VM	*.vmg	raw_vm_adb
Relative Density % (ad) - Raw	RD	*.rdg	rd
HY Wash LIMN Primary Product Ash (%ad)	ASH_PRIM	*p1.a1g	wash_p1_p_ash
HY Wash LIMN Secondary Product Ash (%ad)	ASH_SEC	*p1.a2g	wash_p1_s_ash
HY Wash Primary Product CSN	CSN	*p1.csg	wash_p1_csn
HY Wash Primary Product Yield (Diluted) % (d/d)	YLD_PRIM_DIL	*p1.y1g	wash_p1_p_yld_dl
HY Wash Secondary Product Yield (Diluted) % (d/d)	YLD_SEC_DIL	*p1.y2g	wash_p1_s_yld_dl
HY Wash Primary Product Yield (In-seam) % (d/d)	YLD_PRIM_IS	*p1.x1g	wash_p1_p_yld_is
HY Wash Secondary Product Yield (In-seam) % (d/d)	YLD_SEC_IS	*p1.x2g	wash_p1_s_yld_is

6.3.1 IN SITU MOISTURE AND DENSITY

All tonnages are reported using an in-situ relative density derived from the Preston and Sanders formula (see Equation 1 below) using assumed in-situ moisture of 4.0%.

This in-situ moisture value is consistent with previous Coal Resource estimates for the project area and is just below the estimated in situ moisture (4.5% to 4.7%) for the Leichhardt and Vermont seams mined at nearby Isaac Plains Mine site.

Equation 1: Preston and Sanders In situ Density

$$insitu\ RD = (RDad \text{ x } (100 - MOad)) \ / \ (100 + RDad \text{ x } (MOis - MOad) - MOis)$$

Where:

RDad = RD on an air-dry basis, g/cc

MOis = in situ moisture, %

MOad = inherent moisture on an air-dry basis, %

6.4 MODEL VALIDATION AND PUBLICATION

All structural and coal quality grid and block models were validated using various methods that included the following:

- Inbuilt checks as part of modelling processes.
- Visual checks of the model against drill hole data via cross-sections.
- Visual checks of the model looking for bullseyes and other anomalies in contour plans.
- Volume checks of resource estimations, including using manual arithmetic checks.
- Reconciliation of resource estimates back to previous estimates.

Seam correlations and modelling processes were adjusted where necessary to fix errors or artefacts found during validation. The following comments could be made:

- Seam thickness contours indicate continuity and consistency with local trending.
- There are some uncommon bulls-eyes due to data issues such as faulting, lack of geophysical logs etc. In most cases, these have been addressed in the modelling process and do not affect the integrity of the model.
- Overall, the structural model is deemed suitable for resource estimation.

6.5 FINAL RESOURCE MODEL

The structural surfaces and coal quality grids across the model area were consolidated into a geological block (Vulcan HARP) model. The extents and cell size were consistent with the constraints of the structural and coal quality surfaces.

The model is dated 17 December 2021

Table 6-6 lists the model name. Variables contained within the block model are listed Table 6-7.

Coal Resource estimations were done using the Vulcan ‘Advanced Reserves’ editor.

Maps included in Appendix A and B of this report show results from the geological modelling, including selected seam thickness contours and raw ash (%ad) plots.

The model is dated 17 December 2021.

Table 6-6: Resource Models

AREA	NAME
Isaac Downs Project	Idn_resource_20211217.bmf

Table 6-7: Block Model Variables

VARIBALE	DEFAULT	TYPE	DESCRIPTION
seam	nothing	name	Seam id
stratorder	-1	integer	Stratigraphic order
fault	nothing	name	Fault name
minheight	-1	float	Minimum height of HARP block
maxheight	-1	float	Maximum height of HARP block
avheight	-1	float	Average height of HARP block
truethick	-1	float	True thickness of HARP block
depth_roof	-99	float	Depth to roof
raw_ash_adb	-99	float	Raw ash (%adb)
raw_cl_adb	-99	float	Chlorine (%adb)
raw_csn	-99	float	CSN (adb)
raw_cv_kcal	-99	float	Calorific Value (adb)
raw_im_adb	-99	float	Inherent Moisture (%adb)
raw_ph_adb	-99	float	Phosphorus (%adb)
rd	-99	float	Relative Density
raw_ts_adb	-99	float	Total Sulphur (%adb)
raw_vm_adb	-99	float	Volatile matter (%adb)
wash_p1_p_ash	-99	float	Product 1 - LIMN Primary Product Ash % (ad)
wash_p1_s_ash	-99	float	Product 1 - LIMN Secondary Product Ash % (ad)
wash_p1_csn	-99	float	Product 1 - Primary Product CSN
wash_p1_p_yld_dl	-99	float	Product 1 - Primary Product Yield (Diluted) % (d/d)
wash_p1_s_yld_dl	-99	float	Product 1 - Secondary Product Yield (Diluted) (d/d)
wash_p1_p_yld_is	-99	float	Product 1 - Primary Product Yield (In-seam) % (d/d)
wash_p1_s_yld_is	-99	float	Product 1 - Secondary Product Yield (In-seam) % (d/d)
in_situ_density	-99	double	In situ density
in_situ_ash	-99	double	In situ ash
area	-99	float	Block area
depth	none	name	Depth category
volume	-	predefined	
xlength	-	predefined	
ylength	-	predefined	
zlength	-	predefined	
xcentre	-	predefined	
ycentre	-	predefined	
zcentre	-	predefined	
xworld	-	predefined	
yworld	-	predefined	
zworld	-	predefined	

7. RESOURCE ESTIMATE

Coal Resources were estimated for all likely economic seams/plies within the Rangal Coal Measures contained within the Isaac Downs Project area.

The Coal Resource estimate is reported following the JORC Code, 2012 and estimated by a Competent Person as defined by the JORC Code, 2012.

7.1 REASONABLE PROSPECTS FOR ECONOMIC EXTRACTION

Coal Resources estimated and reported in this report are deemed to have the potential to produce, through beneficiation, a primary semi-hard or semi-soft coking coal product and a secondary PCI and/or thermal product via open-cut mining methods. The assumed mining method is conventional open-cut strip mining, utilising dragline, excavators, dozers and mining trucks similar to adjacent Stanmore Resources Limited Isaac Plains East operations. The Rangal Coal Measures are mined in various mines nearby to the Isaac Downs Project and marketed to international customers. An economic cut-off for Coal Resources has been applied based on a high-level economic analysis undertaken by Measured Group, which determined that a vertical strip ratio of 20:1 (m^3 per tonne of coal) was appropriate to limit resources at depth. This was also influenced by the economic limits of Stanmore Resources Limited's open-cut mining operations at Isaac Plains Complex.

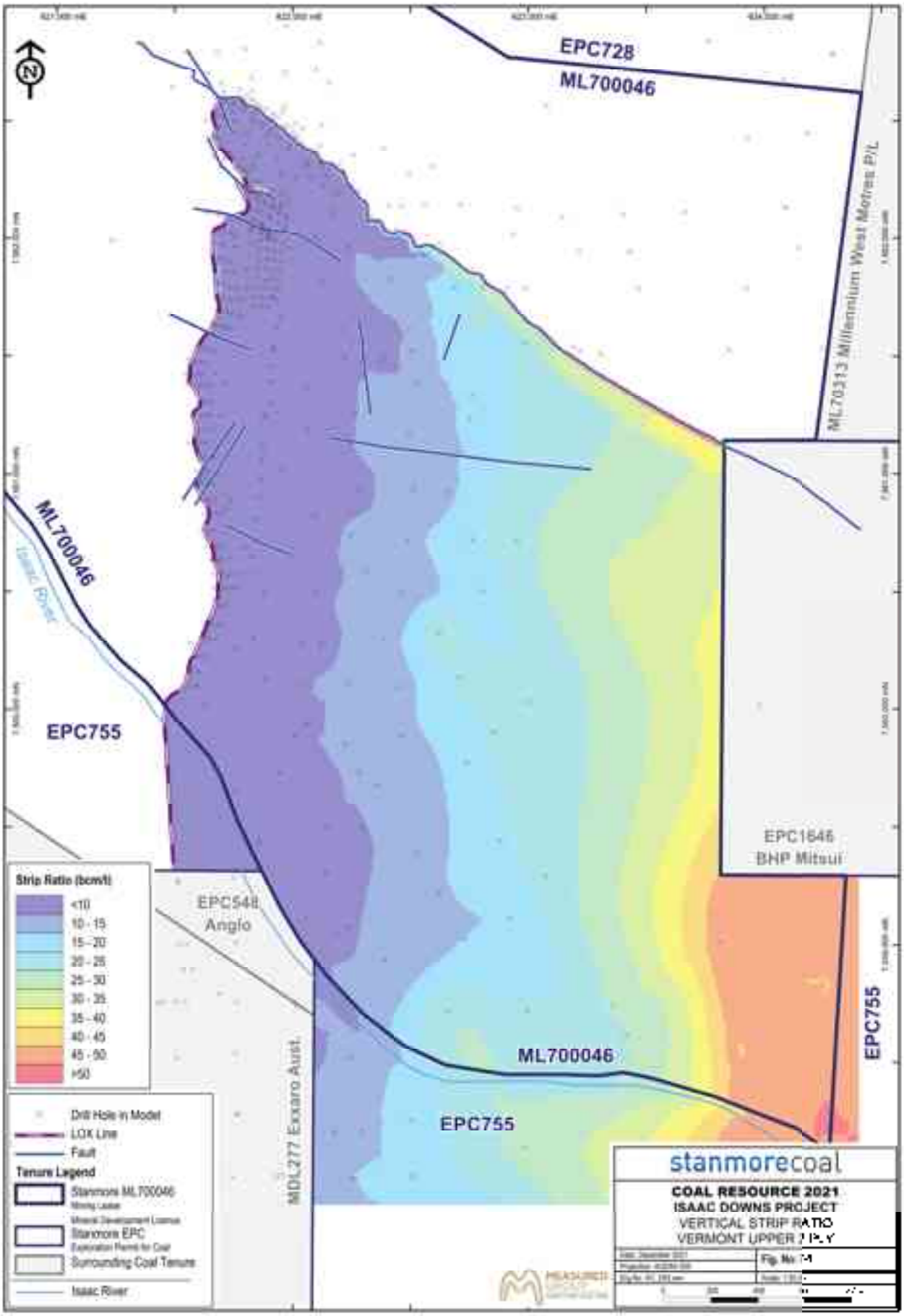
A minimum coal seam/ply thickness of 0.3 m is assumed for the Mineral Resources. There are no known deleterious elements of economic significance.

The Competent Person has assumed that any potential environmental restrictions to mining will be managed by Stanmore and will not present a material risk to the Coal Resource estimate.

7.2 RESOURCE LIMITS

Resources were limited, based on the following criteria:

- Full seam, in situ basis.
- Limit of oxidation (LOX lines), above and beyond which, weathered or oxidised coal was not included in the Coal Resource estimate.
- A minimum coal ply thickness of 0.3 m.
- Tenement boundaries of ML 700046, MDL 137, EPC 755 and EPC 728 where applicable.
- In the north by the Isaac Thrust fault, a regional scale thrust fault zone with several associated fault structures. Resources are limited to coals which occur to the south of the first of the fault structures, within what has been modelled as fault block F1.
- In the south, a 100 m buffer has been applied around the Isaac River. This is to account for the rivers riparian zone, and resources within this buffer region have been excluded.
- A nominal economic cut-off using a vertical strip ratio of 20:1 (m^3 per tonne of coal), which was influenced by the economic limits of Stanmore Resources Limited's nearby open-cut mining operations (Isaac Plains Complex) (Figure 7-1).
- A raw ash % (ad) cut-off grade of 50% was used to distinguish between coal and rock material.


EPC728
ML700046
ML70313 Millennium West Mortres P/L
ML700046
Isaac River
EPC755
EPC1646
BHP Mitsui
EPC548
Anglo
MDL277 Exxaro Aust.
ML700046
EPC755
EPC755
Strip Ratio (bcm/t)
<10
10 - 15
15 - 20
20 - 25
25 - 30
30 - 35
35 - 40
40 - 45
45 - 50
>50
Drill Hole in Model
LOX Line
Fault
Tenure Legend
Stanmore ML700046
Stanmore EPC
Surrounding Coal Tenure
Isaac River
stanmorecoal
COAL RESOURCE 2021
ISAAC DOWNS PROJECT
VERTICAL STRIP RATIO
VERMONT UPPER SEAM

7.3 POINTS OF OBSERVATION

7.3.1 COAL QUALITY

Points of Observation (PO) for coal quality (Quality PO) were determined on a full seam and/or ply basis for each seam using the following criteria.

- Drill hole collar is surveyed.
- Seam and/or ply interval cored, sampled and analysed at an accredited laboratory.
- Sample recovery was nominally a minimum of 95% within a seam/ply. Where sample recovery was less than this, the intersection was investigated, and a determination was made by the competent person as to whether the loss would have constituted a material difference to the assay result for that type for that seam.
- Coal seam/ply has been geophysically logged.
- Seam has detailed lithological logging; and
- Drill hole has been included in the model.

7.3.2 COAL STRUCTURE

Points of Observation for seam structure and quantity (Structure PO) were determined on a seam and ply basis using the following criteria.

- Drill hole collar is surveyed.
- Coal seam/ply has been geophysically logged.
- Seam has detailed lithological logging; and
- Drill hole has been included in the model.

7.3.3 INTERPRETIVE DATA POINTS

All seam intersections which were deemed not to be a Structure PO but were included in the model were deemed to be an Interpretive Data Point (IDP).

7.4 CATEGORY RANGES

Statistical analysis was conducted on each seam and ply included in the resource to determine optimal ranges for each category. The analysis concentrated on the variables which were observed to have the most influence on the coal resources, these being seam thickness and raw ash (air-dried).

7.4.1 DOMAINS

For the statistical analysis, only data within fault block one was used. This was considered a single domain.

7.4.2 GEOSTATISTICS

General statistics, histograms and variograms were created for each seam on the following variables within the domain.

- Seam quantity – seam and ply thickness.
- Coal quality – raw ash, air-dried.

Geostatistical and classical statistical analysis of coal ply and working section parameters (thickness and ash) was used to assist in determining the variability of the deposit. Some data outliers were removed from the analysis.

The spacings derived from the variography analysis serve as a guide. Ultimately the decision on the required borehole spacings to use is determined by the Competent Person.

The results of the statistical analysis are provided in APPENDIX C:

7.4.3 RANGES

A series of variograms were constructed to determine the variability of thickness and raw ash (% ad) for each seam and ply. These observations were used to establish levels of confidence which were related to the Points of observation for structure and coal quality.

This was used to establish optimal resource category ranges for both seam thickness and raw ash. These ranges were used in conjunction with each other to determine the final resource categories (Table 7-1).

For each seam, polygons were designed for each resource category using, as a guide, the optimal distance between Points of Observation. This was done for both coal quantity and coal quality. These polygons were then used in conjunction with each other and, based on the common area of these polygons along with nature of the seam in question, a base resource category was established. Extrapolation was then applied, and adjustments made as described in Section 7.4.4.

Table 7-1: 2021 Resource Category Distances in Meters Used for Estimation

SEAM GROUP	COAL QUALITY			STRUCTURE		
	MEASURED	INDICATED	INFERRED	MEASURED	INDICATED	INFERRED
L	800	1600	3000	500	1000	4000
LU	500	1000	2000	500	1000	4000
LL3	500	1000	2000	500	1000	4000
LL2	500	1000	2000	500	1000	4000
LL1	600	1200	2500	500	1000	4000
VU1	900	1900	3000	500	1000	4000
VU2	600	1200	2500	500	1000	4000

7.4.4 EXTRAPOLATION

Resource categories were extrapolated beyond the last line of PO's based on the following criteria.

Measured

- Extrapolation to half the resource category range distance for Measured and as long as the seam continuity could be proven.

Indicated

- Extrapolation to half the resource category range distance for Indicated as long as seam continuity could be inferred.

Inferred

- Extrapolation to half the resource category range distance for Inferred is used. However, no Inferred resources exist in the present resource estimate.

7.5 RESOURCE CLASSIFICATION

The classification of resources is based on the spacing and distribution of coal quality holes (Quality PO) and of non-core geophysically logged structure holes (Structure PO) along with other data including non geophysically logged drill holes.

Figure 7-2 to Figure 7-8 show the Coal Resource classification polygons for each coal seam/ply. Classification of resources polygons was based on the full seam and/or ply criteria and are detailed as follows.

7.5.1 MEASURED RESOURCES

The Measured Resource category was defined to represent an area where, based on the competent person's observations of seam character and coal quality, the coal resource could be estimated with a high level of confidence. This considered the understanding of geological properties and controls of the deposit and was achieved using the following method and criteria.

- A polygon was drawn connecting the last line of Quality PO's if they were located within the measured range distance of two other Quality PO's.
- Extrapolation distances were applied.
- IDP's used to adjust or expand this polygon if there was high confidence in the area.
- Areas where, due to higher geological uncertainty or a lack of supporting data, it was deemed that resources could not be estimated with a high level of confidence were converted to either Indicated or Inferred
- Limiting factors were applied as described in Section 7.2.

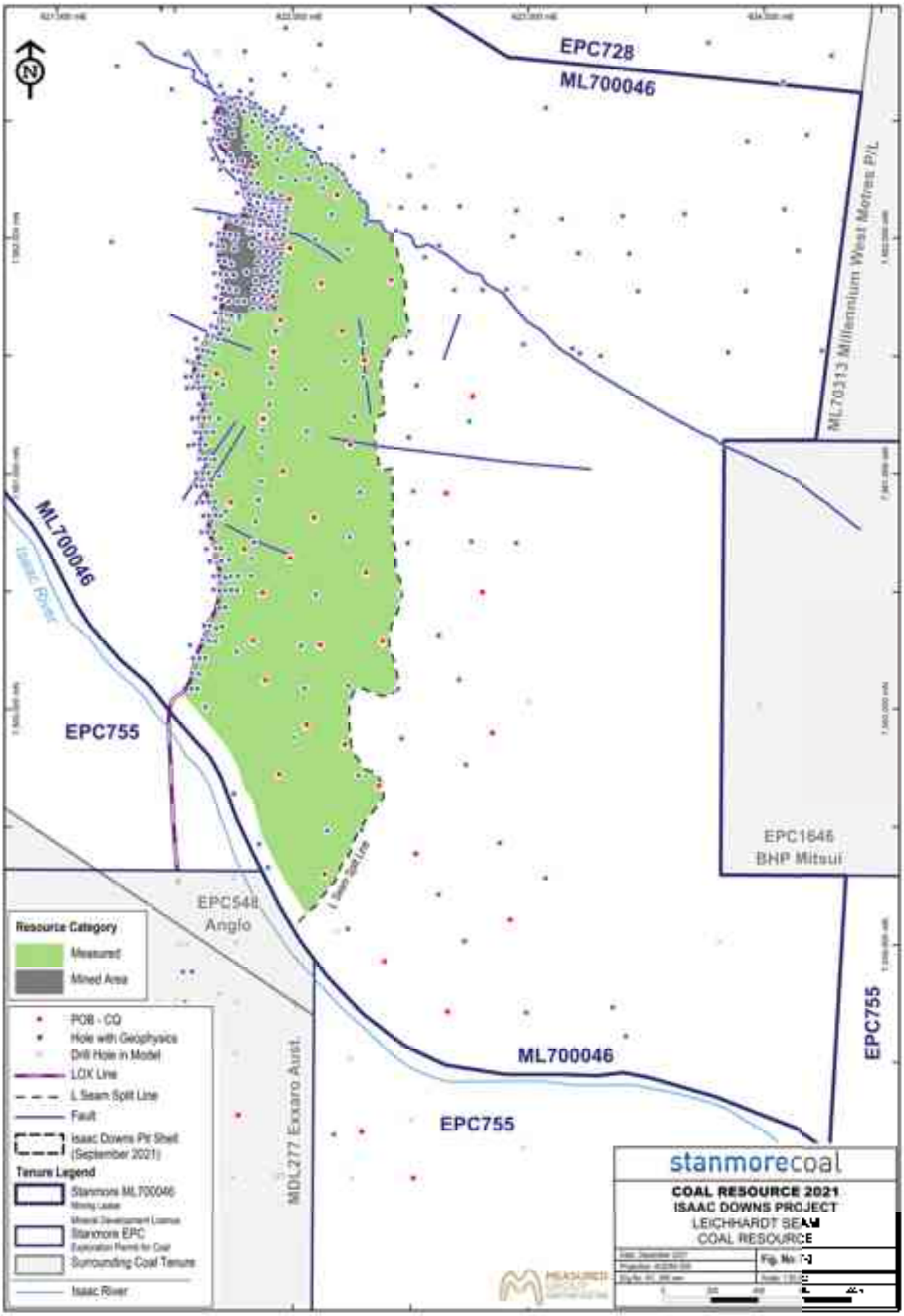
7.5.2 INDICATED RESOURCES

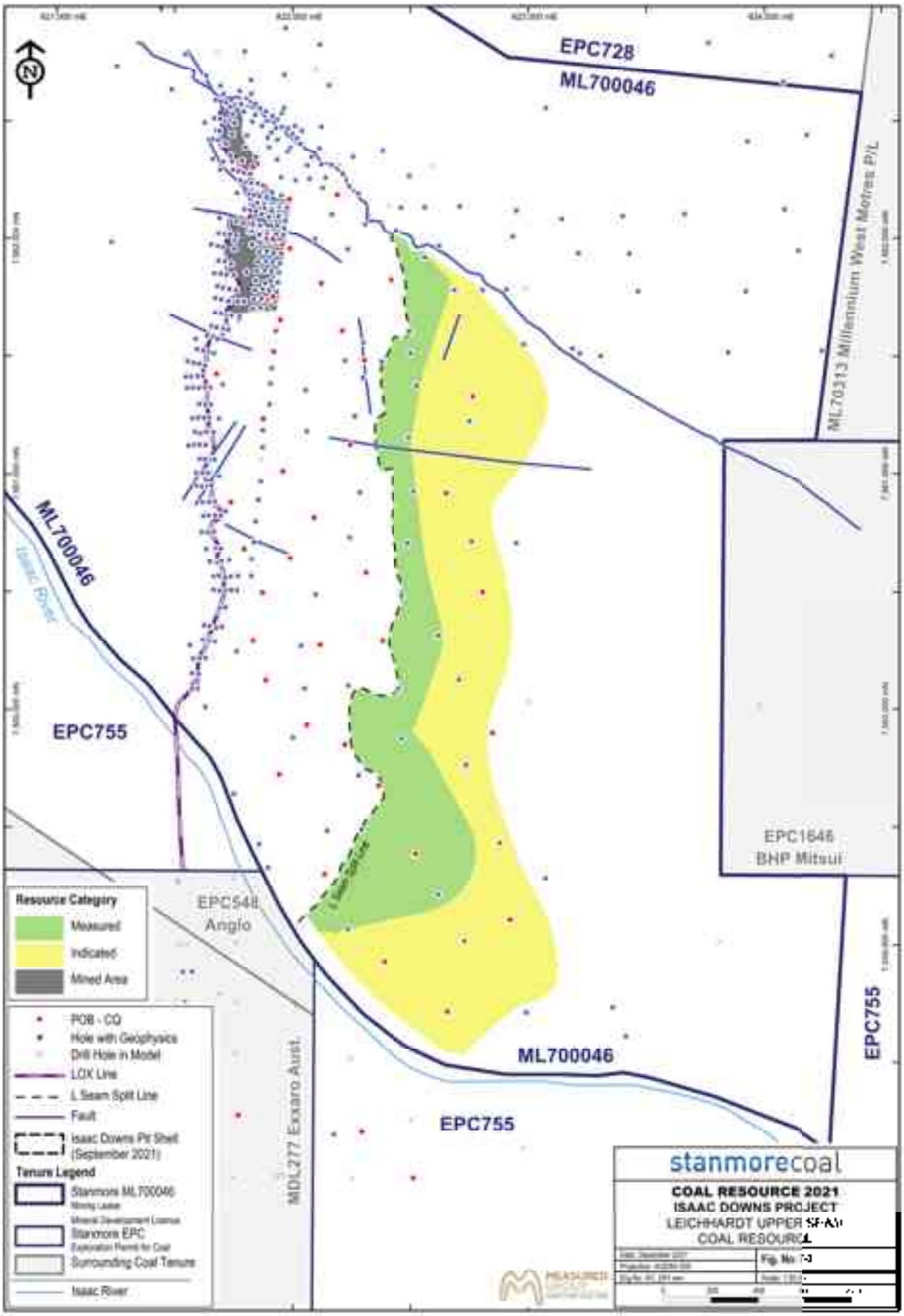
An Indicated Resource category was defined to represent an area where, based on the competent person's observations of seam character and coal quality, the coal resource could be estimated with a moderate level of confidence. This considered the understanding of geological properties and controls of the deposit and was achieved using the following method and criteria.

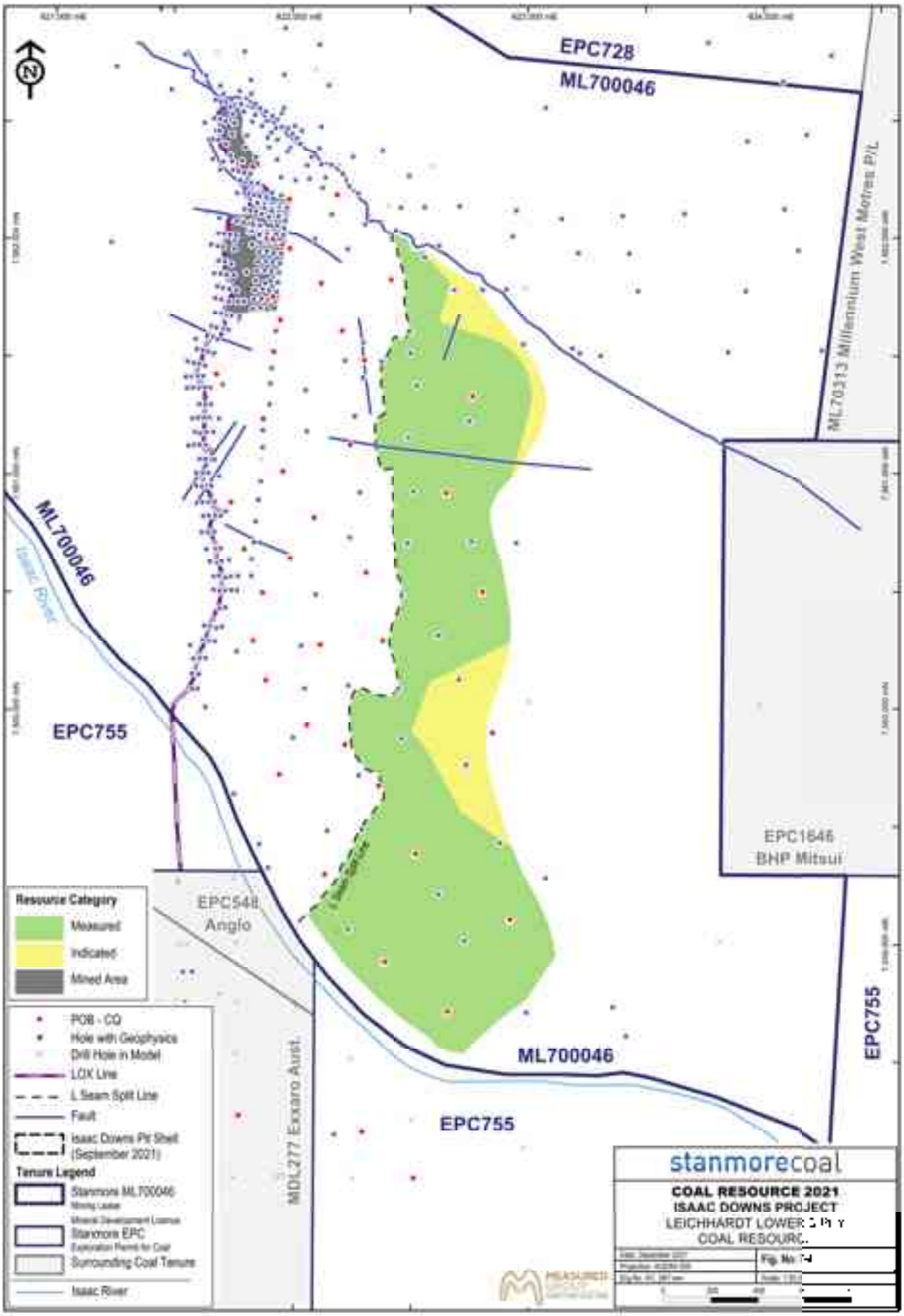
- A polygon was drawn connecting the last line of Quality PO's if they were located within the Indicated range distance of two other Quality PO's.
- Extrapolation distances were applied.
- IDP's used to adjust or expand this polygon if there was high confidence in the area.
- Areas where, due to higher geological uncertainty or a lack of supporting data, it was deemed that resources could not be estimated with high confidence were converted to Inferred.
- Limiting factors were applied as described in Section 7.2.

7.5.3 INFERRED RESOURCES

There are no Inferred Resources.


EPC728
ML700046
ML70313 Millennium West Mortes P/L
ML700046
Isaac River
EPC755
EPC1646
BHP Mitsui
EPC548
Anglo
L Seam Split Line
ML700046
EPC755
EPC755
MDL277 Exxaro Austr.
Resource Category
Measured
Mined Area
POB - CQ
Hole with Geophysics
Drill Hole in Model
LOX Line
L Seam Split Line
Fault
Isaac Downs Pit Shell (September 2021)
Tenure Legend
Stanmore ML700046
Stanmore EPC
Surrounding Coal Tenure
Isaac River
stanmorecoal
COAL RESOURCE 2021
ISAAC DOWNS PROJECT
LEICHHARDT SEAM
COAL RESOURCE


EPC728
ML700046
ML70313 Millennium West Mines P/L
ML700046
Isaac River
EPC755
EPC1646
BHP Mitsui
EPC548
Anglo
MDL277 Exxaro Austr.
ML700046
EPC755
EPC755
Resource Category
Measured
Indicated
Mined Area
POB - CQ
Hole with Geophysics
Drill Hole in Model
LOX Line
L Seam Split Line
Fault
Isaac Downs Pit Shell (September 2021)
Tenure Legend
Stanmore ML700046
Stanmore EPC
Surrounding Coal Tenure
Isaac River
stanmorecoal
COAL RESOURCE 2021
ISAAC DOWNS PROJECT
LEICHHARDT UPPER SEAM
COAL RESOURCE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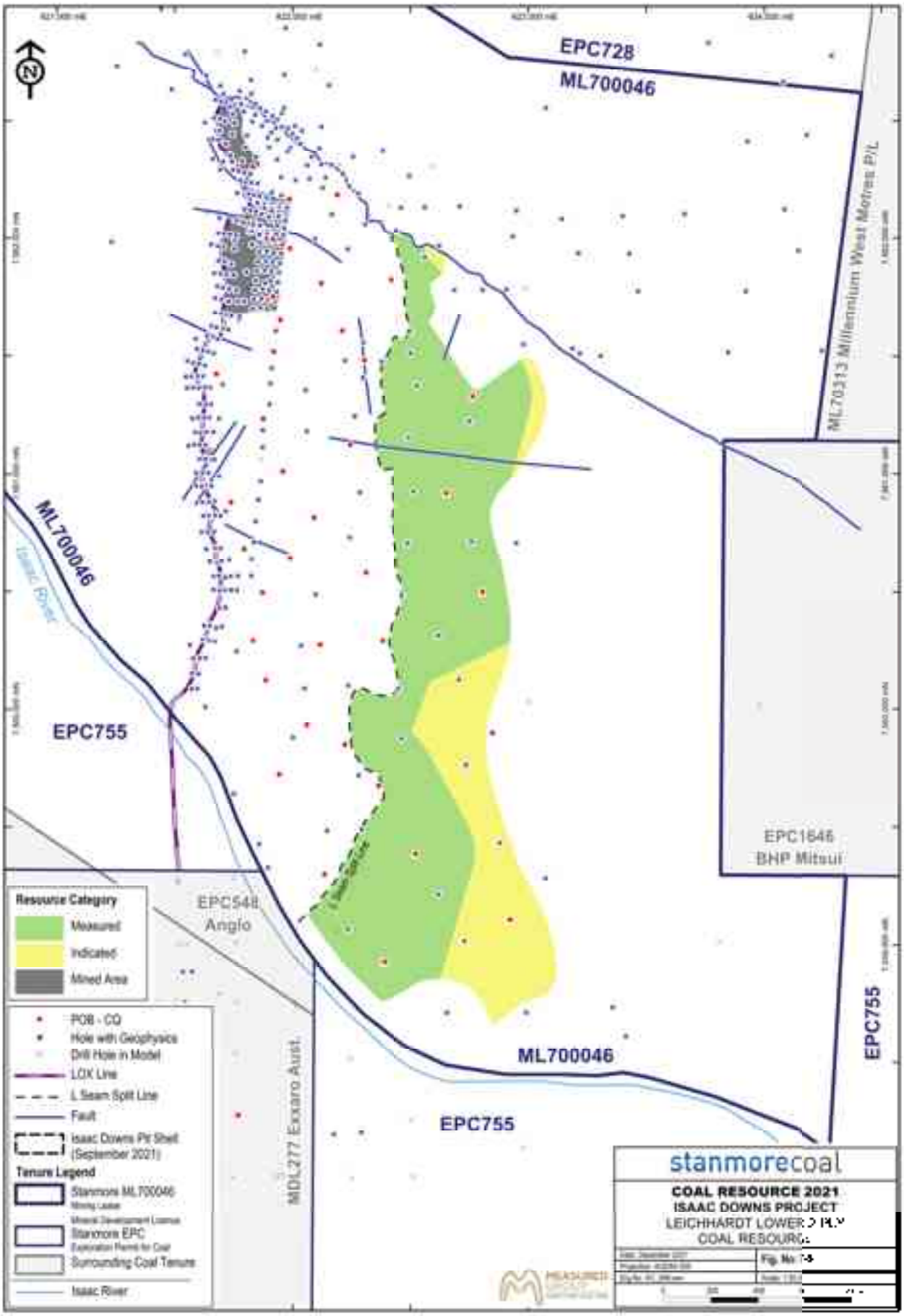
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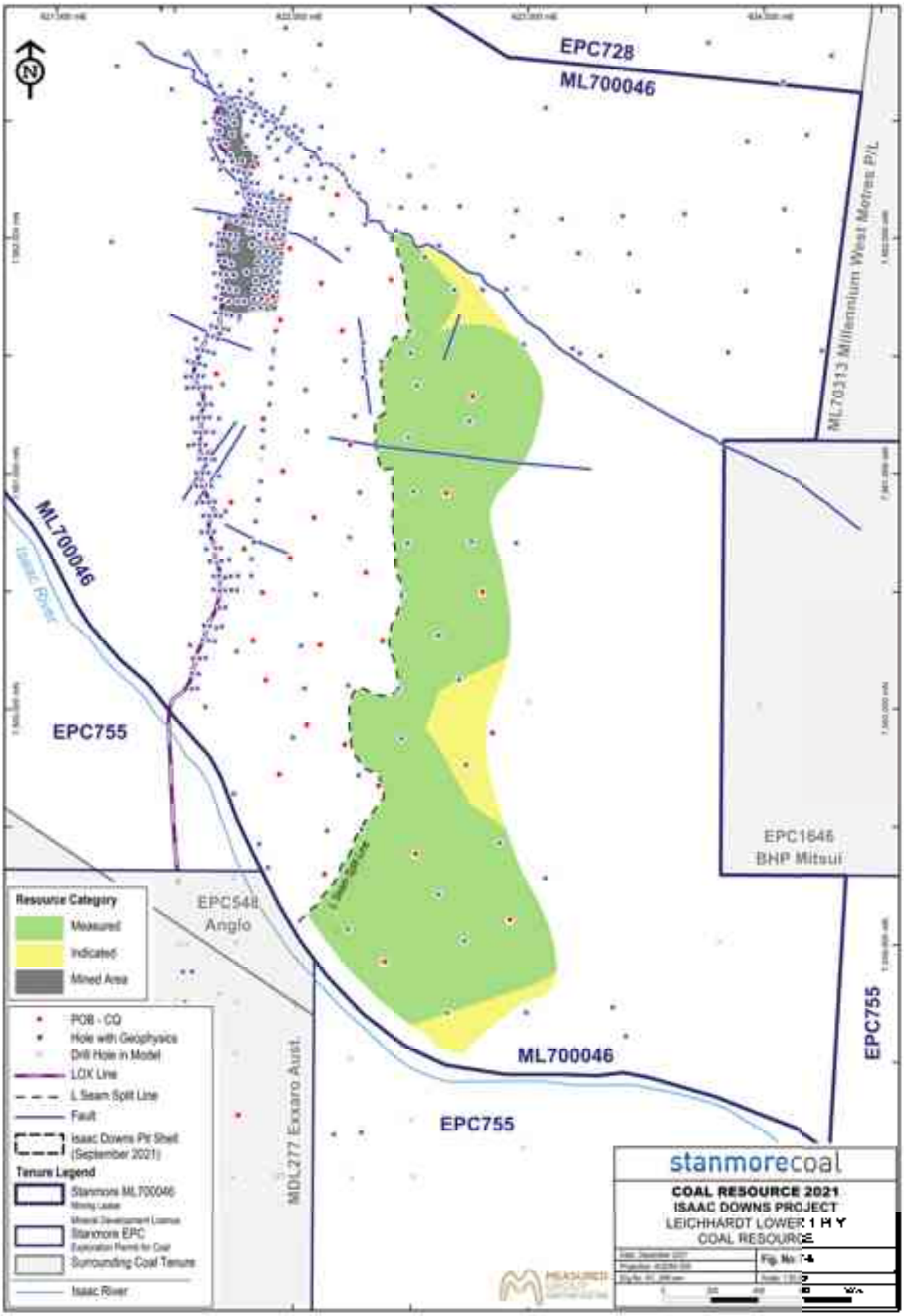
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Drill Hole in Model
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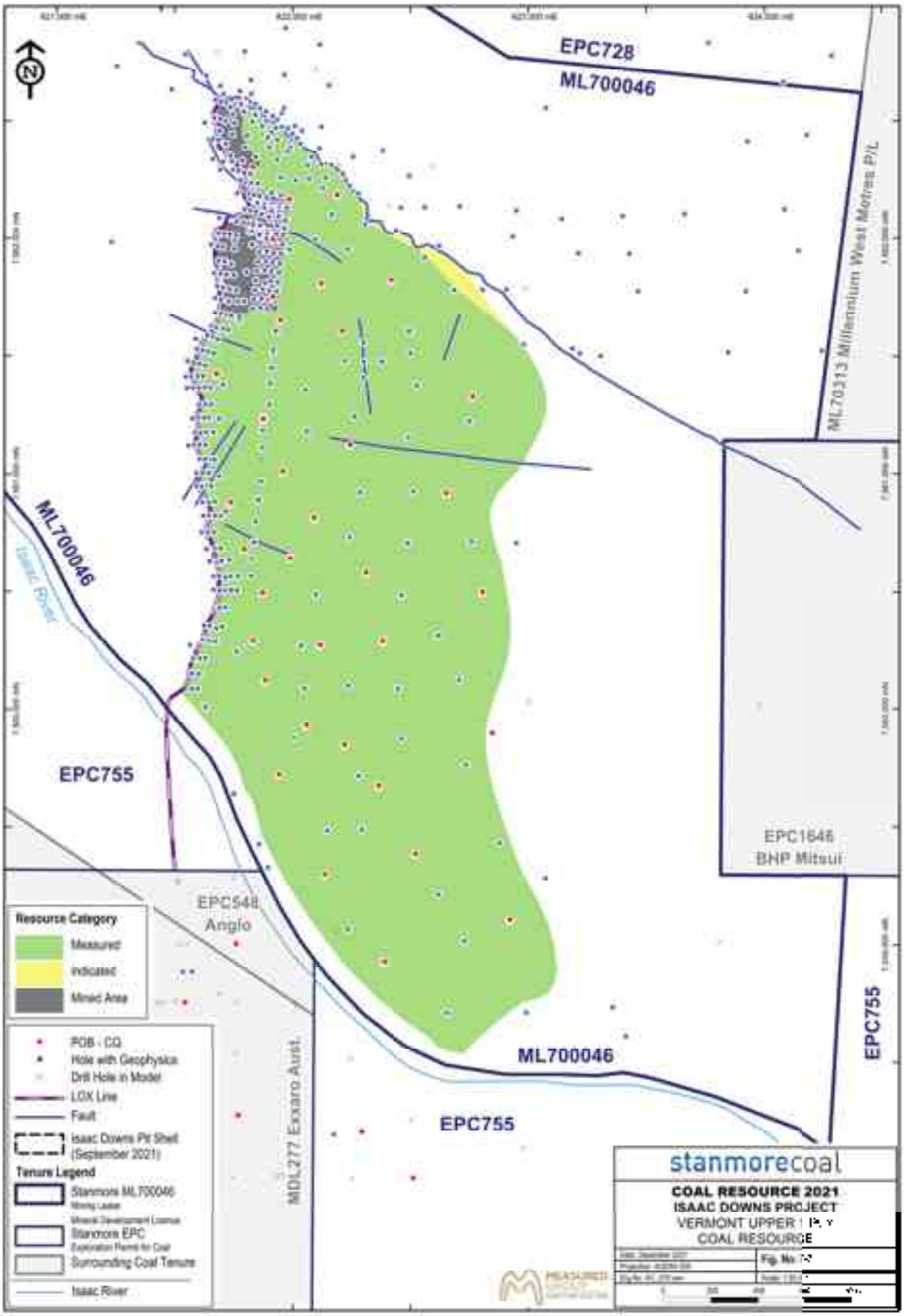
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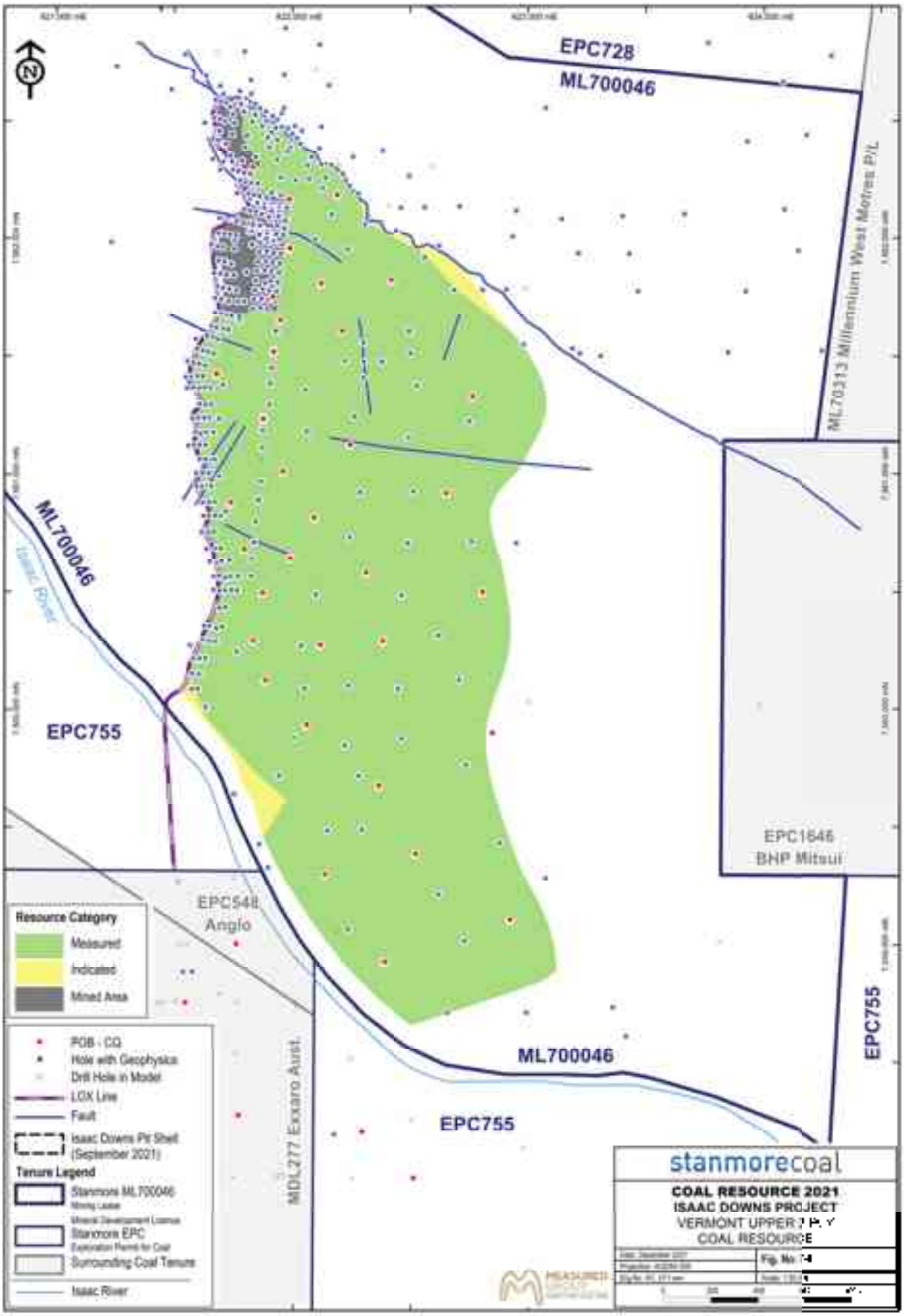
ISAAC DOWNS PROJECT
VERMONT UPPER
COAL RESOURCE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Surrounding Coal Tenure
Isaac River
stanmorecoal
COAL RESOURCE 2021
ISAAC DOWNS PROJECT
VERMONT UPPER
COAL RESOURCE

8. COAL RESOURCE ESTIMATE 2021

Coal Resources have been estimated for the Leichhardt and Vermont Upper seams of the Rangal Coal Measures contained within the Isaac Downs Project area. The Coal Resources are contained wholly within ML 700046.

The total Coal Resource estimate is 32 million tonnes (**Mt**), of which 29.2 Mt is classified as Measured Resources and 2.9 Mt is classified as Indicated.

Resources are declared to 31 December 2021.

As at 31 December 2021, a total of 1.2 Mt has been mined from the deposit and is hence not included in the tonnage estimate.

A summary of the Coal Resource estimate is contained within Table 8-1 and Table 8-2.

Table 8-1: Summary of Coal Resources by Seam

SEAM	PLY	MEASURED (Mt)	INDICATED (Mt)	TOTAL (Mt)
Leichhardt	LU	4.8	1.5	6
	LL3	6.1	0.4	6
	LL2	3.8	0.5	4
	LL1	4.2	0.3	4
Vermont Upper	VU1	7.4	0.1	8
	VU2	2.9	0.1	3
Total		29.2	2.9	32

Notes:
1. Coal Resources estimated at 4% in situ moisture.
2. Totals may not sum correctly due to rounding

Table 8-2: Detailed Coal Resources by Seam

PLY	MEASURED					INDICATED					TOTAL
	AREA m '000	THICK m	IN SITU RD	IN SITU ASH	Mt	AREA m '000	THICK m	IN SITU RD	IN SITU ASH	Mt	
LU	2775	1.2	1.44	16.1	4.8	1306	0.8	1.38	13.1	1.5	6
LL3	3788	1.1	1.45	17.9	6.1	310	0.8	1.48	20.5	0.4	6
LL2	3400	0.7	1.48	21.2	3.8	462	0.7	1.60	33.9	0.5	4
LL1	3853	0.7	1.48	22.7	4.2	264	0.7	1.56	29.5	0.3	4
VU1	4070	1.3	1.40	14.2	7.4	77	1.3	1.42	14.9	0.1	8
VU2	3974	0.5	1.56	29.8	2.9	121	0.5	1.53	25.1	0.1	3
Total					29.2					2.9	32

Notes:
1. Coal Resources estimated at 4% in situ moisture.
2. Totals may not sum correctly due to rounding.

9. PREVIOUS ESTIMATES

Since the previous Resource estimate in June 2020, total Resources have decreased by 4 Mt. There has been an increase to the Measured category of 4 Mt. The tonnage estimation for the coalesced L seam has increased by 2 Mt which includes the mined-out portion.

The changes from the previous Resource Estimate can be attributed to the following factors.

- Depletion by mining. As at 31 December 2021, 1.2 Mt has been extracted.
- Exclusion of LUD from Resources. The LUD is variable in nature but when assessed on a ply only it is typically high ash (mostly above 50%adb). Due to this, mine planning has deemed that this ply will be wasted, hence it has been excluded from Resource estimations.
- Exclusion of VU3 from Resources. A portion of this seam has been reclassified as VU2 while the remainder did not have sufficient supporting data on which to establish enough confidence for a Resource. There is a very low likelihood that this ply will be mined as it is usually too thin and too far below the VU2 to be considered economic.
- Adjustment of the fault plane defining the northern boundary of fault block 1.
- There has been a considerable number of new structural and coal quality drillholes added to the resource area. This has converted some of the previous resource to Measured status.
- Refinement of the split line defining the boundary of the coalesced Leichhardt seam.

The following Table 9 1 shows the comparison between the previous estimate in 2018, 2020 and 2021 Resource estimation.

Table 9-1: Reconciliation Back to Previous Coal resource Estimate

CATEGORY	SEAM/PLY	2018	2020	2021	Difference 2021 v 2020
		(Mt)	(Mt)	(Mt)	(Mt)
MEASURED	L	10	11	12	1.1
	LU		1	1	-0.3
	LL (LL2/3)		2	4	2
	LL1		2	2	0
	VU1	6	7	7	0
	VU2		1	3	2
	VU3				
Total		17	25	29	5
INDICATED	L	2	1	0	-1
	LU	2	3	1	-1
	LL (LL2/3)	2	4	1	-3
	LL1	2	1	0.3	-1
	VU1	3	1	0.1	-0.5
	VU2	1	2	0.1	-2
	VU3		0.4		
Total		12	12	3	-9
INFERRED	L	<1			
	LU	1			
	LL (LL2/3)	<1			
	LL1	2			
	VU1				
	VU2	2			
	VU3				
Total		4			
TOTAL		33	36	32	-4

10. AUDITS AND ACKNOWLEDGEMENTS

An internal review of modelling and estimation methods, assumptions and results have been conducted by Peter Handley, Principal Geologist of Measured Group Pty Ltd.

A client review of modelling methods, assumptions and results has been conducted by Nigel Clifford, Senior Geologist and Bronwyn Leonard, Superintendent of mine Geology, both of Stanmore Resources Ltd.

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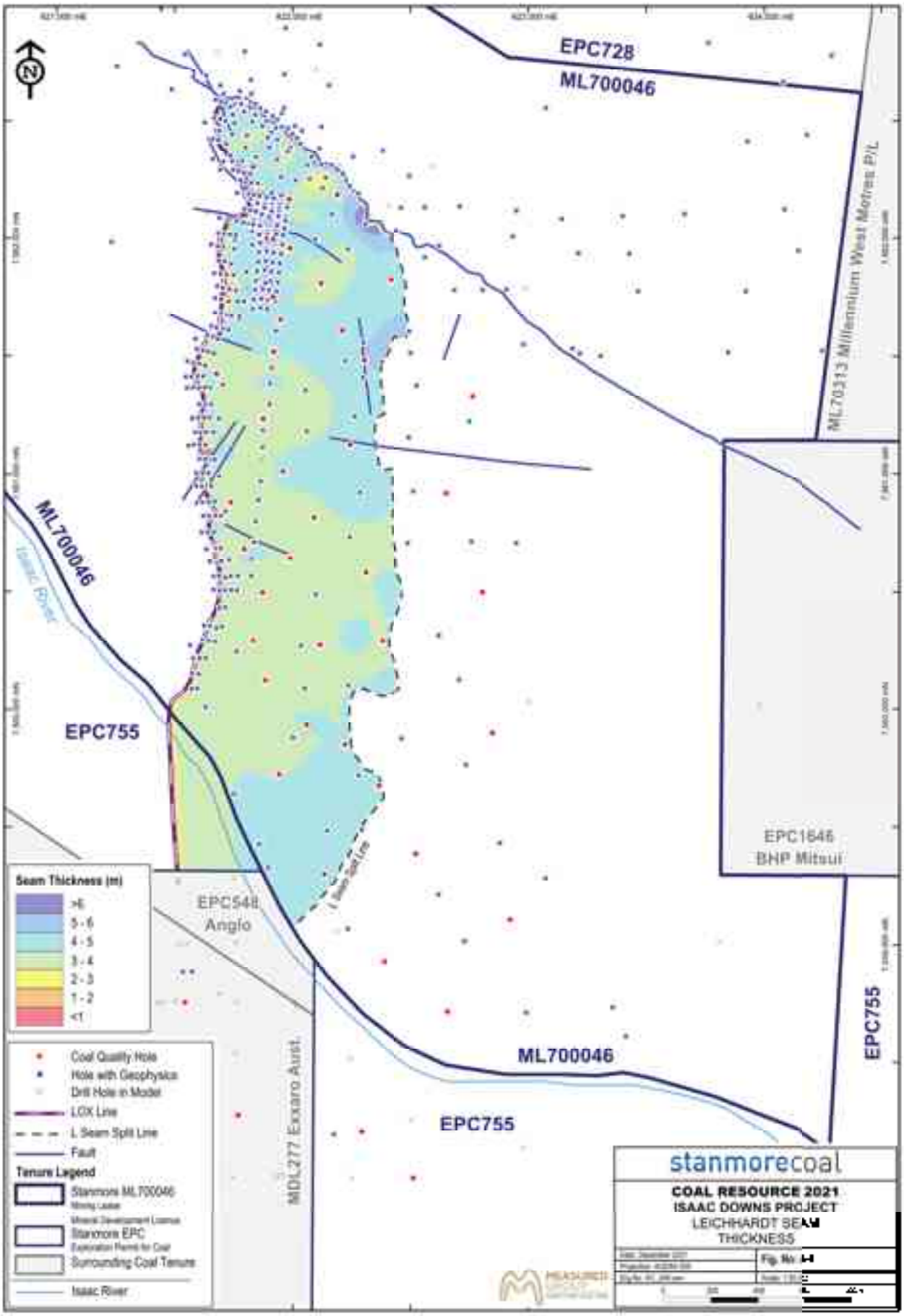
APPENDIX A: PLANS AND CROSS SECTIONS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Anglo
MDL277 Exxaro Aust.
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EPC755
EPC755
Seam Thickness (m)
>6
5 - 6
4 - 5
3 - 4
2 - 3
1 - 2
<1
Coal Quality Hole
Hole with Geophysics
Drill Hole in Model
LOX Line
L Seam Split Line
Fault
Tenure Legend
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Surrounding Coal Tenure
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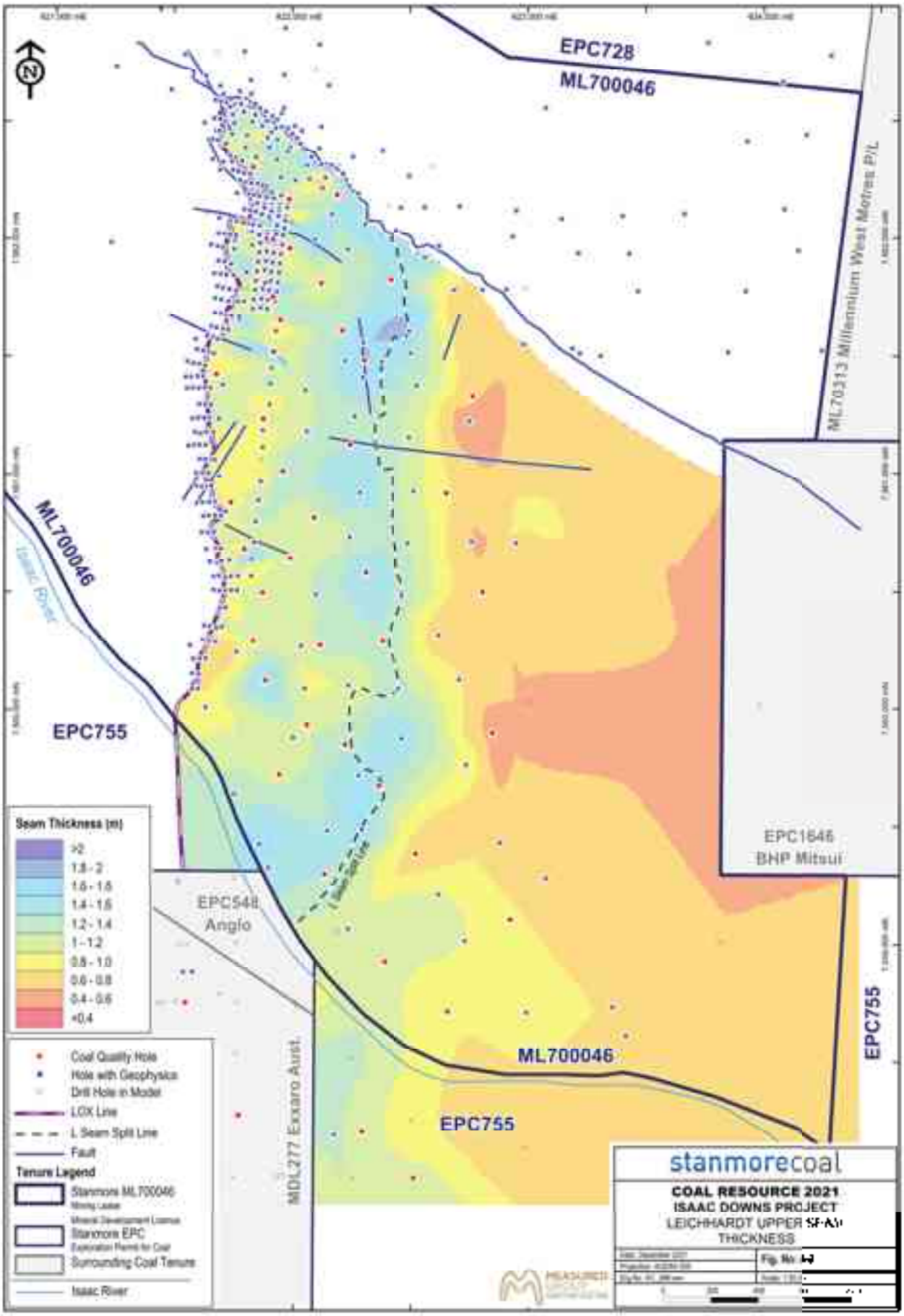
stanmorecoal
COAL RESOURCE 2021
ISAAC DOWNS PROJECT
LEICHHARDT SEAM
THICKNESS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ML700046
EPC755
EPC755
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1.8 - 2
1.6 - 1.8
1.4 - 1.6
1.2 - 1.4
1 - 1.2
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0.4 - 0.6
<0.4
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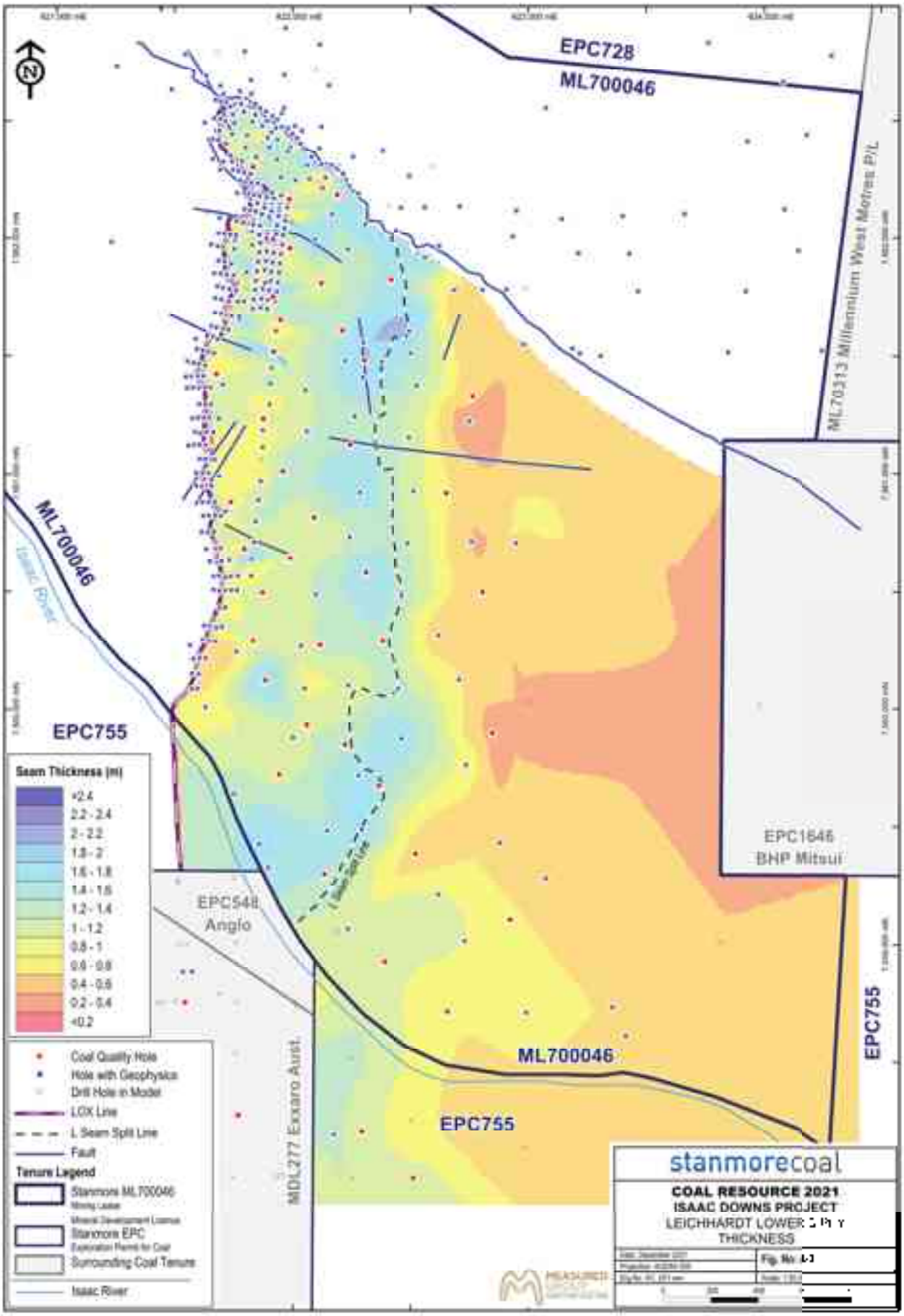
THICKNESS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EPC755
Seam Thickness (m)
+2.4
2.2 - 2.4
2 - 2.2
1.8 - 2
1.6 - 1.8
1.4 - 1.6
1.2 - 1.4
1 - 1.2
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0.4 - 0.6
0.2 - 0.4
+0.2
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Drill Hole in Model
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Fault
Tenure Legend
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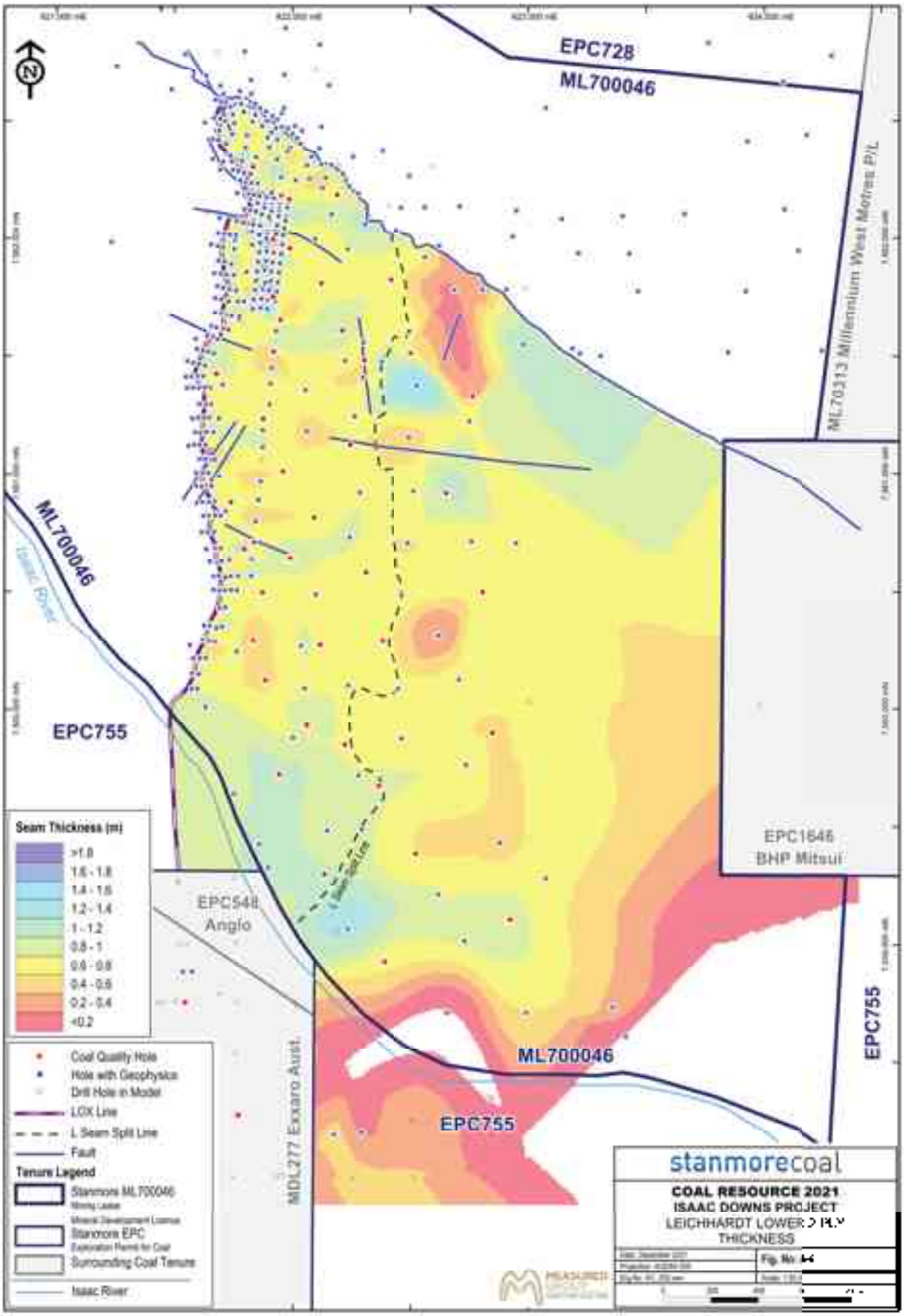
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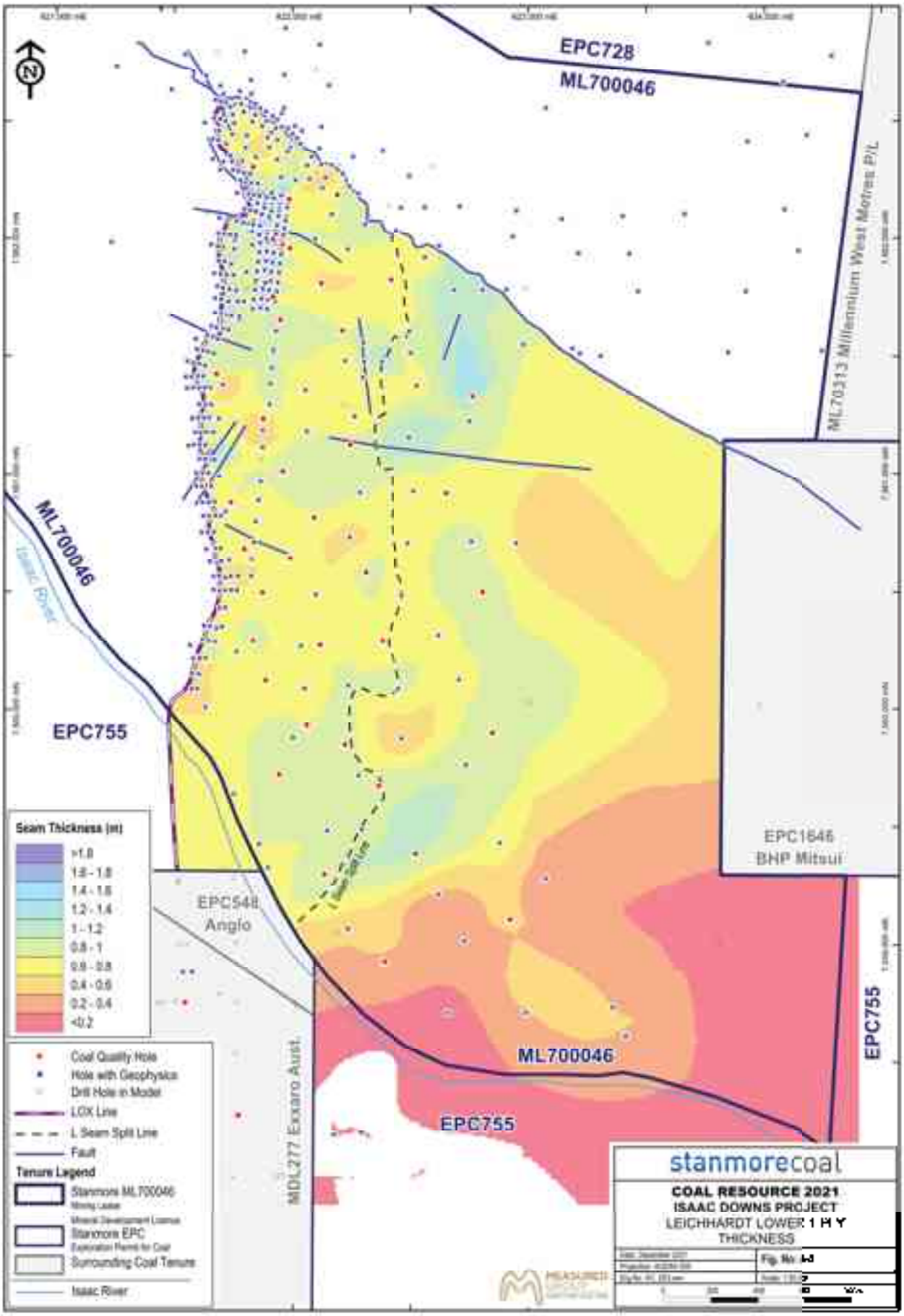
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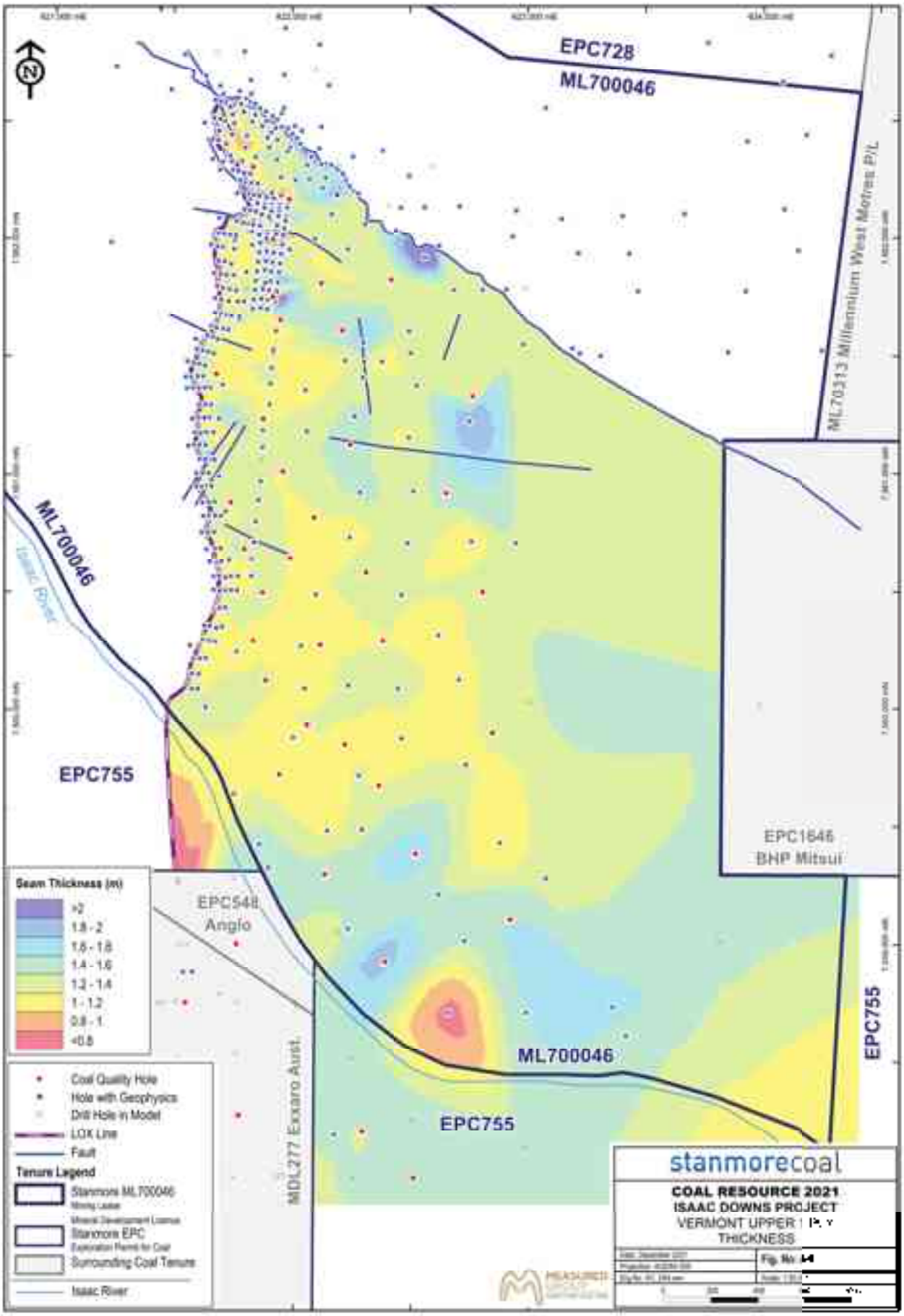
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Seam Thickness (m)
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1.6 - 1.8
1.4 - 1.6
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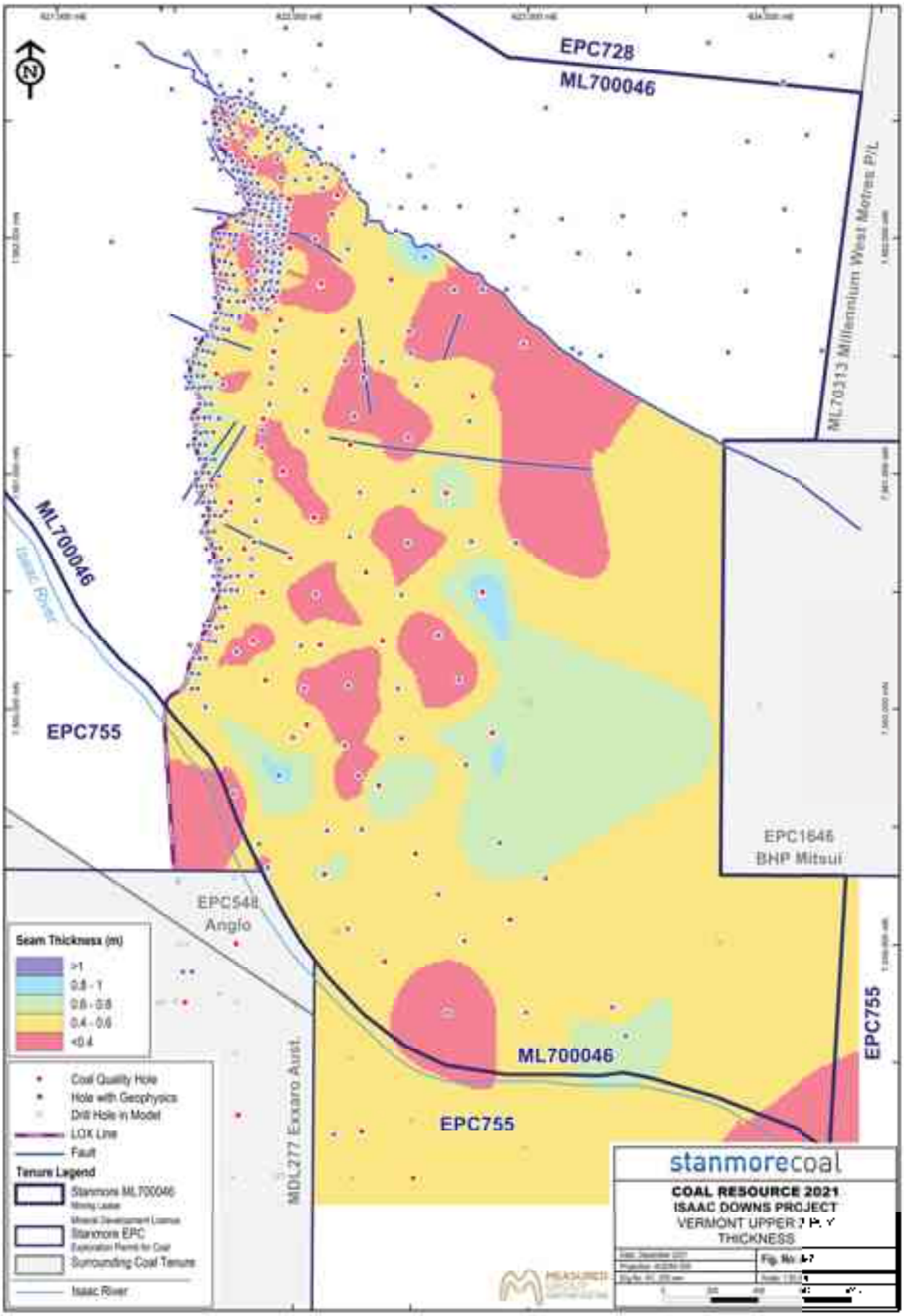
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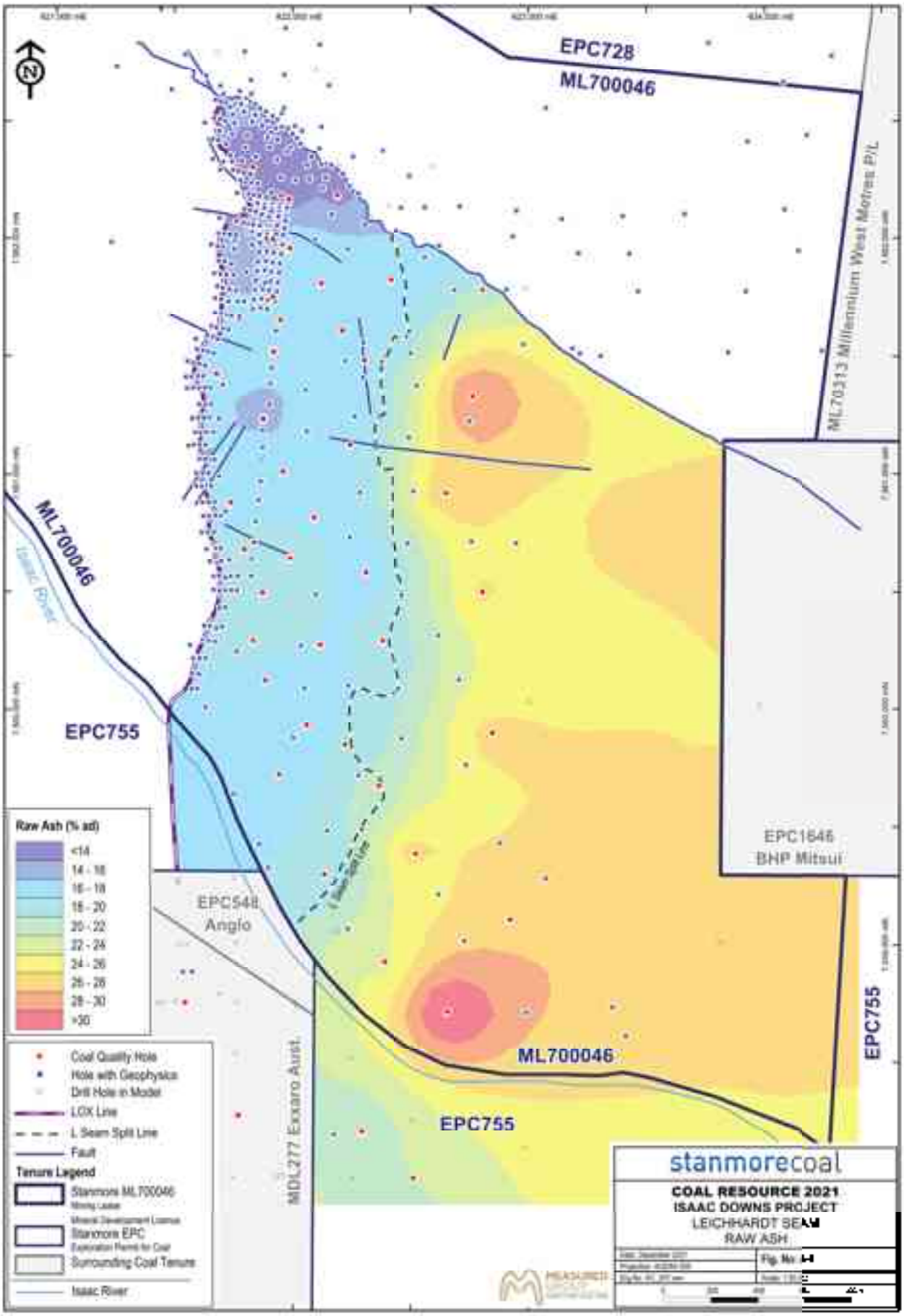
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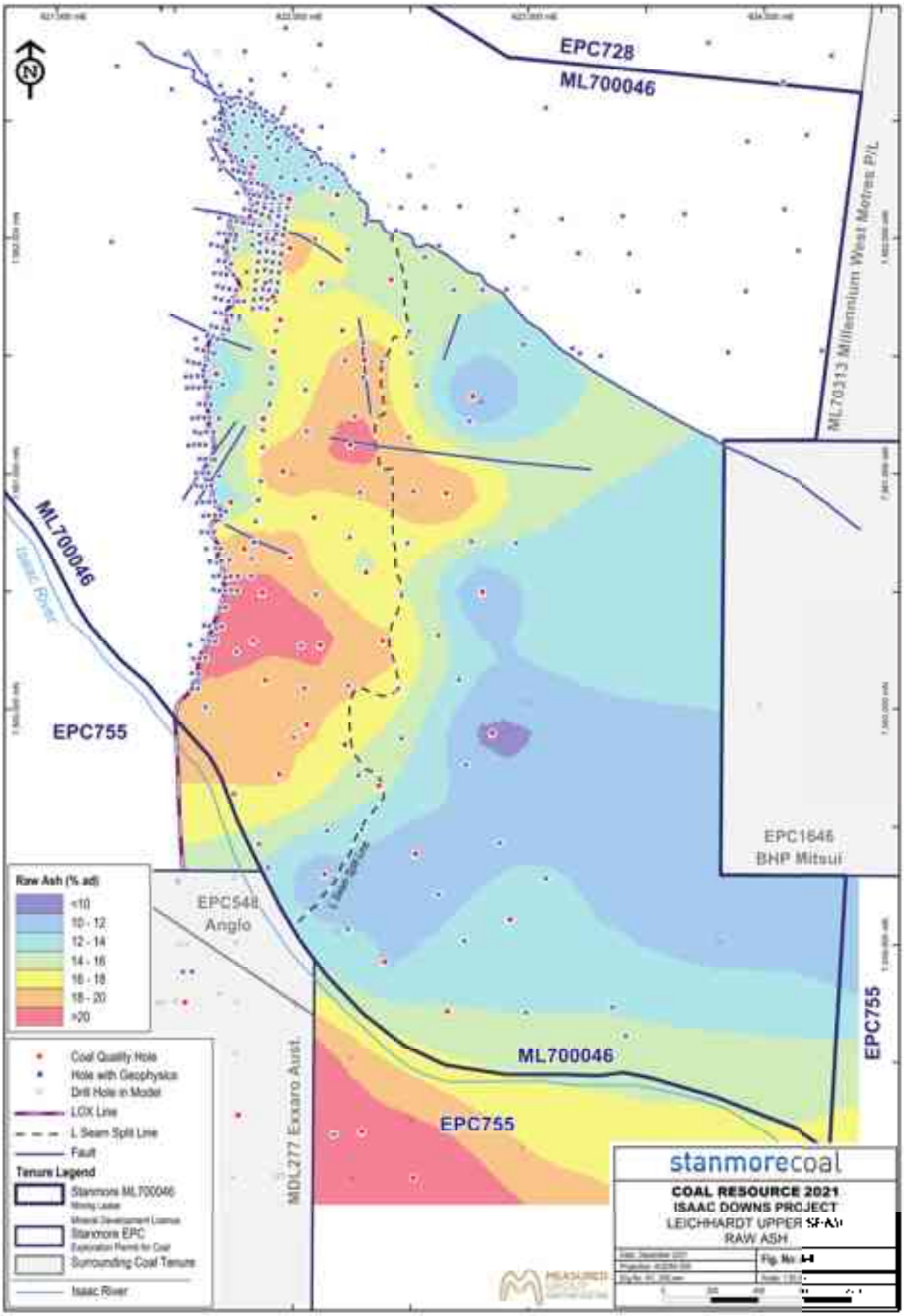
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16 - 18
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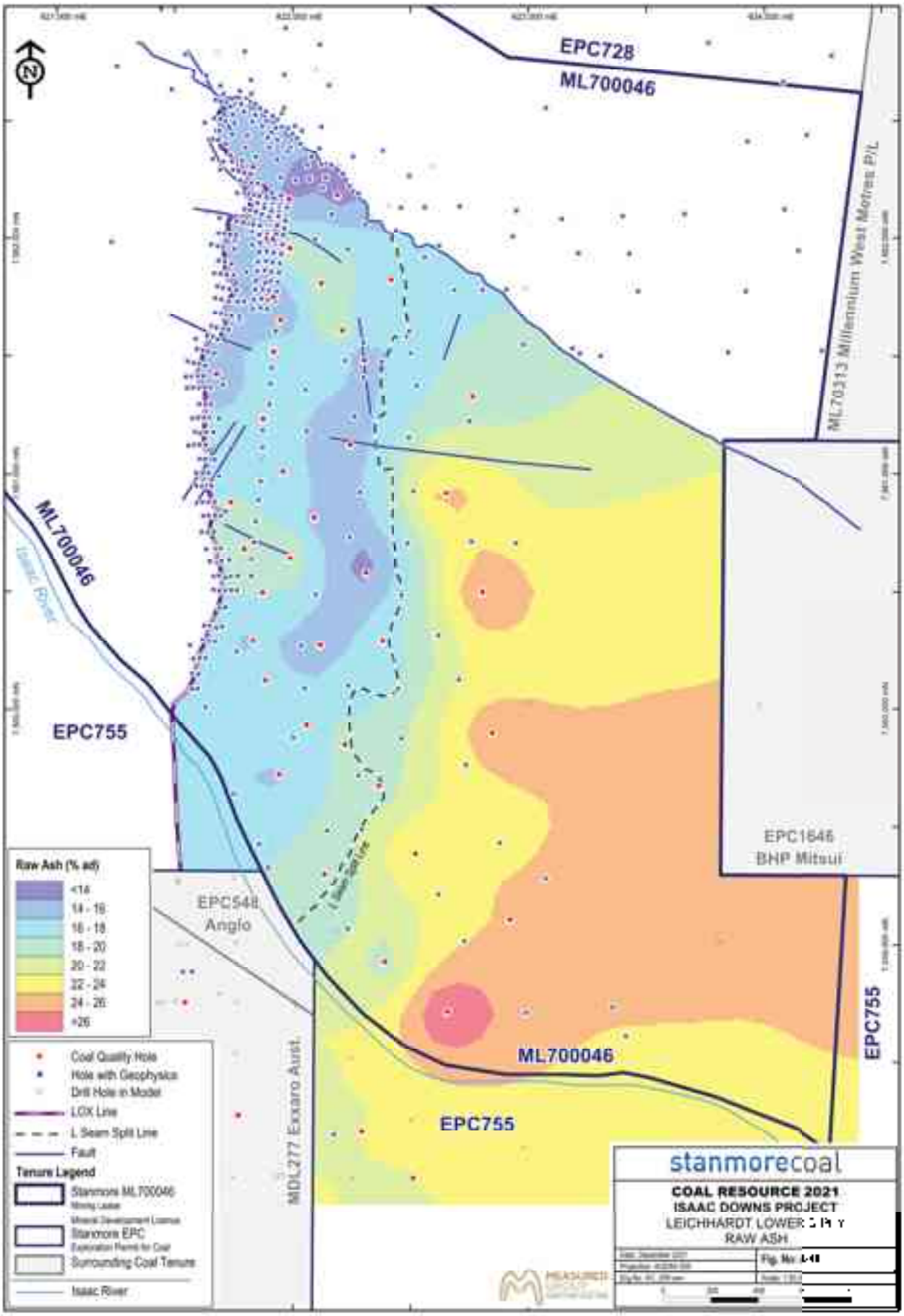
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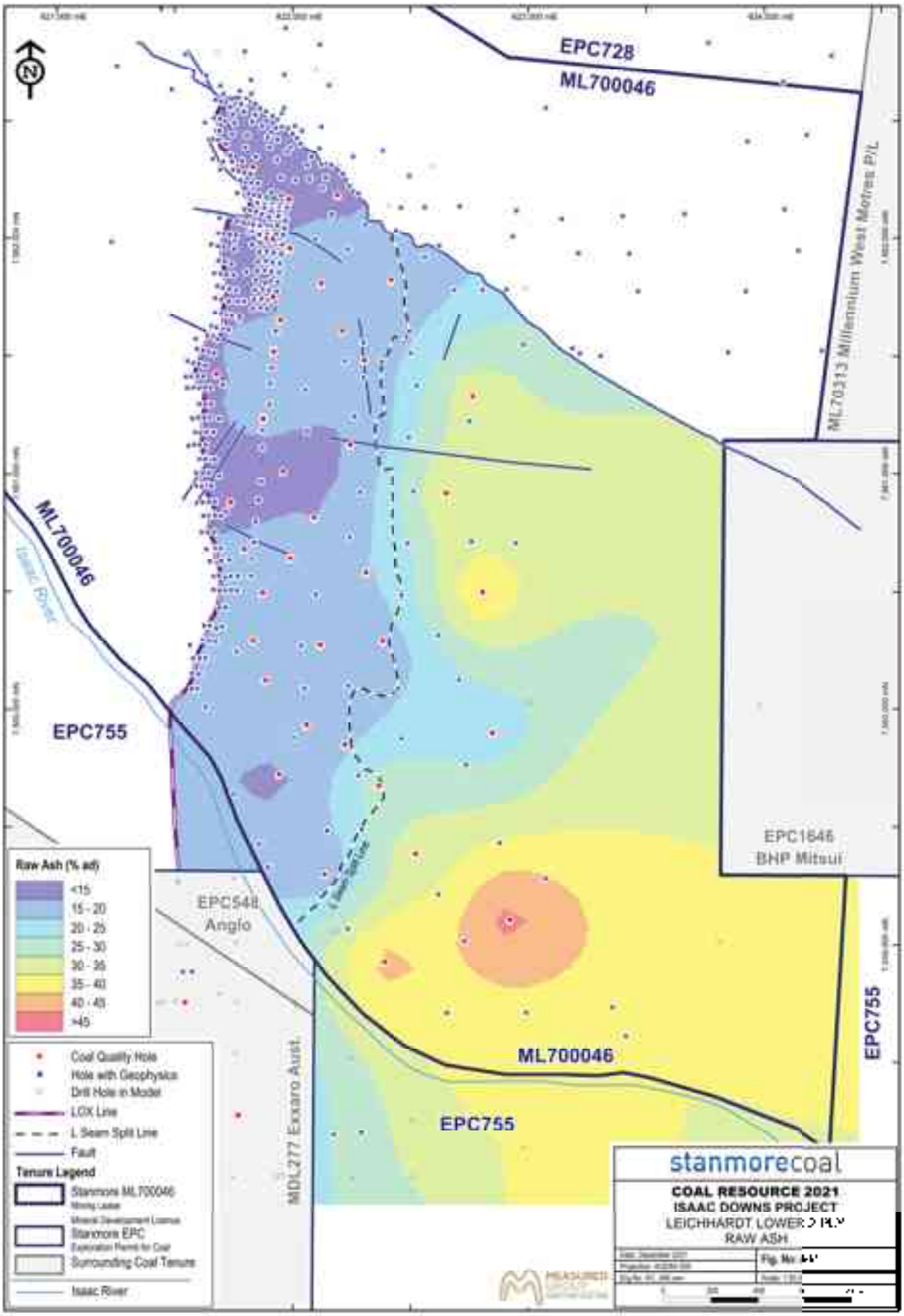
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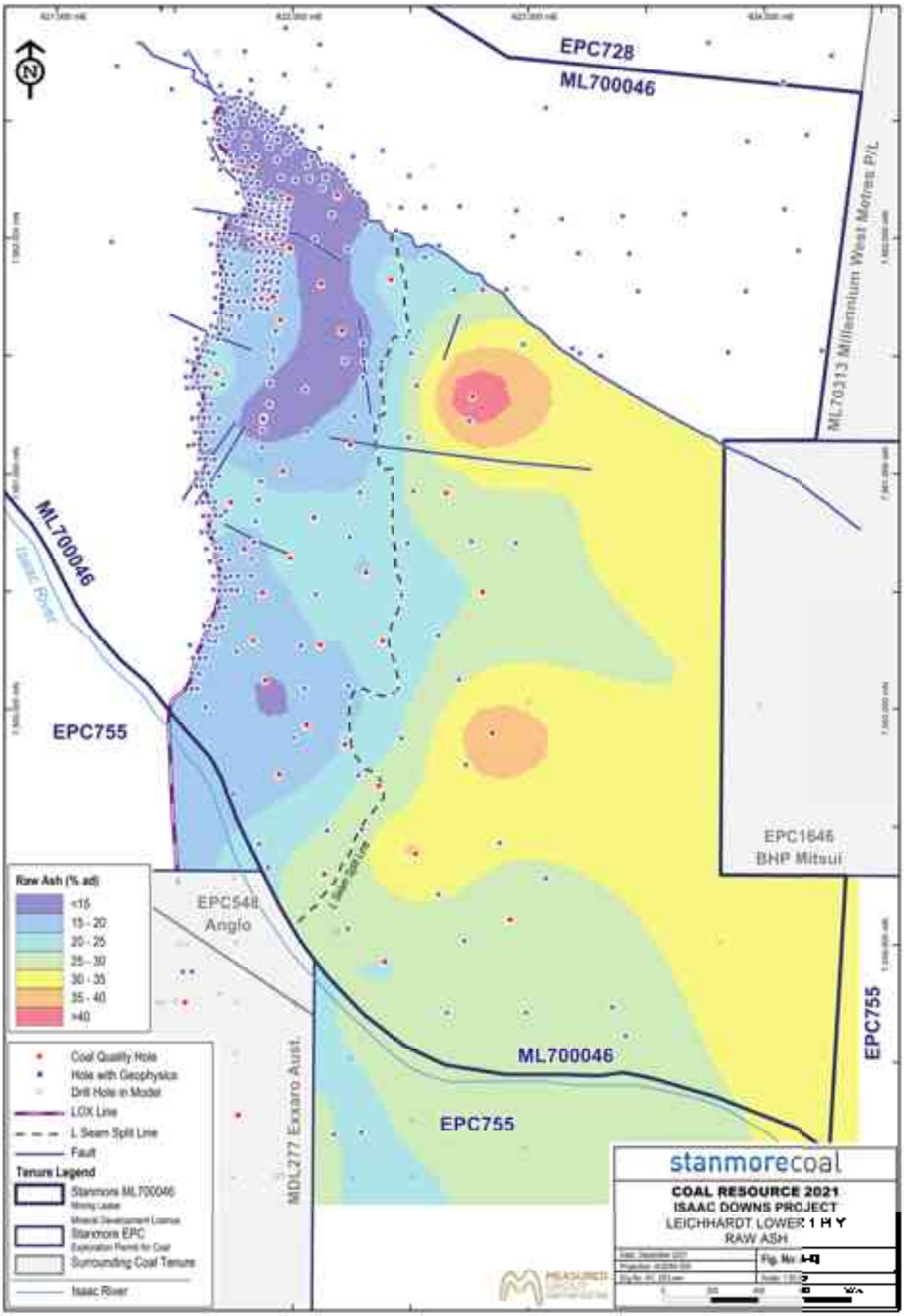
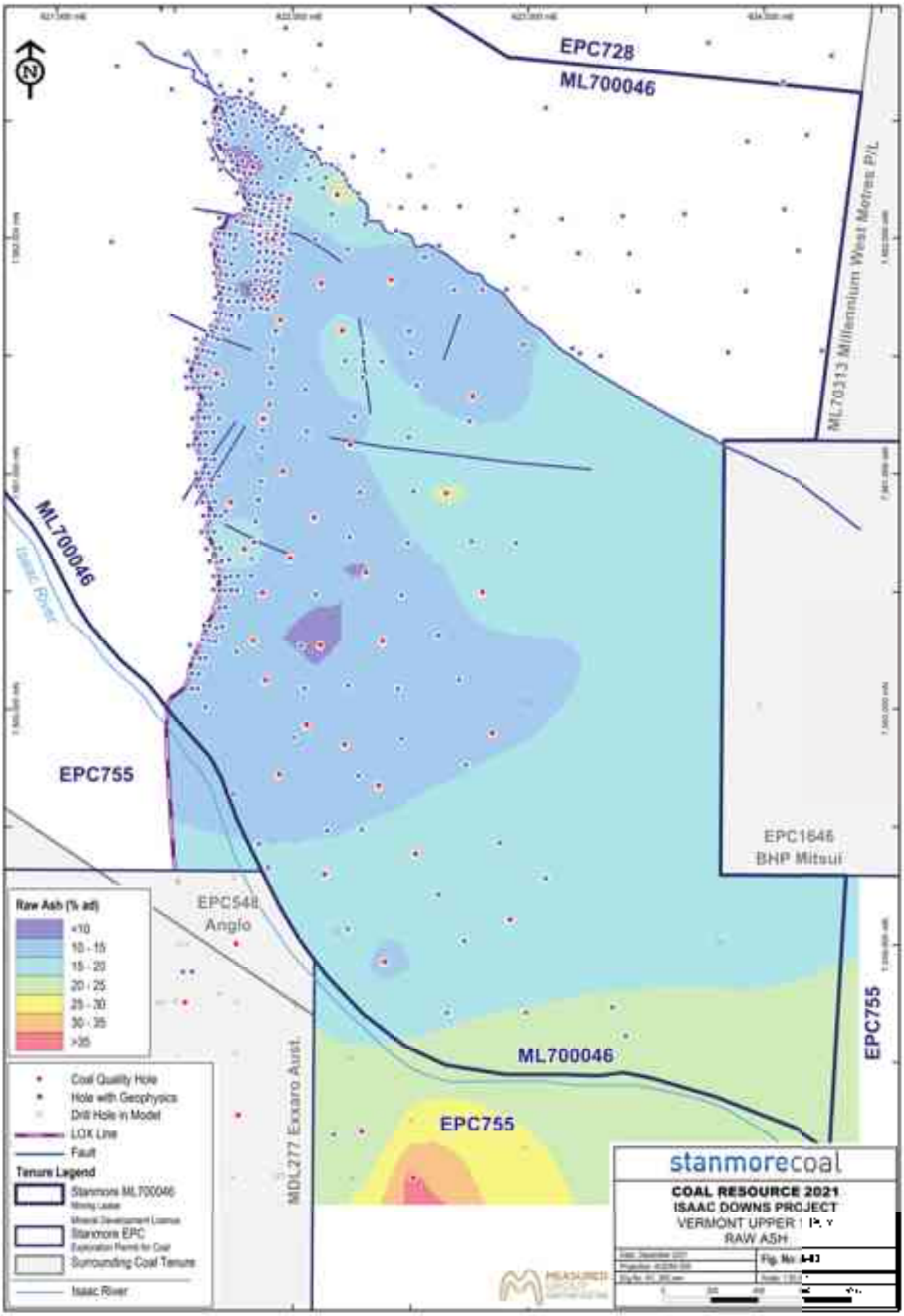
Stanmore EPC
Surrounding Coal Tenure
Isaac River
stanmorecoal
COAL RESOURCE 2021
ISAAC DOWNS PROJECT
LEICHHARDT LOWER SEAM
RAW ASH


EPC728
ML700046
ML70313 Millennium West Mines P/L
ML700046
Isaac River
EPC755
EPC1646
BHP Mitsui
EPC548
Anglo
MDL277 Exxaro Aust.
ML700046
EPC755
EPC755
Raw Ash (% ad)
<15
15 - 20
20 - 25
25 - 30
30 - 35
35 - 40
>40
Coal Quality Hole
Hole with Geophysics
Drill Hole in Model
LOX Line
L Seam Split Line
Fault
Tenure Legend
Stanmore ML700046
Stanmore EPC
Surrounding Coal Tenure
Isaac River
stanmorecoal
COAL RESOURCE 2021
ISAAC DOWNS PROJECT
LEICHHARDT LOWER 1 PLY
RAW ASH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EPC755
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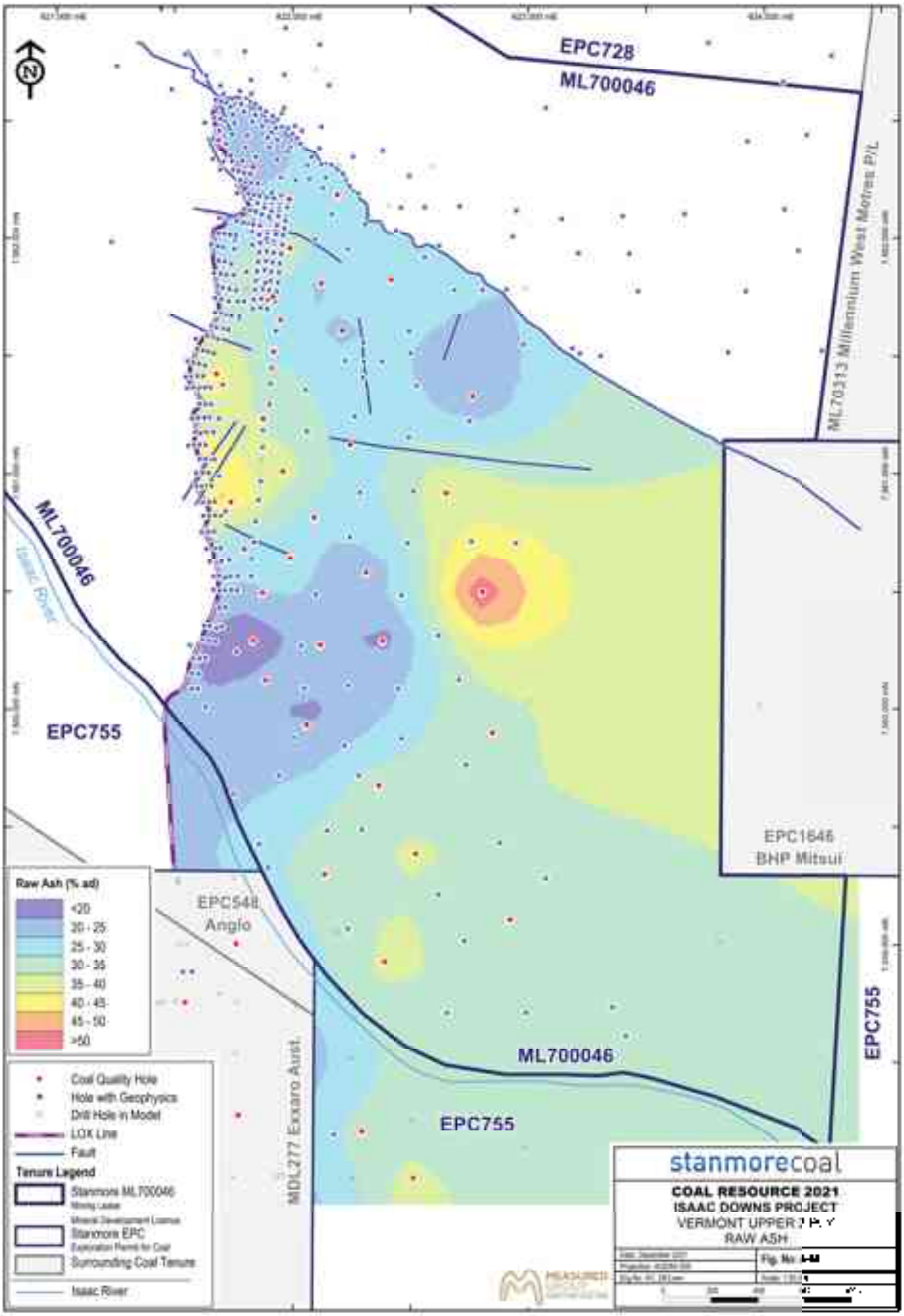
EPC548
Anglo
MDL277 Exxaro Aust.
ML700046
EPC755
EPC755
Raw Ash (% ad)
<10
10 - 15
15 - 20
20 - 25
25 - 30
30 - 35
>35
Coal Quality Hole
Hole with Geophysics
Drill Hole in Model
LOI Line
Fault
Tenure Legend
Stanmore ML700046
Stanmore EPC
Surrounding Coal Tenure
Isaac River
stanmorecoal
COAL RESOURCE 2021
ISAAC DOWNS PROJECT
VERMONT UPPER
RAW ASH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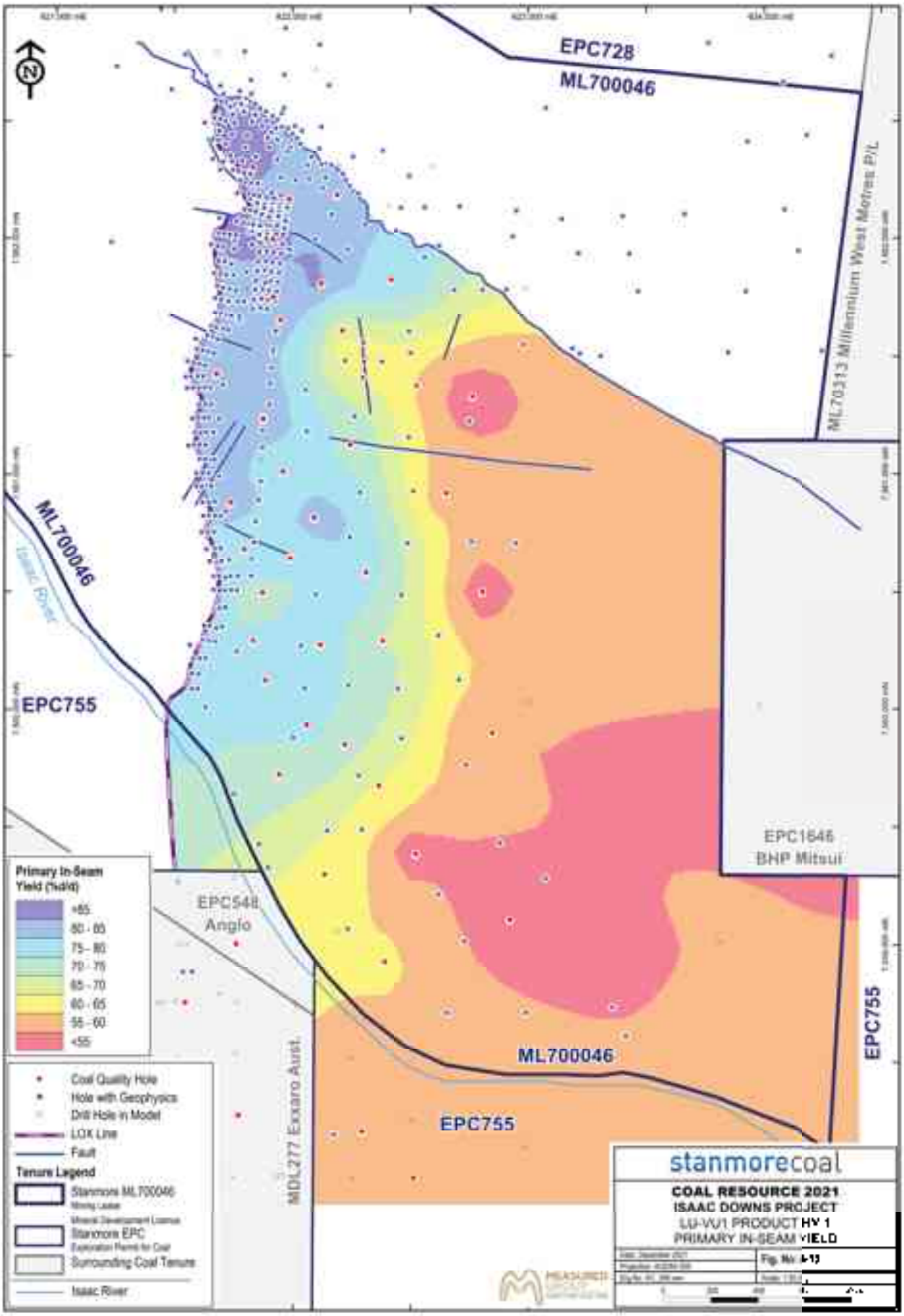
ML70313 Millennium West Mortes P/L
ML700046
Isaac River
EPC755
EPC1646
BHP Mitsui
EPC548
Anglo
MDL277 Exxaro Aust.
ML700046
EPC755
EPC755
Raw Ash (% ad)
<20
20 - 25
25 - 30
30 - 35
35 - 40
40 - 45
45 - 50
>50
Coal Quality Hole
Hole with Geophysics
Drill Hole in Model
LOX Line
Fault
Tenure Legend
Stanmore ML700046
Stanmore EPC
Surrounding Coal Tenure
Isaac River
stanmorecoal
COAL RESOURCE 2021
ISAAC DOWNS PROJECT
RAW ASH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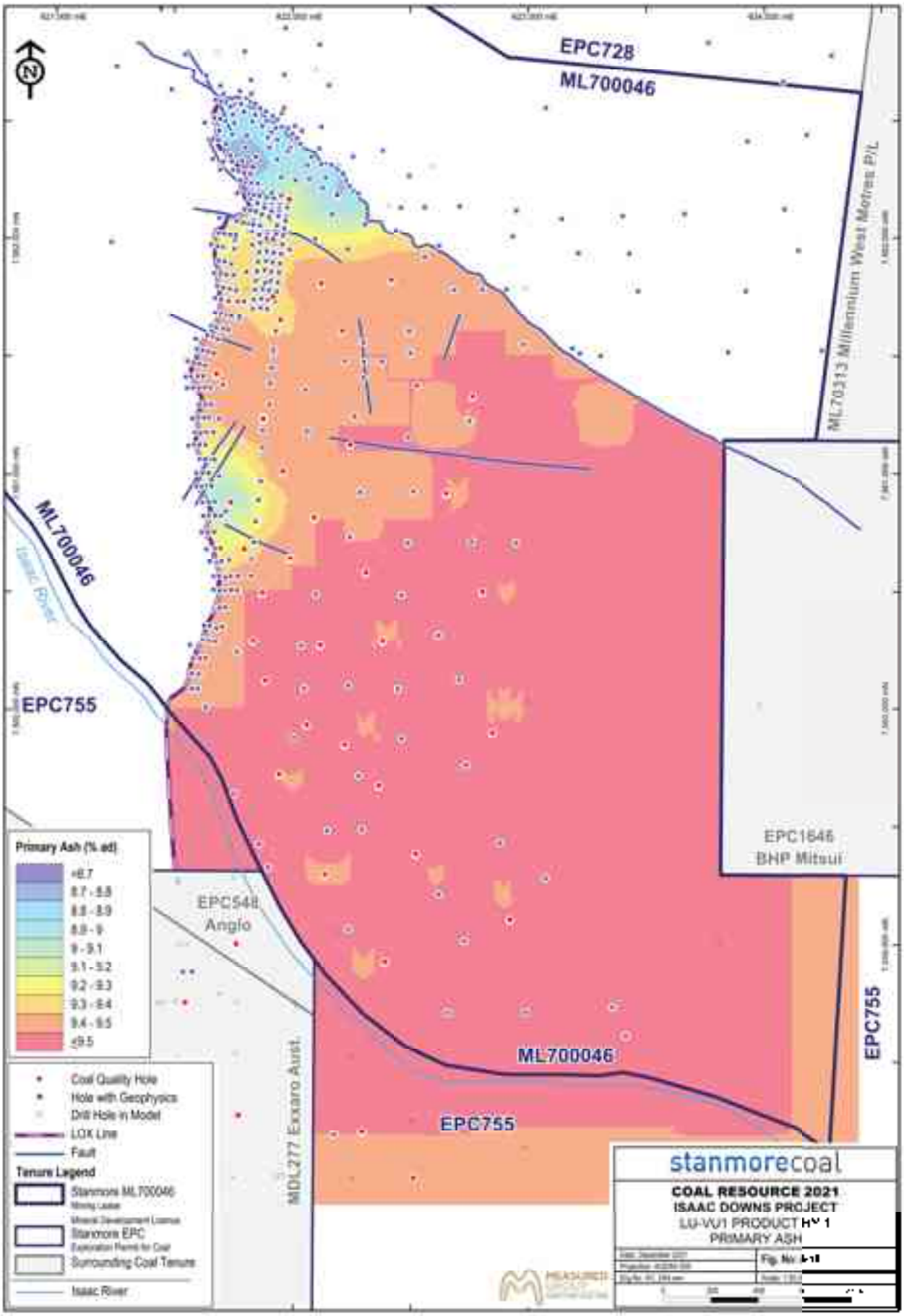
ML70313 Millennium West Mortes P/L
ML700046
Isaac River
EPC755
EPC1646
BHP Mitsui
EPC548
Anglo
MDL277 Exxaro Aust.
ML700046
EPC755
EPC755
Primary In-Seam Yield (%adb)
>85
80 - 85
75 - 80
70 - 75
65 - 70
60 - 65
55 - 60
<55
Coal Quality Hole
Hole with Geophysics
Drill Hole in Model
LOX Line
Fault
Tenure Legend
Stanmore ML700046
Stanmore EPC
Surrounding Coal Tenure
Isaac River
stanmorecoal
COAL RESOURCE 2021
ISAAC DOWNS PROJECT
LU-VU1 PRODUCT
PRIMARY IN-SEAM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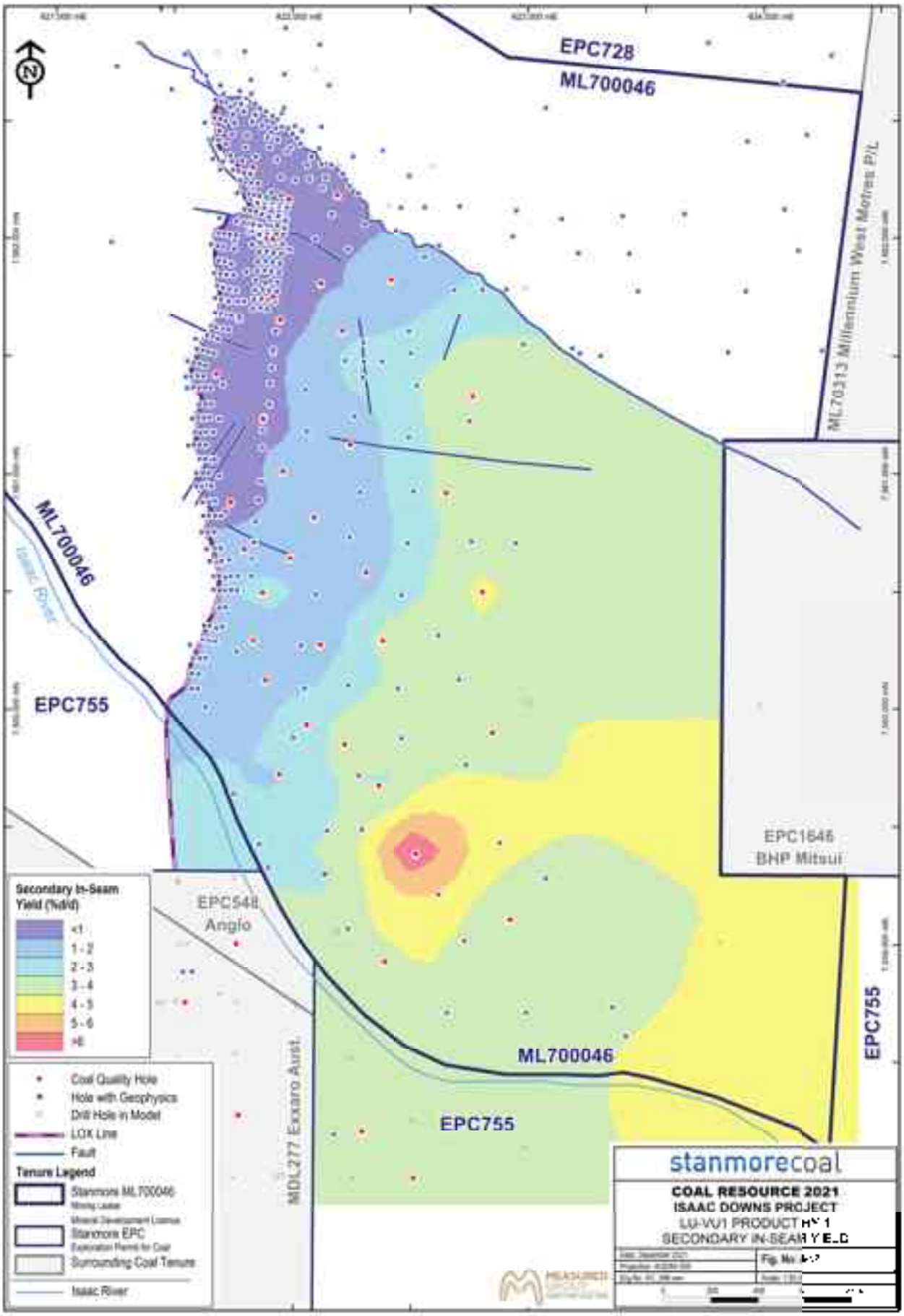
ML700046
Isaac River
EPC755
EPC1646
BHP Mitsui
EPC548
Anglo
MDL277 Exxaro Aust.
ML700046
EPC755
EPC755
Primary Ash (% ad)
<8.7
8.7 - 8.8
8.8 - 8.9
8.9 - 9
9 - 9.1
9.1 - 9.2
9.2 - 9.3
9.3 - 9.4
9.4 - 9.5
>9.5
Coal Quality Hole
Hole with Geophysics
Drill Hole in Model
LOX Line
Fault
Tenure Legend
Stanmore ML700046
Stanmore EPC
Surrounding Coal Tenure
Isaac River
stanmorecoal
COAL RESOURCE 2021
ISAAC DOWNS PROJECT
LU-VU1 PRODUCT HV 1
PRIMARY ASH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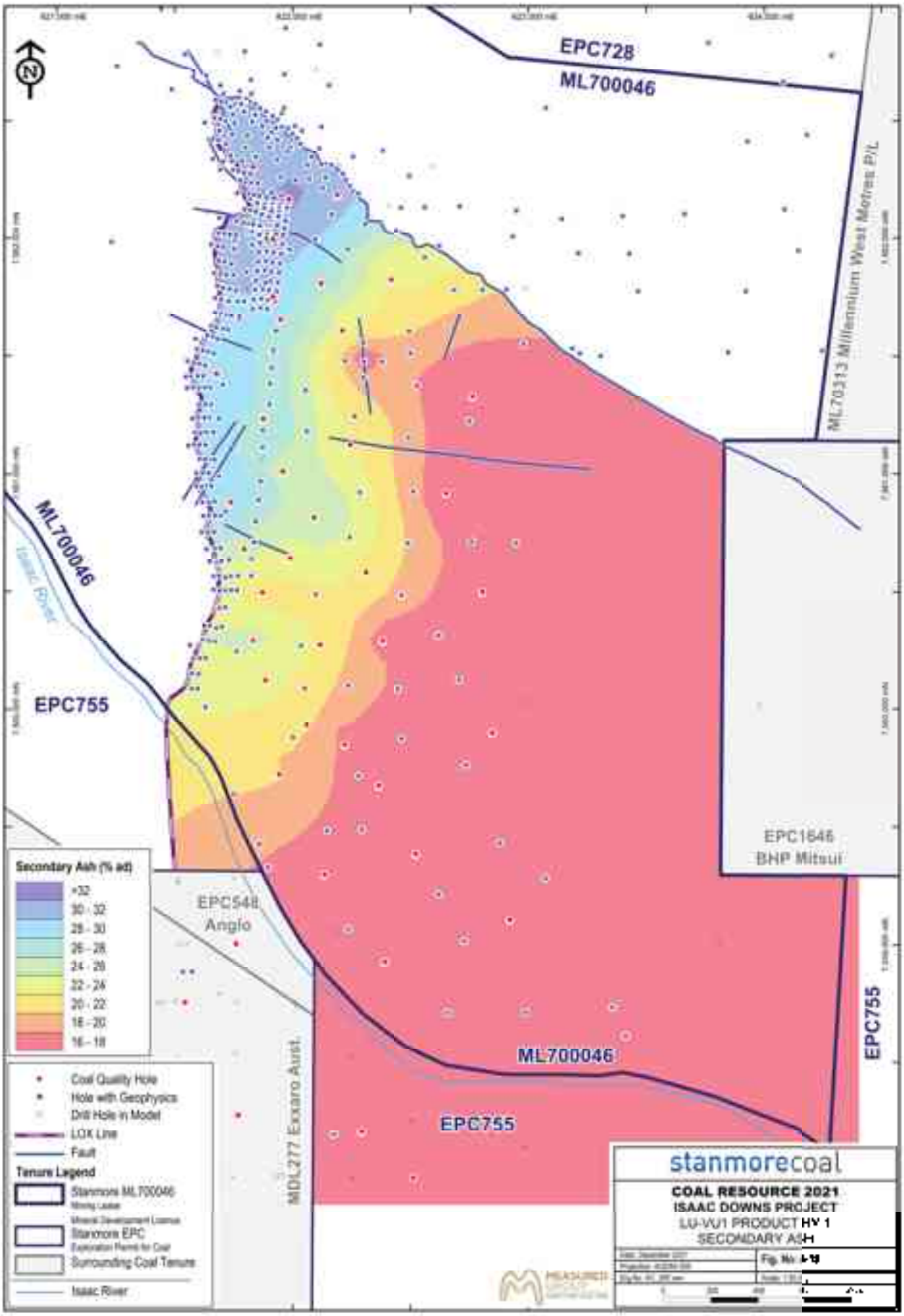
ML700046
Isaac River
EPC755
EPC1646
BHP Mitsui
EPC548
Anglo
MDL277 Exxaro Aust.
ML700046
EPC755
EPC755
Secondary In-Seam Yield (%drd)
<1
1 - 2
2 - 3
3 - 4
4 - 5
5 - 6
>6
Coal Quality Hole
Hole with Geophysics
Drill Hole in Model
LOX Line
Fault
Tenure Legend
Stanmore ML700046
Stanmore EPC
Surrounding Coal Tenure
Isaac River
stanmorecoal
COAL RESOURCE 2021
ISAAC DOWNS PROJECT
LU-VU1 PRODUCT
SECONDARY IN-SEAM YIELD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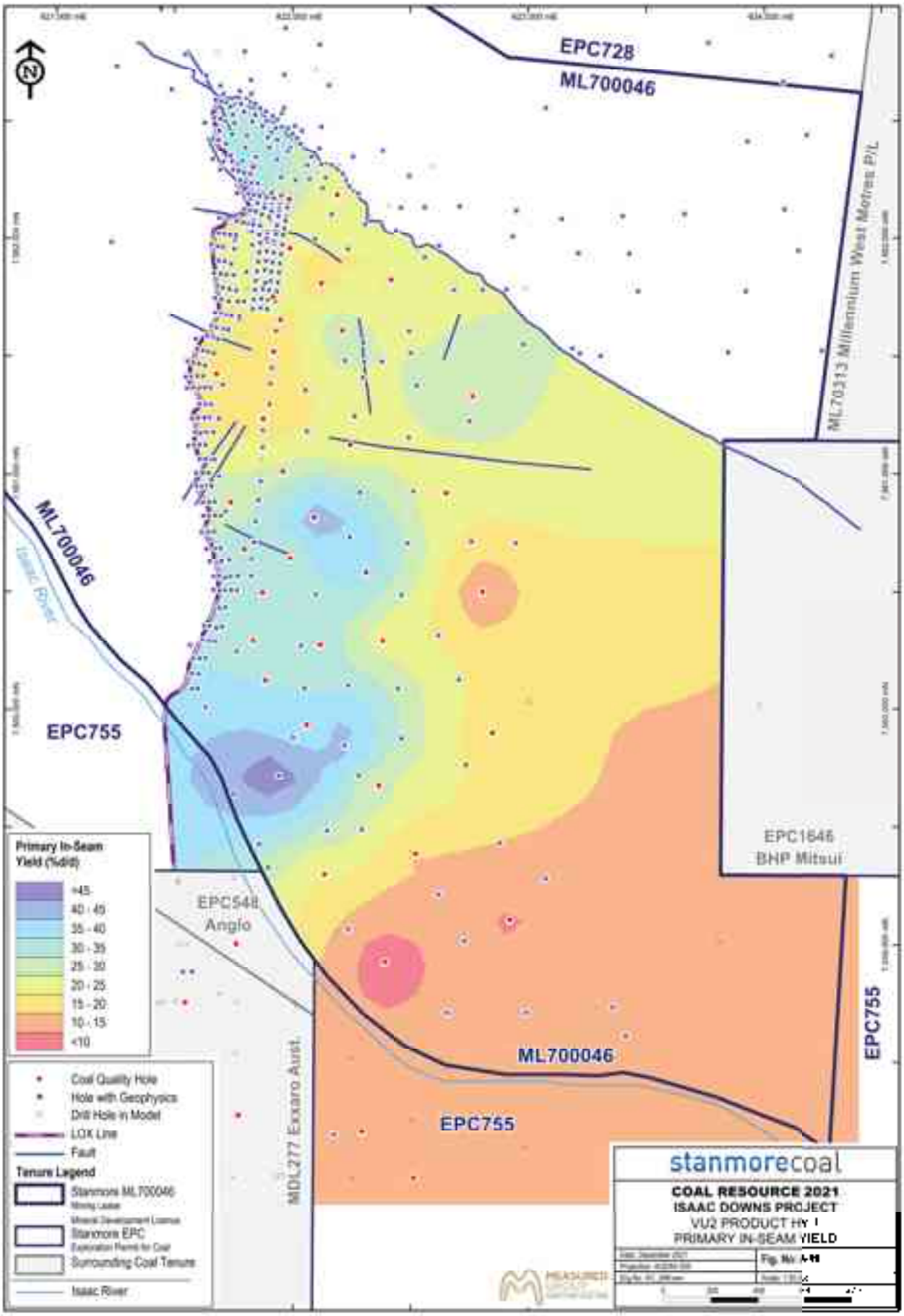
ML700046
Isaac River
EPC755
EPC1646
BHP Mitsui
EPC548
Anglo
MDL277 Exxaro Aust.
ML700046
EPC755
EPC755
Secondary Ash (% ad)
>32
30 - 32
28 - 30
26 - 28
24 - 26
22 - 24
20 - 22
18 - 20
16 - 18
Coal Quality Hole
Hole with Geophysics
Drill Hole in Model
LOX Line
Fault
Tenure Legend
Stanmore ML700046
Stanmore EPC
Surrounding Coal Tenure
Isaac River
stanmorecoal
COAL RESOURCE 2021
ISAAC DOWNS PROJECT
LU-VU1 PRODUCT HV 1
SECONDARY ASH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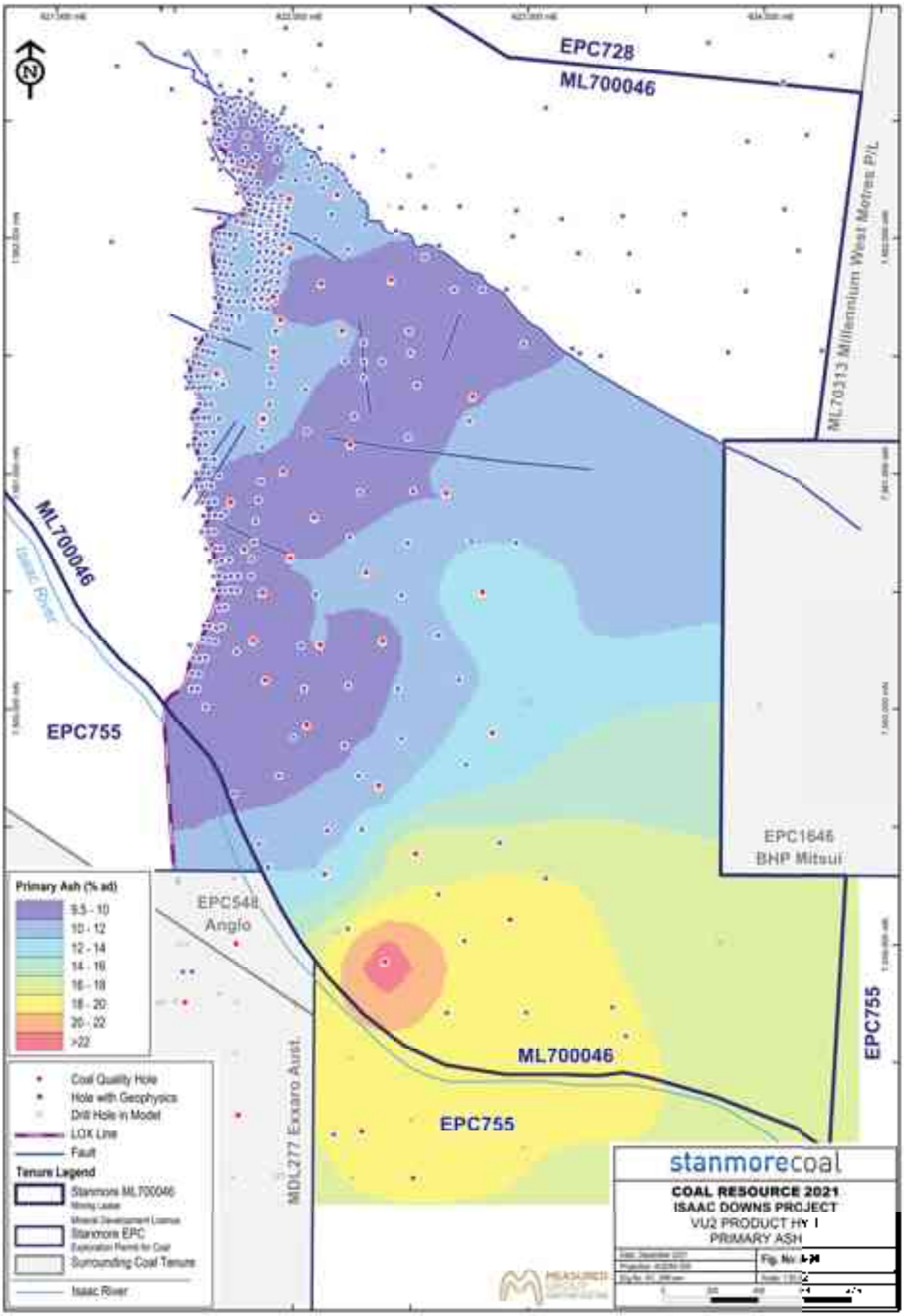
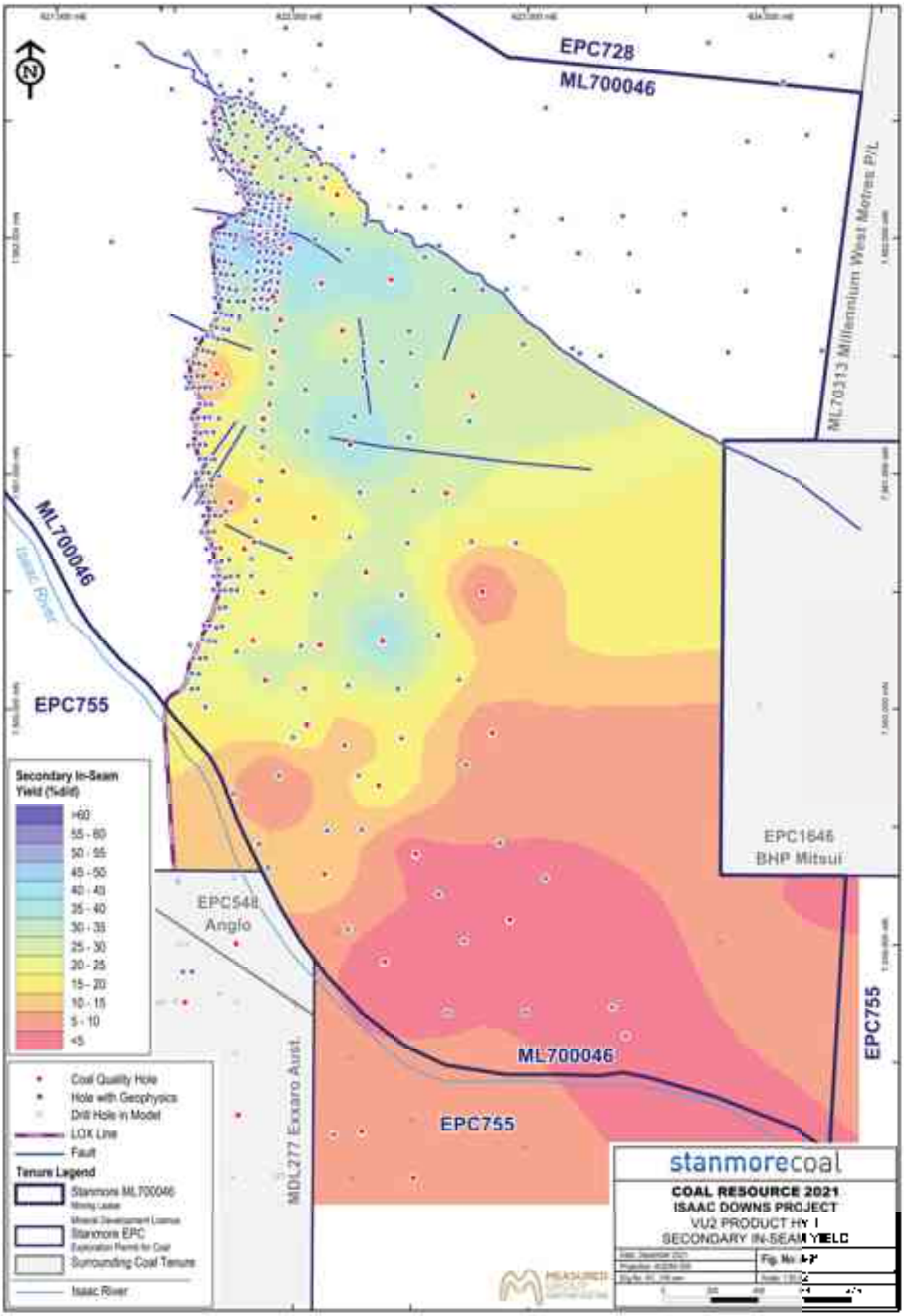
ML700046
Isaac River
EPC755
EPC1646
BHP Mitsui
EPC548
Anglo
MDL277 Exxaro Aust.
ML700046
EPC755
EPC755
Primary In-Seam Yield (%dry)
>45
40 - 45
35 - 40
30 - 35
25 - 30
20 - 25
15 - 20
10 - 15
<10
Coal Quality Hole
Hole with Geophysics
Drill Hole in Model
LOX Line
Fault
Tenure Legend
Stanmore ML700046
Stanmore EPC
Surrounding Coal Tenure
Isaac River
stanmorecoal
COAL RESOURCE 2021
ISAAC DOWNS PROJECT
VU2 PRODUCT HY 1
PRIMARY IN-SEAM YIELD


EPC728
ML700046
ML70313 Millennium West Mines P/L
ML700046
Isaac River
EPC755
EPC1646
BHP Mitsui
EPC548
Anglo
MDL277 Exxaro Aust.
ML700046
EPC755
EPC755
Primary Ash (% ad)
9.5 - 10
10 - 12
12 - 14
14 - 16
16 - 18
18 - 20
20 - 22
>22
Coal Quality Hole
Hole with Geophysics
Drill Hole in Model
LOX Line
Fault
Tenure Legend
Stanmore ML700046
Stanmore EPC
Surrounding Coal Tenure
Isaac River
stanmorecoal
COAL RESOURCE 2021
ISAAC DOWNS PROJECT
VU2 PRODUCT HY 1
PRIMARY ASH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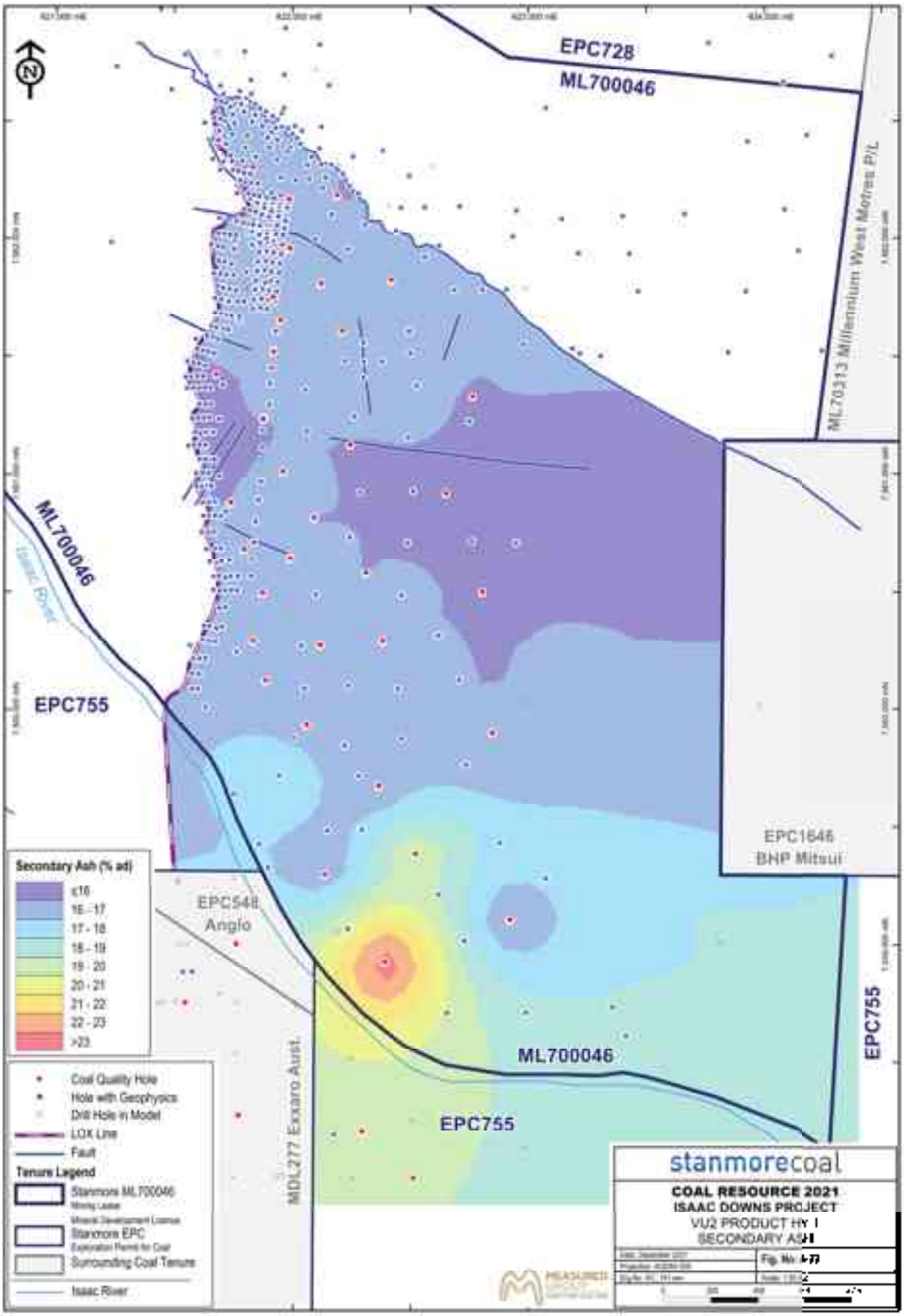
ML70313 Millennium West Mortes P/L
ML700046
Isaac River
EPC755
EPC1646
BHP Mitsui
EPC548
Anglo
MDL277 Exxaro Aust.
ML700046
EPC755
EPC755
Secondary In-Seam Yield (%drill)
>60
55 - 60
50 - 55
45 - 50
40 - 45
35 - 40
30 - 35
25 - 30
20 - 25
15 - 20
10 - 15
5 - 10
<5
Coal Quality Hole
Hole with Geophysics
Drill Hole in Model
LOX Line
Fault
Tenure Legend
Stanmore ML700046
Stanmore EPC
Surrounding Coal Tenure
Isaac River
stanmorecoal
COAL RESOURCE 2021
ISAAC DOWNS PROJECT
VU2 PRODUCT HY I
SECONDARY IN-SEAM YIELD


EPC728
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ML70313 Millennium West Mines P/L
ML700046
Isaac River
EPC755
EPC1646
BHP Mitsui
EPC548
Anglo
MDL277 Exxaro Aust.
ML700046
EPC755
EPC755
Secondary Ash (% ad)
≤16
16 - 17
17 - 18
18 - 19
19 - 20
20 - 21
21 - 22
22 - 23
>23
Coal Quality Hole
Hole with Geophysics
Drill Hole in Model
LOX Line
Fault
Tenure Legend
Stanmore ML700046
Stanmore EPC
Surrounding Coal Tenure
Isaac River
stanmorecoal
COAL RESOURCE 2021
ISAAC DOWNS PROJECT
VU2 PRODUCT HY I
SECONDARY AS

APPENDIX B: JORC TABLE 1

Section 1 - Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	Explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	• All core sampled drill holes were wireline geophysically logged with a minimum down-hole tool suite of gamma/density/caliper to afford confirmation of sample recovery and ply representation and to ensure that the core recoveries were satisfactory (> 95%). • Linear core recovery was calculated by dividing the measured length of the core by the drilled length. • Open hole rotary chip holes including the initial (non-core) sections of partial core holes provided chip samples for geological logging and in the case of Line of Oxidation (LOX) drilling, chip samples for laboratory testing. • Geophysical logs were acquired to supplement the geological description of all drill holes, and to assist with the correlation of the various seams and to demonstrate the continuity of seam character. • Geophysical logging was carried out by external contractors and subject to their internal calibration, quality assurance and quality control procedures. • For cored holes, coal and its immediately proximal stone were ply sampled discretely based on lithological characteristics and quality. • Non-coal parting material greater than 0.1 m thick and up to 1.0 m was sampled separately. • The immediate roof and floor of coal boundaries have been sampled at lengths of approximately 0.2 m, in general. At a minimum Apparent Relative Density (ARD) analysis has been conducted on these roof and floor samples. • All coal samples were collected in plastic bags and transported to the laboratory via tracked freight courier and accompanied by a sample advice sheet. Chain of Custody and field observations were emailed to the Laboratory to arrive before the sample. • Coal Quality samples were sent to either of SGS, Mackay or Mitra PTS, Gladstone. • All coal quality samples were prepared and analysed using industry-standard testing methodologies. Each laboratory used is a National Association of Testing Authorities (NATA) registered organisation. • Limit of Oxidation (LOX) chip samples were collected in 1 m samples. • Lox samples were double bagged on-site and sent to Mitra PTS, Gladstone for proximate and CSN analysis.

Criteria	Explanation	Commentary
		• Selected geotechnical samples from fully cored geotechnical holes were taken to analyse the overburden, coal and floor sediments for rock strength and other quantifiable geotechnical characteristics. Samples were stored in core trays, at representative lengths and wrapped in plastic, foil and sealed from moisture. Samples were selectively chosen by the specialist geotechnical consultant, Geotek Solutions of Milton, and then dispatched for laboratory testing. • Geotechnical laboratory testing was undertaken by Cardno, Ullman and Nolan Geotechnic laboratories in Mackay. Testing on selected samples included; Unconfined Compressive Strength, Brazilian Compressive Strength, Direct Shear Strength and Atterberg Limits.
Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	• All drill holes were vertical in nature. • A variety of drilling types and techniques were used depending on borehole purpose, described further as follows: • **Partial core holes for coal quality testing:** Partial core holes were completed primarily to obtain core samples of the coal seam, the immediate coal seam roof and floor and any associated stone partings. These holes were planned based off depths to the target coal seam/s as predicted from the geological model. The initial portion of each hole was drilled using rotary chip methods with a 10 me offset from the predicted top of first coal marking the commencement of core drilling. The core was then taken until a minimum of 4 m past the base of last target coal seam. These boreholes produced a conventional 4-inch core (101.6 mm diameter) and were core drilled primarily using air techniques and with mud/water injection as required. • **Fully cored holes for open-cut geotechnical characterisation:** Fully cored holes were completed to obtain core samples of the complete stratigraphic sequence likely to be encountered in mining, including the weathered overburden, fresh overburden, coal, inter-burden, partings and under-burden. The initial 6 m of each hole was drilled using rotary chip methods with the remainder of the hole fully cored until a minimum of 6 m post the base of last target coal seam. These boreholes were drilled using HQ wireline core techniques resulting in a 61.1 mm core sample. • **Open (rotary chip) holes:** All open (non-core) rotary chip holes drilled were completed using blade, poly-crystalline diamond (PCD) and hammer drill bits, or a combination thereof. All holes were at a typical final hole diameter of 125 mm. Rotary holes were completed for a combination of purposes including structural and fault definition and also LOX drilling which aimed to define the boundary of fresh and weathered coal. • **Blast holes:** Several blast (production) holes have now also been completed. Selected holes from within the mine blast pattern which were geophysically logged and surveyed have been incorporated into the most recent model. These are open holes with a final hole diameter of approximately 250mm.

Criteria	Explanation	Commentary
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• For core sections of drill holes, samples requiring eventual laboratory analysis were visually assessed and taken by the field geologists according to the established project sampling protocol. Samples were double-bagged in plastic and care was taken by the geologist to ensure all fines material was swept into the appropriate sample. • Core sample returned, which was not required for further analysis was placed in core boxes and retained at the Isaac Plains Mine core storage facility. • All core sampled for analysis were initially stored on-site in chest freezers until wireline geophysical logs were run on the completed drill hole. Once the geophysical logs were received, the cored sections of the hole were corrected to geophysics to determine core sample intervals, core recovery and core representativity. Linear core sample recoveries were recorded and samples selected and sent to the analysis laboratory for further testing. • The core drilling produced very good results in terms of sample recovery with 98.5% of coal ply samples for Leichhardt and Vermont Upper seams achieving >95% linear core recovery. • Minimum linear sample recovery cut-off (for use as a quality point of observation) was set at 95% of the mining ply/seam thickness.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* • *The total length and percentage of the relevant intersections logged.*	• All chip and core sections were visually inspected and logged, with details recorded in accordance with accepted industry standards and practices (e.g. CoalLog Standard). • For each of the fully cored geotechnical holes and where possible for the partial core quality core holes, core sections were geotechnically logged in accordance with accepted industry standards and practices (e.g. CoalLog Standard). • All drill core was photographed in 0.5 m intervals. • All drill core was geologically logged and marked prior to sampling. • All chip holes or chip portions of partial core holes had chips collected in 1 m intervals, which were then geologically logged and photographed. • All holes have been geophysically logged (except where blocked) with a minimum suite of tools run being: Density, Caliper, Verticality/Deviation (not for LOX) and Gamma. • The calibration of the geophysical tools was conducted by the logging contractor, MPC Kinetic Pty Ltd.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	• Sampling for analysis was undertaken on core samples and sampling of the core was in accordance with accepted industry standards and practices. • The core was field sampled in increments of no greater than 0.5 m or at ply/brightness profile boundaries by splitting the core with hammer and chisel. • All core coal samples were double bagged and then stored on-site in cold storage before eventual transport to the nominated laboratory for testing.

Criteria	Explanation	Commentary
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Two coal testing laboratories were utilised being, SGS Mackay and Mitra PTS Gladstone both of which comply with the Australian Standards for sample preparation and sub-sampling. • All samples were initially tested for Apparent Relative Density (ARD) to help validate and determine coal/non-coal boundaries. Samples were then subsequently composited into working ply washability sections, the thickness of which typically ranged from 0.5 to 1.5 m. • To simulate mine transport conditions each composite sample was then drop shattered 20 times from a height of 2 m, any sample mass remaining of > 50 mm was hand knapped to 50 mm, dry tumbled and dry sized at 31.5 mm, 25 mm, 16 mm, 8 mm, 4 mm and 2 mm. Composite samples were then split and further allocated as follows: • 1/8 for quick coke: Crush to 11.2 mm, float sink at 1.425 density, crush to 4 mm and mill sample to test for Proximate, CSN, Gieseler & Dilatation • 1/8 for raw analysis: Crush to 4 mm, mill sample to test for RD, MHC, Proximate, TS, CSN, Calorific Value & Chlorine • ¾ for float sink: Wet tumble and wet size at 31.5, 25, 16, 8, 4, 2, 1, 0.5, 0.25, 01.25 & 0.063 mm. Re-combine samples in following fractions: -50+16 mm, -16+8 mm, -8+2 mm and -2+0.25 mm. Float sink each size fraction at densities (F1.30, F1.35, F1.375, F1.40, F1.45, F1.50, F1.55, F1.60, F1.70, F1.80 and F2.00). -0.25+0 mm fraction subject to tree froth flotation. All fractions analysed for ash and CSN. • In 2021, diluted LIMN wash simulations were performed by David Hornsby, Principal Process Consultant at Minserve Group (Minserve) on the diluted laboratory float sink results and from that data, clean coal composite (product) sample instructions were compiled at a range of target ashes for Primary Coking (-16+0 mm), Coarse Coking (-50+2 mm) and Secondary Thermal Coal Composites. Previous wash simulation (undiluted) works (2020 and prior) and product sample instructions was undertaken by McMahon Coal Quality Resources (MCQR).
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy*	• All coal quality and geotechnical analysis techniques are per Australian Standards and completed at NATA accredited laboratories. • All coal quality results were checked by cross plots and comparison to original geological logging for accuracy. • Down-hole geophysical logging tools are per industry-accepted standards, with the standard tool suite consisting of; natural gamma, density, caliper and verticality/deviation. Additional tools selectively run on holes included; electrical resistivity, neutron, multi-channel sonic, acoustic and optional televiewer. • Geophysical logging was carried out by external contractor MPC Kinetic and subject to their internal calibrations, quality assurance and quality control procedures. Downhole tools are calibrated at a test well on a monthly basis.

Criteria	Explanation	Commentary
	(i.e. lack of bias) and precision have been established.	
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data*	• All sample information was transferred from sample sheets completed in the field to the appropriate database at the time. • All data was checked against geophysics and is currently stored within a database. • All primary digital data is entered into a company database with physical copies being scanned and saved to a separate file server. • Coal quality sample intervals and results were checked and correlated against lithological and geophysical logs. • Apparent Relative Density testing was undertaken on all coal quality samples with density results selectively and randomly cross-checked against geophysical and geological datasets to ensure accuracy. • Raw coal quality data was checked for internal consistency and consistency with the existing data set by checking cumulative totals and cross-correlations. • SGS and Mitra PTS are NATA accredited testing laboratories and comply with the Australian Standards for coal quality testing and as such conduct the verification and validation for coal quality analysis outlined in the standards. • Coal analysis procedure design, laboratory program management, staged lab data validations; washability simulation and product coal assessment was undertaken by independent consultants Chris McMahon of McMahon Coal Quality Resources (MCQR) or David Hornsby of Minserve Group (Minserve). • MCQR/Minserve validated all coal quality results prior to provision to Stanmore and Measured Group for inclusion into the geological model and resource estimate. • No further adjustment to the resultant assay data has been undertaken.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• A professional survey of all Stanmore exploration boreholes was conducted by Airmap3D or Goldimng Surveyors (Moranbah). • All survey associated with drill collars, conducted using high precision differential GPS with base station reference with an accuracy of +/- 20 mm. • All survey co-ordinates captured in AGD 1984 AMG Zone 55 (ESPG 20355). • Topographic control was captured using Lidar aerial survey in 2015, with an accuracy of +/- 20 mm. • Checks of the topography surface and drill holes were completed, with only minor and acceptable variances identified between the two data sets.

Criteria	Explanation	Commentary
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Geostatistical and classical statistical analysis of coal ply and working section parameters (thickness and ash) was used to assist in determining the variability of the deposit. • Non-core holes are spaced approximately 400 m and 600 m apart and core holes are generally spaced at between 500 m and 750 m apart. • The drill hole spacing has been deemed sufficient to define the areas of resource confidence quoted in this report. • Some seam compositing of raw samples has been undertaken based on geological boundaries.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Drillhole location and samples have been distributed along known coal seam strike and down dip to ensure unbiased sampling. • All drill holes used as points of observation were drilled as vertical holes, which is appropriate given the flat-lying and stratiform nature of the coal deposits. • The principal coal quality attributes are controlled by stratigraphy rather than structure (faults, veins, joints etc.) and no sampling bias is expected to be generated by this orientation of data. Coal quality variability is interpreted to be influenced more by depositional environment than structure and vertical core holes provide unbiased sampling for analysis. • The orientation and spacing of the drilling is deemed to be suitable to detect geological structures and coal seam continuity within the defined resource area.
Sample security	• The measures taken to ensure sample security.	• Each sample was secured in 2 x plastic bag(s) and tagged with a unique sample ID. • Prior to shipment sample bags were grouped and loaded into a poly weave sacks and dispatched to the laboratory by a commercial transport company. A sample dispatch form is sent with the samples to the laboratory. • A digital copy of the sample dispatch form along with sample advice information was emailed to the laboratory, and the sack and contents dispatch forms and sack contents were reconciled by the Laboratory after receipt. • All samples were held in cold storage prior to leaving the site and also at the laboratory prior to commencing analysis. • The same sample security procedure was used for all geotechnical samples derived from geotechnical cored holes.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Several previous resource estimates have been completed by other parties and were reviewed prior to the commencement of the current resource estimate. • An internal review of modelling and estimation methods, assumptions and results have been conducted by Peter Handley, Principal Geologist of Measured Group Pty Ltd.

Section 2 - Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

<table>
<tr><th>Criteria</th><th>Explanation</th><th>Commentary</th></tr>
<tr><td>Mineral tenement and land tenure status</td><td>• Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.
• The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</td><td>• Current Coal Resources for the Isaac Downs Project are contained wholly within Mining Lease (ML) 700046. ML 700047 and 700048 are also associated with the Isaac Downs project area, as is Mineral Development Licence (MDL) 137 and Exploration Permits for Coal (EPC) 728 and 755.
• Tenure is held by Stanmore IP South Pty Ltd or Stanmore IP Coal Pty Ltd (both 100% owned subsidiaries of Stanmore Resources Limited). Project tenure details are as follows:
<table>
<tr><th>TENEMENT</th><th>LODGE DATE</th><th>GRANT DATE</th><th>EXPIRY DATE</th><th>AREA (ha)</th><th>PRINCIPAL HOLDER</th></tr>
<tr><td>EPC 728</td><td>21/11/2000</td><td>17/04/2001</td><td>16 /04/2026</td><td>2170</td><td>STANMORE IP SOUTH PTY LTD</td></tr>
<tr><td>EPC 755</td><td>17/08/2001</td><td>4/10/2002</td><td>4/09/2023</td><td>5890</td><td>STANMORE IP COAL PTY LTD</td></tr>
<tr><td>MDL 137</td><td>02/10/1993</td><td>07/06/1993</td><td>30/06/2023</td><td>652</td><td>STANMORE IP SOUTH PTY LTD</td></tr>
<tr><td>ML 700046</td><td>27/05/2019</td><td>26/07/2021</td><td>31/07/2046</td><td>1831</td><td>STANMORE IP SOUTH PTY LTD</td></tr>
<tr><td>ML 700047</td><td>27/05/2019</td><td>26/07/2021</td><td>31/07/2046</td><td>485</td><td>STANMORE IP SOUTH PTY LTD</td></tr>
<tr><td>ML 700048</td><td>27/05/2019</td><td>26/07/2021</td><td>31/07/2046</td><td>50</td><td>STANMORE IP SOUTH PTY LTD</td></tr>
</table></td></tr>
<tr><td>Exploration done by other parties</td><td>• Acknowledgment and appraisal of exploration by other parties.</td><td>• Majority of exploration in MDL 137 prior to 2004 was conducted by BHP Mitsui. Appraisal of exploration drilling and resource assessment was conducted by JB mining in 2002, at which time 9 coal quality holes and 38 chip holes had been drilled in the tenure.
• The majority of historic holes were not geophysically logged and topographic surface and collar relative levels were relatively inaccurate. Due to these issues, most of the deposit was classified as inferred.
• Previous drilling in EPC 755 has predominantly been conducted by Aquila Coal Pty Ltd and Bowen Central Coal. Appraisal of the exploration drilling in EPC 755 was conducted by JB Mining in 2018 as a part of the Isaac Plains South Resource Statement.
• ML 700046 was granted in late 2021, and now contains the Isaac Downs deposit.</td></tr>
<tr><td>Geology</td><td>• Deposit type, geological setting and style of mineralisation.</td><td>• Within the project area, economic coal is contained within the Permian Rangal Coal Measures (RCM). Locally, the RCM is unconformably overlain by Tertiary sediments and basalt flows and the sequence dips towards the east at around 2 degrees to 5.5 degrees.
• This coal deposit has the potential to produce a range of possible products including thermal, PCI and semi-soft to semi-hard coking coals depending on the selected beneficiation strategy.</td></tr>
</table>

Criteria	Explanation	Commentary
		• The Leichhardt and Vermont seams host the resource and typically have a combined coal thickness approaching 6.0 m. The coal seams are expected to be mined via dragline and truck and shovel methods. • Coal is weathered to an average of 20 m. • No known volcanic activity has materially impacted on the coal contained within the deposit
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* • *easting and northing of the drill hole collar* • *elevation or RL (Reduced Level - elevation above sea level in metres) of the drill hole collar* • *dip and azimuth of the hole* • *down hole length and interception depth* • *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case*	• Detailed drill hole intercepts have not been included as it is deemed commercially sensitive. This information may be supplied if requested.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated*	• All seams have been modelled as individual plies and partings and resources have been estimated and reported on a ply basis. • Samples have been aggregated within the modelling software to match the combined seam. Non-coal intervals greater than 0.3 m have been excluded from aggregation. • Individual samples have been weighted by thickness and density (mass weighting). Laboratory determined air-dried Relative Density (**RD ad**) has been used for the density weighting.
Relationship between	• *These relationships are particularly important in the reporting of Exploration Results.*	• Seam thicknesses have been reconciled to geophysics to ensure accuracy.

Criteria	Explanation	Commentary
mineralisation widths and intercept length	• *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	• Coal thicknesses shown are for downhole thickness. Coal resource modelling and estimation adjusts for seam thickness versus the apparent thickness modelled. • Thicknesses for each seam/ply were contoured and any bullseyes were investigated.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• All appropriate diagrams are contained within the main body or appendices of the Isaac Downs resource estimate report.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All available validated data has been included in the geological model, is reflected in the estimate and associated reporting. • The estimate and reporting are considered to be a balanced representation of the Coal Resources contained within the project area.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples - size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Regional aeromagnetic and gravity data hosted by the Queensland Department of Natural Resources and Mines was referenced when assessing regional structures that impact on the project area. • A 2D seismic survey was conducted by Velseis Pty Ltd in July2021. It consisted of 11 Vibroseis lines for a total of 16.89 km. Processing was completed during August to September 2021.
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Future exploration programs will likely address the following: - Split Delineation – infill drilling to tighten up the location of the L seam splitting. - Coal Quality - Targeted drilling in areas of any material identified variance or anomaly. - Structure Delineation - Refine the location of structures (particularly in lower coverage areas downdip) - Both exploration drilling and seismic surveys.

Section 3 - Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	Explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• The geological database contains all hole surveys, drilling details, lithological data, and coal quality results and is the primary source for all such information. • Where possible, all original geological field logs (scanned or hard copy), downhole geophysics (LAS) files and hard copy logs, hole collar survey files, digital laboratory data and reports and other similar source data are maintained in a project library and referenced within the database to provide an audit trail to this source data. • Some validations were undertaken on the database that helps ensure consistency and integrity of data including, but not limited to: - the relational link between geological, downhole geophysical and coal quality data; - exclusion of overlapping geological intervals; - restriction of data entry to the interval of the defined hole depth; - use only of defined rock type and stratigraphic codes; and - basic coal quality integrity checks such ensuring data is within normal range limits; that proximate analyses add to 100 per cent; etc. • Lithological logs, geophysical wireline logs, assay results and coal intersection depths were adjusted to geophysics before modelling and resource estimation. • All coal quality results as provided by the laboratory were subject to validation by either Chris McMahon of MCQR or David Hornsby of Minserve, prior to provision to Stanmore and Measured Group for inclusion into the geological model and resource estimate.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person has not visited the site, however, is very familiar with the geology and target coal seams of the surrounding areas, having previously worked on, and visited adjacent projects. • Material geological assumptions have been reviewed by Stanmore technical staff.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.*	• The modelling process has divided the deposit into 6 sub-areas, constrained by thrust faulting; fault blocks 1-6. Resources are currently limited to the south western most fault block 1, where the confidence in the deposit is at its greatest. Future exploration programs will further delineate fault blocks 2 - 6. • The overall confidence in the geological interpretation of the deposit is high. This is due to the volume and distribution of drilling, the low variability as evidenced by the laterally consistent seam thicknesses, dip and relatively homogeneous coal quality. • Areas of higher variability exist in the areas adjacent to local and regional scale thrust faulting towards the eastern side of the deposit (fault blocks 2 - 6).

Criteria	Explanation	Commentary
	• *The factors affecting continuity both of grade and geology.*	• Regional-scale geological mapping was also used as supporting information to confirm continuity of the deposit, both along strike and down-dip. • The geological interpretation is based on the integration of all drill hole, geophysics, GIS, 2D seismic and assay data.
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	• Within the resource estimation area (Fault block 1), the deposit is open to the east, but the depth to the roof of the coal seams of interest is increasing. To constrain the resources; toward the deeper areas to the east; a vertical strip ratio cut-off limit of 20:1 (m^3 per tonne of coal) has been applied. As well as this, other constraints to the resource estimation area include; the seam subcrop zone (at an average of 20 m depth of weathering) in the west and fault structure/s in the northeast. To the south, the resources are constrained by a 100 m buffer around the Isaac River and the lease boundary. • The dimensions of the deposit are approximately 3 km north-south 2 km east-west.
Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.*	• The modelling and resource estimation was undertaken using a geological model created using the modelling and estimation tools within Maptek's Vulcan (v2021.3) modelling software. • To account for the regional overthrusting present within the deposit, the model has been subdivided into 6 fault block areas using the Maptek fault block methodology. This method operates as follows: - The fault blocks method creates a fully-featured, grid-based integrated stratigraphic model in each fault domain. - Each set of grids generated is unmasked, triangulated and then clipped exactly to each of the fault blocks bounds. This results in a series of disjointed surfaces representing the roofs and floors of each horizon. - All the pieces of each horizon's roof and floor are appended to each other to create two faulted surfaces for each horizon - one roof and one floor. • Coal analysis samples have been composited (where necessary) to the individual ply level and modelled using the Maptek coal compositing and create multiple surfaces tools. Minimum and Maximum statistics for each coal quality variable were used to constrain the modelling interpolations. • The models created were validated by visual inspection of the modelled structure against drill holes intersections through cross-sections, and by visual analysis of data postings versus modelled thicknesses/coal quality in plan view. As well as data honouring; by determining the residual between the data point and the resultant model; any unusual bullseyes were investigated and validated. • Grid models were created using a node spacing of 10 m.

Criteria	Explanation	Commentary
	• *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	• Seam structure was modelled using planar surface modelling algorithms. Coal Quality was modelled using a variation of the inverse distance algorithm for each assay for each ply and merged seam. • Outputs from the fault block and coal compositing models were used to generate a HARP block model. • Estimations of the total resources were completed using the HARP block model and the Advanced Reserves tools within the Vulcan software. This technique reports the aggregated volumes of blocks within the HARP block model chosen by specific criteria (i.e., Resource polygons) and modified by various variables contained within each block. • There are no known deleterious elements of economic significance. • Correlation between several coal properties has been undertaken (such as raw ash versus relative density) and reported.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• All tonnages are calculated using a coal density that has been adjusted according to the Preston & Sanders equation, assuming an in-situ moisture of 4%. This assumed moisture content is in-line with previous JORC reports and is in-line with average moistures for the seams from the Rangal Coal Measures mined at Isaac Plains and Isaac Plains East to the north-northeast of the deposit.
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• A raw ash % (ad) cut-off grade of 50% was used to distinguish between coal and rock material. • No weathered or oxidised coal was included in the Coal Resource estimate.
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	• The assumed mining method is conventional open-cut strip mining, utilizing dragline, excavators, dozers and mining trucks similar to adjacent Stanmore Resources Limited operations. • An economic cut-off for Coal Resources has been applied based on a high-level economic analysis undertaken by Measured, which determined that a strip ratio of 20:1 (bcm per tonne of coal) was appropriate to limit resources at depth. This was also influenced by the economic limits of Stanmore Resources Limited's open-cut mining operations at Isaac Plains Complex. • A minimum coal seam/ply thickness of 0.1 m is assumed for the Mineral Resources.

Criteria	Explanation	Commentary
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• Laboratory analyses for all relevant quality boreholes (36 in total) have been validated, assessed, simulated and reviewed. MCQR/Minserve have undertaken washability simulations and made product coal assessments, based on the results of these simulations and review of the laboratory clean coal (product) analysis. • This work indicates that several beneficiation options exist for the coals contained in the project area. Product options are a factor of both processing and mining inputs and considerations. The current base case processing scenario considered is: • A "High Yielding" (-50+0 mm) Primary Product delivering a coking product of typical 9.5% ash with a Secondary Export Thermal product of 16.0% ash and >6,000 (kcal/kg, NAR). • A detailed and complete processing review of Isaac Downs coal through the current Isaac Plains Complex washplant was completed in August 2020 by Minserve; *Stanmore Isaac Downs_Coal Process Review Chp_V2_20200825*. This processing review utilised all relevant plant inputs per the CHPP current design, the sized and pre-treated borehole data and the diluted LIMN simulation results of the ID borecore data • It is Minserve's and Stanmore's opinion that there are no limiting metallurgical factors in the production of market acceptable products. • Further analysis of Coking, PCI and Thermal laboratory composites and results of LIMN yield simulations may inform characteristics of any eventual marketable products and help refine any future decision making processes, once combined with mining cost, and potential revenue inputs. • No other assumptions or factors have been used.
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• It is assumed that Stanmore Resources Limited will keep the tenures in good standing and operate within environmental approvals. • A 100 m buffer around the Isaac River has been excluded from the total resources to exclude the riparian zone.

Criteria	Explanation	Commentary
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	• Bulk density assumptions are based on relative density (**RD**) sample analysis results (reported on air-dried moisture basis), which are moisture corrected (using the Preston & Sanders equation and 4% in situ moisture).
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• The classification of resources is based on the spacing and distribution of coal quality holes (**Quality PO**) and of non-core geophysically logged structure holes (**Structure PO**) along with other data including non geophysically logged drill holes. • Points of Observation for coal quality (**Quality PO**), were determined on a full seam basis for each seam using the following criteria: - Seam and/or ply interval cored, sampled and analysed; and - sample recovery was nominally a minimum of 95% per coal type within a seam. Where sample recovery was less than this, the intersection was investigated, and a determination was made by the competent person as to whether the loss would have constituted a material difference to the assay result for that type for that seam. • Points of Observation for seam structure (**Structure PO**), were determined on a full seam basis for each seam using the following criteria: - Hole collar is surveyed; - coal seam has been geophysically logged; - seam has detailed lithological logging; and - the hole has been included in the model. • All seam intersections which were deemed not to be a Structure PO but were included in the model were deemed to be an interpretive data point (**IDP**). • Statistical analysis conducted to determine optimal ranges for each resource category consisted of general statistics and Variography based on the following domains and variables.

<table>
<tr><th>Criteria</th><th>Explanation</th><th>Commentary</th></tr>
<tr><td></td><td></td><td>
- Seam thickness; and
- Coal quality - raw ash, % air-dried.

• A greater emphasis on the variography of the coal quality spacings was used because at the Isaac Downs deposit, the variability of the coal quality (ash) is greater than that of the thickness.
• The spacings derived from the variography analysis serve as a guide. Ultimately the decision on the required borehole spacings to use is determined by the Competent Person.
• For the Stanmore Resources Estimate, the following distances were used for each category:

Resource Category Distances (m) - Between Defined Points of Observation

<table>
<tr><th rowspan="2">Seam Group</th><th colspan="3">Coal Quality</th><th colspan="3">Structure</th></tr>
<tr><th>Measured</th><th>Indicated</th><th>Inferred</th><th>Measured</th><th>Indicated</th><th>Inferred</th></tr>
<tr><td>L</td><td>800</td><td>1600</td><td>3000</td><td>500</td><td>1000</td><td>4000</td></tr>
<tr><td>LU</td><td>500</td><td>1000</td><td>2000</td><td>500</td><td>1000</td><td>4000</td></tr>
<tr><td>LL3</td><td>500</td><td>1000</td><td>2000</td><td>500</td><td>1000</td><td>4000</td></tr>
<tr><td>LL2</td><td>500</td><td>1000</td><td>2000</td><td>500</td><td>1000</td><td>4000</td></tr>
<tr><td>LL1</td><td>600</td><td>1200</td><td>2500</td><td>500</td><td>1000</td><td>4000</td></tr>
<tr><td>VU1</td><td>900</td><td>1900</td><td>3000</td><td>500</td><td>1000</td><td>4000</td></tr>
<tr><td>VU2</td><td>600</td><td>1200</td><td>2500</td><td>500</td><td>1000</td><td>4000</td></tr>
</table>

• Resource categories were extrapolated beyond the last line of Quality and Structure POs based on the following criteria:
Measured
- Extrapolation to half the resource category range distance for Measured if seam continuity could be proven.

Indicated
- Extrapolation to half the resource category range distance for Indicated as long as seam continuity could be inferred.

Inferred
- Extrapolation to half the resource category range distance for Inferred.
</td></tr>
</table>

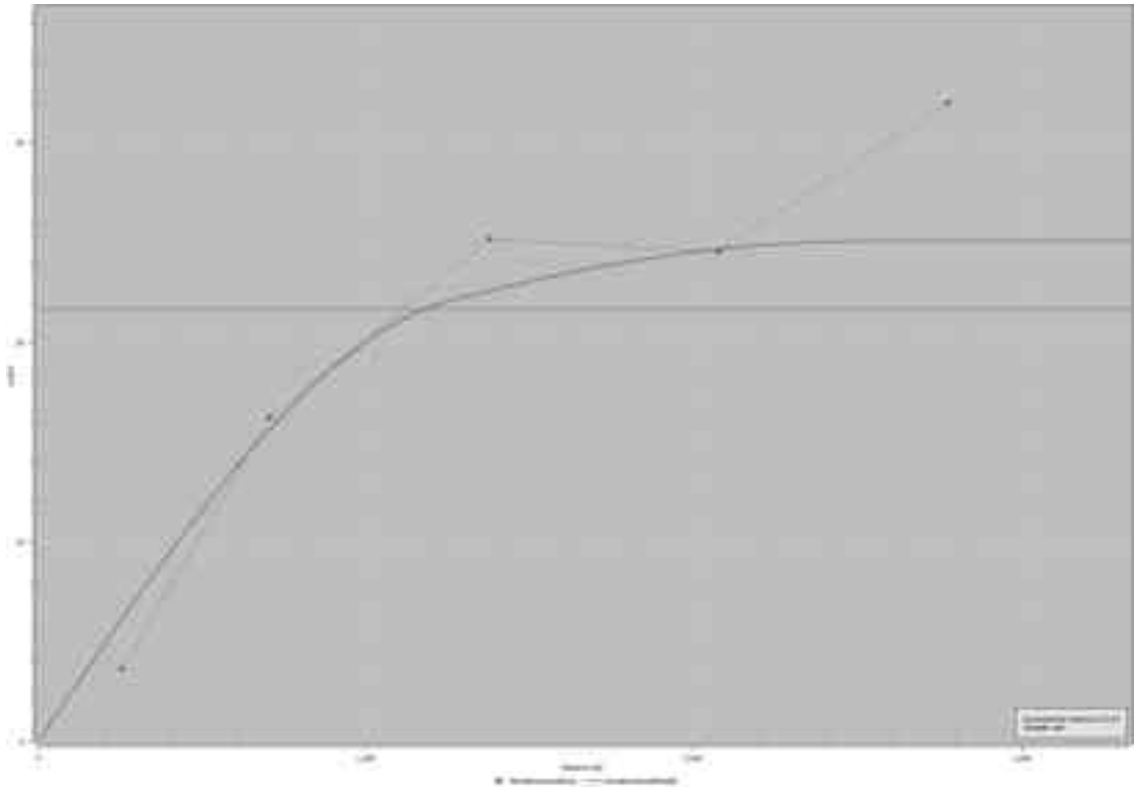
Criteria	Explanation	Commentary
		• Categories defined to represent an area where, based on the competent person's observations of seam character and coal quality, the coal resource could be estimated with a high, moderate or low level of confidence. This was based on the understanding of the geological properties and controls of the deposit and was achieved using the following method and criteria. **Measured Coal Resource** - A polygon was drawn connecting the last line of Quality PO's if they were located within the measured range distance of two other Quality PO's. - Extrapolation distances were applied. - IDP's used to adjust or expand this polygon if there was high confidence in the area. - Areas where, due to higher geological uncertainty or a lack of supporting data, it was deemed that resources could not be estimated with high confidence were converted to either Indicated or Inferred - Limiting factors were applied as described in the body of the report. **Indicated Coal Resources** - A polygon was drawn connecting the last line of Quality PO's if they were located within the indicated range distance of two other Quality PO's. - Extrapolation distances were applied. - IDP's used to adjust or expand this polygon if there was high confidence in the area. - Areas where, due to higher geological uncertainty or a lack of supporting data, it was deemed that resources could not be estimated with high confidence were converted to Inferred. - Limiting factors were applied as described in the body of the report. **Inferred Coal Resources** - No Inferred Coal Resources have been estimated.
Audits or reviews.	• *The results of any audits or reviews of Mineral Resource estimates.*	• An internal review of modelling and estimation methods, assumptions and results have been conducted by Peter Handley, Principal Geologist of Measured Group Pty Ltd. • The process and results were deemed suitable for public release.
Discussion of relative	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral*	• The coal seam resource polygons are limited by the modelled coal seam sub crops and by the drill hole distribution. This ensures no weathered coal can be counted within the estimate.

Criteria	Explanation	Commentary
accuracy/ confidence	*Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• In areas where there is limited LOX drilling, Measured Resources have been downgraded to Indicated status. • The thickness grids of each of the seams are based on actual drill intersections. These intersections are checked and adjusted against geophysics in both cored and chip holes. • Field geologist seam picks, and correlations have been checked, and individual seam picks are within 0.3 m of the actual seam thickness. • There is unlikely to be any systematic high or low bias in the seam picks. Apparent seam thicknesses have been accounted for as the estimation utilises a block model which sums the volumes of the individual blocks rather than relying on an apparent seam thickness multiplied by an area. • The thickness of seam intersections that have been thickened or thinned by faulting, thinned by weathering or otherwise considered unreliable is not used in creating thickness grids. Thickness grids were checked to ensure that they honour the data and that no obvious anomalies exist which are not geologically sound. Where seams were missing from a drill hole, the thicknesses have been pinched to zero halfway between the nearest hole with a seam intercept. • The resource estimate has not been reconciled against production values. However, the current resource estimate has been reconciled back to the previous resource estimate for the project area.

APPENDIX C: GEOSTATISTICAL STUDY

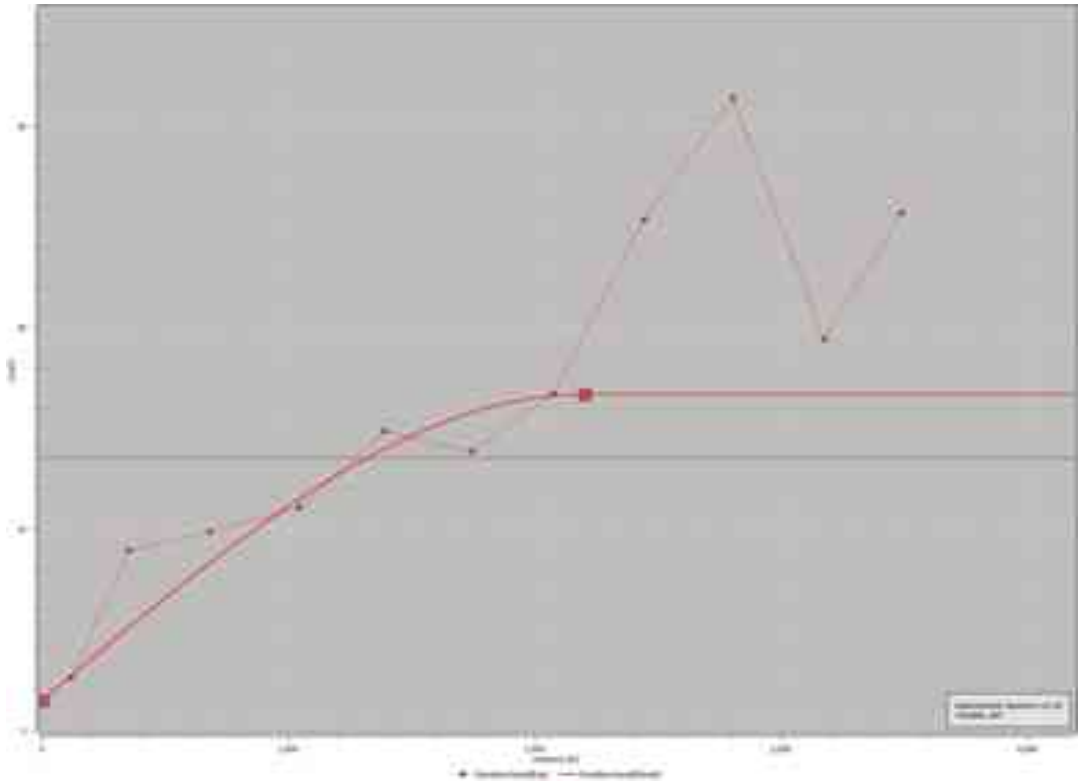
LL1 ASH

Model	Dir	Sill	Range
Nugget		0	
Spherical	Om	15.43	1250
Spherical	Om	9.63	2500



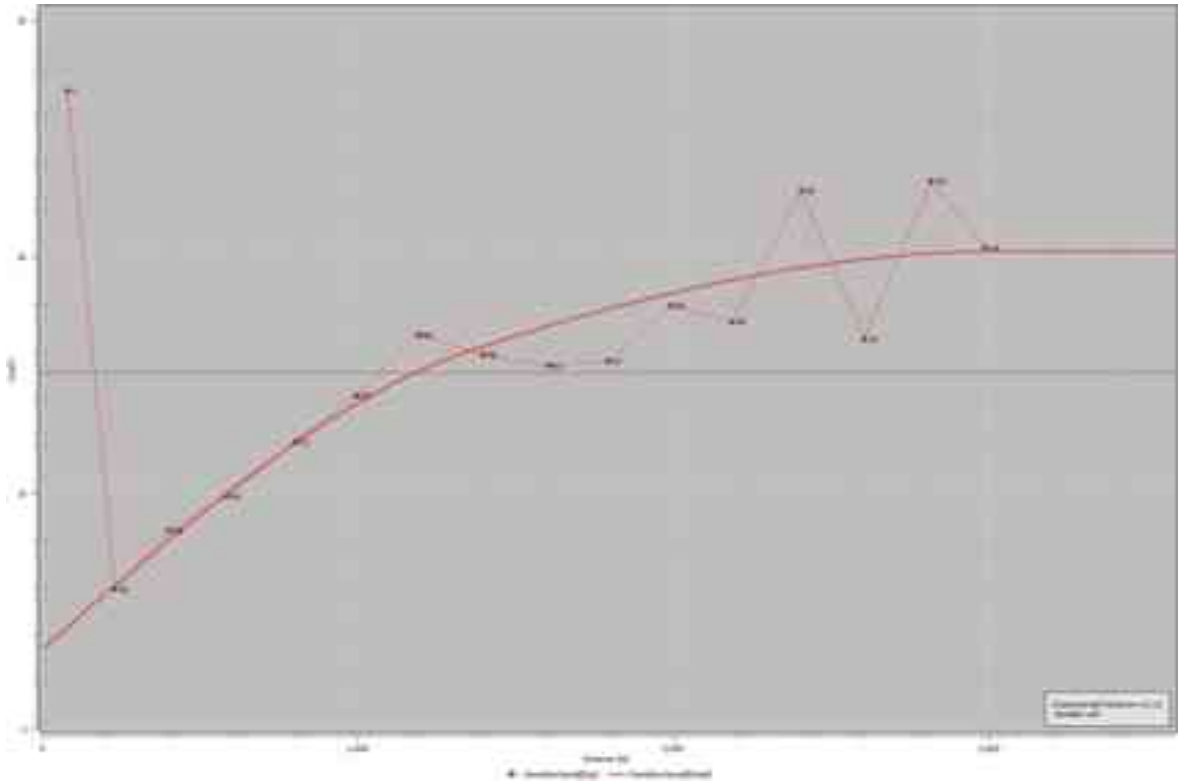
LL2 ASH

Model	Dir	Sill	Range
Nugget		1.48	
Spherical	Om	15.2	2200
Spherical	Om		



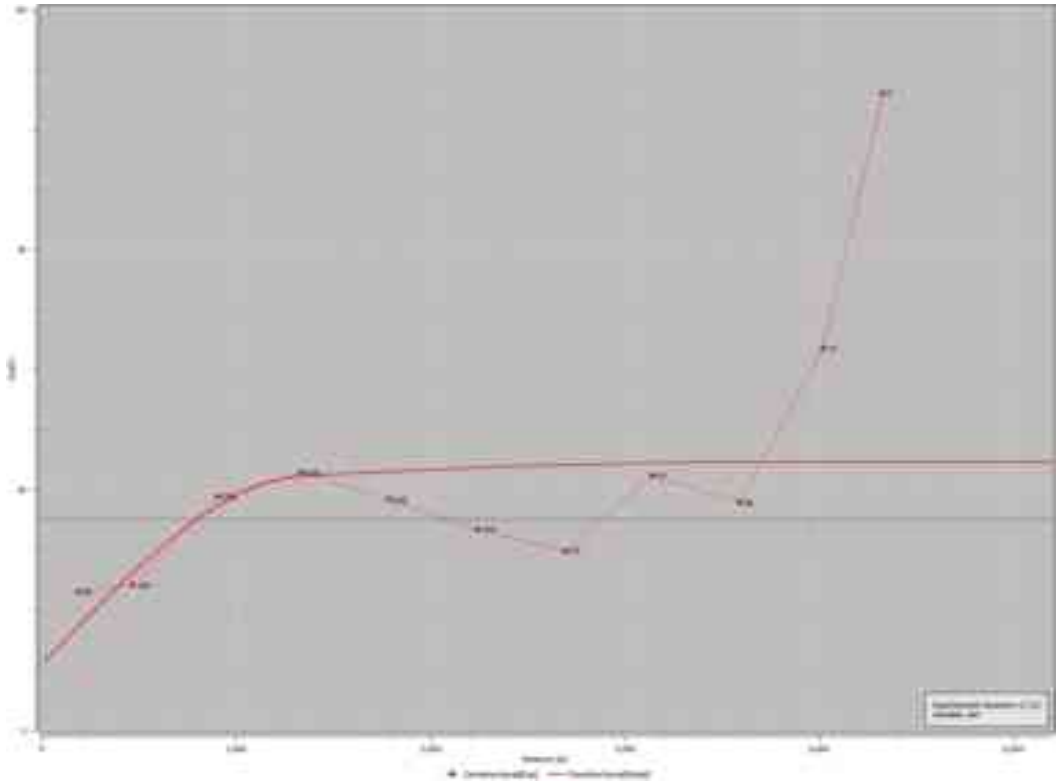
LL3 ASH

Model	Dir	Sill	Range
Nugget		3.4	
Spherical	Om	5.68	1365
Spherical	Om	11.16	3050



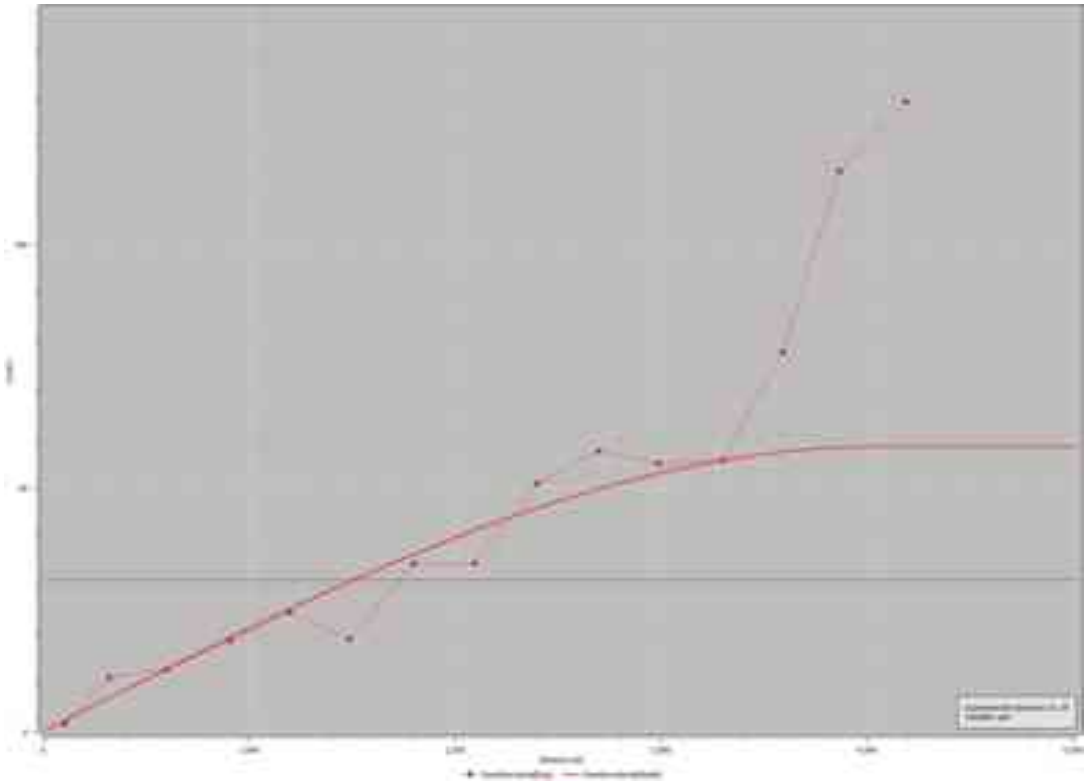
LU ASH

Model	Dir	Sill	Range
Nugget		5.48	
Spherical	Om	14.38	1350
Spherical	Om	2.44	3620



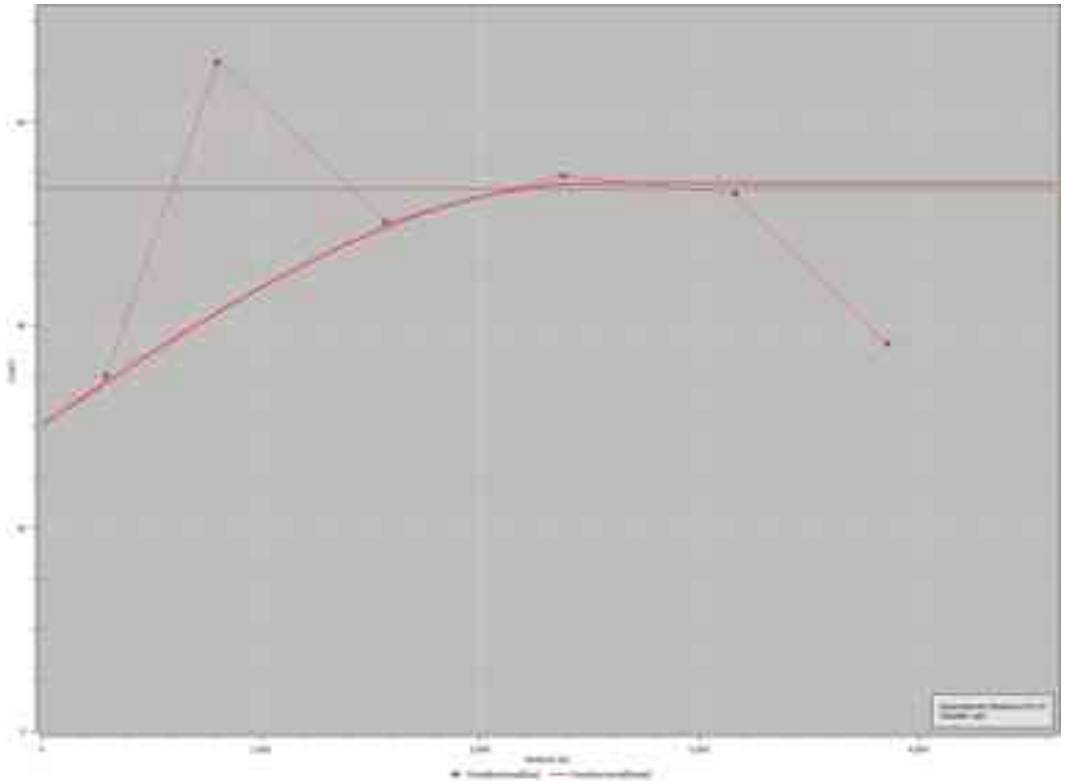
VU1 ASH

Model	Dir	Sill	Range
Nugget		0	
Spherical	Om	58.5	4050
Spherical	Om		



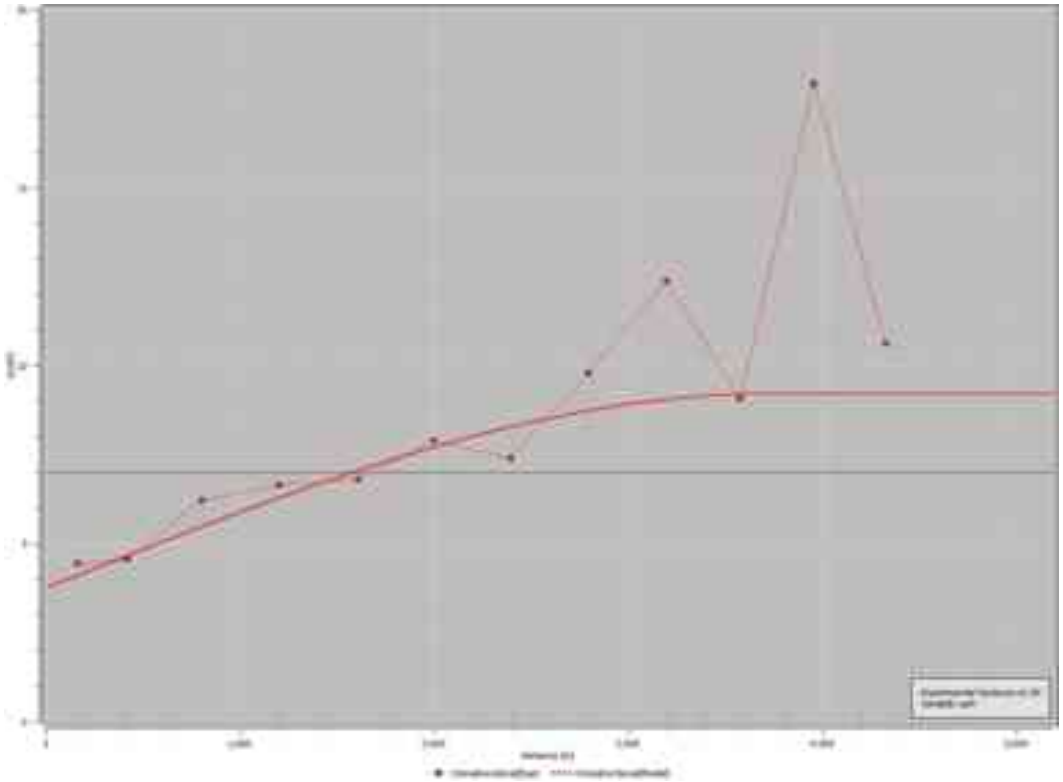
VU2 ASH

Model	Dir	Sill	Range
Nugget		30	
Spherical	Om	23.8	2500
Spherical	Om		



LU-LL1 (L) ASH

Model	Dir	Sill	Range
Nugget		3.75	
Spherical	Om	5.47	3750
Spherical	Om		



2021 JORC Reserves Statement for

ISAAC DOWNS

Stanmore Resources Limited

February 2022

Document Information

PROJECT:	**ISAAC DOWNS MINE**
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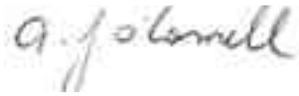
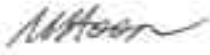
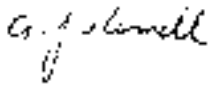
PREPARED BY:	TONY O'CONNELL	PRINCIPAL MINING CONSULTANT	
REVIEWED BY:	MICHAEL HOOPER	PRINCIPAL MINING CONSULTANT	
APPROVED BY:	**TONY O'CONNELL**	**PRINCIPAL MINING CONSULTANT**	

PURPOSE OF RESERVE STATEMENT

Optimal Mining Solutions Pty Ltd (**OMS**) have prepared a report on the Coal Reserves of the Isaac Downs Mine (**ID**) for Stanmore Resources Limited (**Stanmore**). The Coal Reserves are estimated as at **31st December 2021**.

The purpose of the report is to provide for the company an objective estimate of the Coal Reserves that is compliant with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 edition (**The JORC Code**).

Limitations and Assumptions

Optimal Mining Solutions, after due enquiry and subject to the limitations of the Report hereunder, confirms that:

The conclusions presented in this report are professional opinions based solely upon Optimal Mining Solutions' interpretations of the documentation received, interviews and conversations with personnel knowledgeable about the site and other available information, as referenced in this report. The competent person has visited the site within the past 12 months and has also visited the site numerous times in the preceding 4 years. These conclusions are intended exclusively for the purposes stated herein.

For these reasons, prospective estimators must make their own assumptions and their own assessments of the subject matter of this report.

Opinions presented in this report apply to the site's conditions and features as they existed at the time of Optimal Mining's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this report, about which Optimal Mining Solutions have had no prior knowledge nor had the opportunity to evaluate.

Limited Liability

Optimal Mining Solutions will not be liable for any loss or damage suffered by a third party relying on this report regardless of the cause of action, whether breach of contract, tort (including negligence) or otherwise unless and to the extent that that third party has signed a reliance letter in the form required by Optimal Mining Solutions (in its sole discretion). Optimal Mining Solutions' liability in respect of this report (if any) will be specified in that reliance letter.

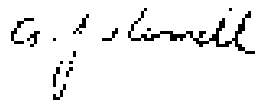
Responsibility and context of this report

The contents of this report have been created using data and/or information provided by or on behalf of the client. Optimal Mining Solutions accepts no liability for the accuracy or completeness of data and information provided to it by, or obtained by it from, the Client or any third parties, even if that data and information has been incorporated into or relied upon in creating this report. The report has been produced by Optimal Mining Solutions using information that is available as at the date stated on the cover page. This report cannot be relied upon in any way if the information provided to Optimal Mining Solutions changes. Optimal Mining Solutions is under no obligation to update the information contained in the report at any time.

COMPETENT PERSON STATEMENT

The information in this report which relates to Coal Reserves, is based on information compiled by Mr Tony O'Connell, a suitably qualified person, who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and is a Principal Mining Consultant at Optimal Mining Solutions Pty Ltd.

Mr Tony O'Connell has more than 23 years' experience in the estimation of coal and mineral Reserves relevant to the style of mineralization and type of deposit under consideration. This experience is more than adequate to qualify him as a Competent Person as defined in The JORC Code.



……..

Tony O'Connell BE (Mining), MAusIMM

9th February 2022

The estimates of Coal Reserves for Isaac Downs presented in this report have been carried out in accordance with the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (2012 Edition) prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

Executive Summary

This document forms the supporting documentation for the Coal Reserve Estimate, prepared according to *The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, December 2012*, as at 31st December 2021 for the Isaac Downs (**ID**) mine.

Stanmore Resources Ltd (**Stanmore**) has commissioned Optimal Mining Solutions (**OMS**) to prepare a Coal Reserve Estimate in accordance with the 2012 JORC Code for their Isaac Downs mine, which are covered by mining leases 700046, 700047 and 700048. All estimated Coal Reserves are within ML700046 only, with the other 2 leases used for infrastructure and access to Stanmore's other mining leases located within the Isaac Plains Complex.

This JORC Coal Reserve Estimate is for open cut reserves only.

Isaac Downs is located in the northern part of the Bowen Basin in Central Queensland and targets the productive Leichhardt and Vermont coal seams.

The Isaac Downs Mine commenced operations in 2021 with approximately 1.2mt of coal extracted up to the end of December 2021. The mining method is a strip mining technique with waste removed by a combination of cast blasting, dozing and dragline spoiling or truck and excavator removal. Current operations remove all waste via truck & shovel methods, with the dragline forecast to start operations in Isaac Downs shortly. Maximising dragline usage is targeted in order to minimise costs.

The productive coal seams, the Leichhardt and Vermont Upper, exist as one mineable coalesced seam across the majority of Isaac Downs, however both seams split into individual plies from around 600-700m down dip from the boxcut. The seams have been modelled as individual plies summarised below in stratigraphic order from top down:

- Leichhardt Upper (LU)
- Leichhardt Lower 3 (LL3)
- Leichhardt Lower 2 (LL2)
- Leichhardt Lower 1 (LL1)
- Vermont Upper 1 (VU1)
- Vermont Upper 2 (VU2)

The Resource Estimate reports, geological models and data were provided to Optimal Mining Solutions and form the basis of the Coal Reserve Estimate. The following report should be read in conjunction with this Coal Reserve Estimate:

- ***Isaac Downs Coal Resource Estimate, December 2021*** completed by Measured Group Pty Ltd, and signed off by Toby Prior, as the Competent Person.

Mr Prior qualifies as the Competent Persons in accordance with the requirements of the 2012 JORC Code.

This Reserves estimate is a sub-set of the underlying Resource Estimates; therefore, the Resources are inclusive of the Reserves. The total open cut ROM Coal Reserves for Isaac Downs as at 31st December 2021 are presented in Table 1.

Table 1 – Isaac Downs - Open Cut Reserves Estimate as at 31st December 2021

Coal Reserve (ROM tonnes)*		LU (Mt)	LL3 (Mt)	LL2 (Mt)	LL1 (Mt)	VU1 (Mt)	VU2 (Mt)	Total (Mt)
Isaac Downs Mine	Proved	4.17	4.56	2.76	3.07	5.12	1.37	**21.06**
	Probable	0.30	0.05	0.02	0.01	0.02	0.01	**0.42**
	Total	4.48	4.61	2.78	3.09	5.14	1.38	**21.48**

** Tonnages and qualities in the above table are expressed on a ROM basis, incorporating the effects of mining loss, dilution and aggregation, and on a 7.0% ROM moisture basis.*

The marketable coal consists of two products; coking and thermal coal. Estimates have been made for the product split of the two product types. This has formed the basis of an estimate of Marketable Reserves that are derived from the ROM Reserve Estimates. Therefore, Marketable Coal Reserves are a sub-set of ROM Coal Reserves. Total open cut Marketable Coal Reserves for Isaac Downs are presented in Table 2.

Table 2 - Isaac Downs - Open Cut Marketable Reserves Estimate as at 31st December 2021

Marketable Reserves (Product tonnes)		LU (Mt)	LL3 (Mt)	LL2 (Mt)	LL1 (Mt)	VU1 (Mt)	VU2 (Mt)	Total (Mt)
Isaac Downs Mine Coking Coal	Proved	2.91	3.31	1.97	2.04	3.18	0.21	**13.62**
	Probable	0.17	0.03	0.01	0.01	0.02	0.00	**0.24**
	Total	3.08	3.35	1.98	2.05	3.20	0.21	**13.86**
Isaac Downs Mine Thermal Coal	Proved	0.07	0.09	0.05	0.06	0.09	0.17	**0.53**
	Probable	0.01	0.00	0.00	0.00	0.00	0.00	**0.01**
	Total	0.08	0.09	0.05	0.06	0.09	0.17	**0.54**
Isaac Downs Mine Total	Proved	2.98	3.40	2.03	2.09	3.27	0.38	**14.15**
	Probable	0.18	0.04	0.01	0.01	0.02	0.00	**0.26**
	Total	3.16	3.43	2.04	2.10	3.29	0.38	**14.41**

All Marketable Reserves tonnages have been expressed on an as-received product moisture basis, which is 11.0% for coking and 9.5% for thermal. The product coal ash levels vary according to the product type in a range from 8% to 16% on an air-dried basis.

Contents

1 INTRODUCTION 11

1.1 PROCESS 11
1.2 LOCATION 12
1.3 TENURE 12
1.4 INFRASTRUCTURE 15
1.5 ENVIRONMENTAL APPROVALS 16
1.6 TOPOGRAPHY AND LAND USE 17

2 GEOLOGY 18

2.1 REGIONAL GEOLOGY 18
2.2 LOCAL GEOLOGY 19
2.3 EXPLORATION PROGRAMS 26

3 COAL QUALITY 28

3.1 COAL SAMPLING PROCEDURES 28
3.2 RAW COAL 28
3.3 CLEAN COAL 28
3.4 PRODUCT QUALITY 30
3.5 RESOURCE ESTIMATE 32

4 MINE PLANNING 33

4.1 RESERVE AREAS 33
4.2 MINE SETTING 33
4.3 ISAAC DOWNS MINE PLAN 36

5 RESERVE ESTIMATE 49

5.1 RESERVE-RESOURCE CLARIFICATION 49
5.2 RESERVE LOCATIONS 49
5.3 ROM COAL RESERVES 49
5.4 MARKETABLE COAL RESERVES 49
5.5 ACCURACY OF ESTIMATE 56
5.6 PREVIOUS RESERVE ESTIMATES 56

APPENDIX A. 57

List of Figures

Figure 1-1 - Regional Location Map 13
Figure 1-2 - Regional Tenement Location Map 14
Figure 1-3 – Tenements with Aerial Photograph 15
Figure 2-1 - Stratigraphic Column – Isaac Downs 22
Figure 2-2 – VU1 Seam Floor Contours 24
Figure 2-3 – Depth of Cover to Leichhardt Upper Seam 25
Figure 2-4 – Isaac Downs Drillhole Locations 27
Figure 4-1 - Total Coal Thickness 34
Figure 4-2 – Insitu Strip Ratio 35
Figure 4-3 – Isaac Downs Reserve Areas 38
Figure 4-4 – Isaac Downs Cross Section 39
Figure 4-5 – Life-of-Mine JORC Schedule Waste and Coal Quantities 44
Figure 4-6 – LOM Schedule as at 1st January 2022 45
Figure 4-6 – LOM Schedule as at 1st January 2024 45
Figure 4-6 – LOM Schedule as at 1st January 2026 46
Figure 4-6 – LOM Schedule as at 1st January 2028 46
Figure 4-6 – LOM Schedule as at 1st January 2030 47
Figure 4-6 – LOM Schedule as at 1st January 2032 47
Figure 5-1 – JORC Resource Classifications – Leichhardt Upper Seam 50
Figure 5-2 – JORC Resource Classifications – Leichhardt Lower 3 Seam 51
Figure 5-3 – JORC Resource Classifications – Leichhardt Lower 2 Seam 52
Figure 5-4 – JORC Resource Classifications – Leichhardt Lower 1 Seam 53
Figure 5-5 – JORC Resource Classifications – Vermont Upper 1 Seam 54
Figure 5-6 – JORC Resource Classifications – Vermont Upper 2 Seam 55

List of Tables

Table 1-1 - Summary of Isaac Downs Mining Tenure 12
Table 2-1 - Regional Stratigraphy of the Isaac Downs Area 18
Table 2-2 - Local Stratigraphy 20
Table 3-1 - Processing options for diluted LIMN simulations 29
Table 3-2 - Modelled Assays 31
Table 3-3 - December 2021 JORC Resource Estimates 32
Table 4-1 – Isaac Downs Strip Design Parameters 39
Table 4-2 – LOM Plan Loss and Dilution Parameters 40
Table 4-3 – Moisture Assumptions 41
Table 4-4 – Life-of-Mine JORC Schedule Results 44
Table 5-1 – Isaac Downs - Open Cut Reserves Estimate 49
Table 5-2 – Isaac Downs - Marketable Open Cut Coal Reserve Estimate 49
Table 5-3 – Previous Reserve Estimate 56

1 INTRODUCTION

1.1 Process

The process adopted for completing the 2021 Isaac Downs JORC Reserve Estimate is described below:

- Geological models and Coal Resource Estimates have been prepared by Measured Group Pty Ltd and Stanmore IP Coal Pty Ltd for Isaac Downs and were published in December 2021.
- A combination of historical and future operational and financial assumptions, such as loss & dilution factors, unit operating costs plus primary & secondary yields, were provided by Stanmore and verified by the Competent Person.
- Pit optimisation was completed based on the geological model, operational factors and financial assumptions. Pit optimisation was undertaken using Deswik's pseudoflow module, which is an updated version of the Lerchs-Grossmann algorithm.
- Pit optimisation generated a pit shell which contained the economical portion of Isaac Downs.
- The economical area was then subdivided into 60m wide strips suitable for a dragline operation. 3-dimensional solids were generated in Deswik.CAD which included pit wall batters, berm offsets and stratigraphical subdivisions. The solids were subdivided into 100m wide blocks with prestrip solids also cut into 5m high benches.
- The Coal Resource geological classification polygons were overlaid on the solids, with any Inferred or unclassified tonnes were excluded from the Reserve Estimate.
- The in situ coal solids were interrogated against the latest geological model, including qualities for all coal solids for further processing which included minimum mining thicknesses, coal losses and dilution factors being applied to the coal solids. Moisture adjustments, ROM ash cut off and coal recovery assumptions were also applied to convert the in situ values to ROM values.
- Product tonnes, for both coking and thermal, were calculated for all coal solids based on the modelled in-seam yield and ROM moisture values.
- Unit cost values were applied to all mining, processing, railing and shipping processes to calculate the total cost for each solid. Non-mining costs such as administration, sustaining capital and royalties were also costed to ensure the final FOB cost per tonne was inclusive of all applicable cost items.
- Forecast sale prices were applied to the product tonnage to calculate the overall revenue generated by each coal solid. The total margin for each mining block and strip was calculated. The margin was then used to determine the economic limits for each pit.
- The Coal Reserve has been categorised as Proved or Probable based on the Coal Resource confidence, the level of detail in the mine planning and considering all the modifying factors to quantify the risks surrounding the project.
- Checks of all quantities and qualities quoted in this report have been undertaken and all work peer reviewed internally by Optimal Mining Solutions.

1.2 Location

The Isaac Downs Mine is located in Central Queensland in the Northern Bowen Basin approximately 10 km south-east of Moranbah as shown in Figure 1-1.

1.3 Tenure

Isaac Downs consists of mining leases ML700046, ML700047 and ML700048, held by Stanmore IP South Pty Ltd as shown in Figure 1-2 and Figure 1-3.

Table 1-1 below provides a summary of each mining tenements.

Table 1-1 - Summary of Isaac Downs Mining Tenure

Tenure	Tenement Holder	Grant Date	Expiry Date	Area (Ha)
ML700046	Stanmore IP South Pty Ltd	26-Jul-2021	31-Jul-2046	1831
ML700047	Stanmore IP South Pty Ltd	26-Jul-2021	31-Jul-2046	485
ML700048	Stanmore IP South Pty Ltd	26-Jul-2021	31-Jul-2046	50

There are no overlapping petroleum leases nor petroleum authority to prospect (**ATP**) that impact on Isaac Downs' tenements.

Figure 1-1 - Regional Location Map

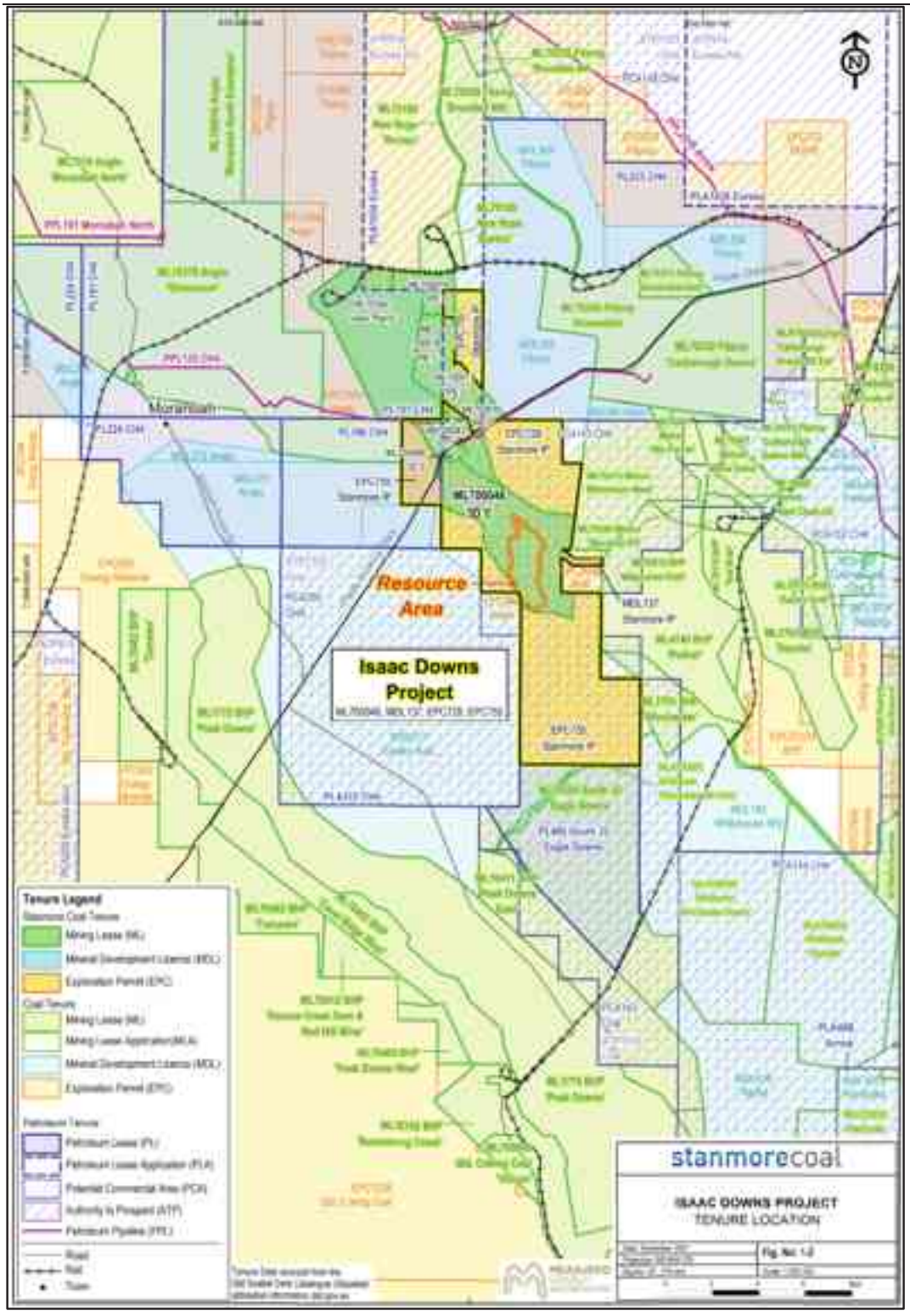


Figure 1-2 - Regional Tenement Location Map

Figure 1-3 – Tenements with Aerial Photograph

1.4 Infrastructure

Isaac Downs is effectively a satellite pit of the Isaac Plains Complex which is located approximately 11km to the northeast of Isaac Downs. Isaac Plains Complex is owned by Stanmore and is accessed by existing road and rail infrastructure. A haul road has been constructed to allow coal mined from Isaac Downs to use the current infrastructure at the Isaac Plains Complex for coal handling, washing and train loadout. An underpass beneath the Peak Downs Highway is currently under construction and will allow coal mined in Isaac Downs to be hauled directly to the Isaac Plains Complex without being impacted by the highway.

The Queensland Rail (**QR**) Isaac Plains railway branch is part of the Goonyella Coal railway line that connects areas of Central Queensland to the Dalrymple Bay Coal Terminal (**DBCT**) used to export coal from the Isaac Plains Complex.

A gravel road to the west of Isaac Downs connects the mine to the Peak Downs Highway (~3 km). The Peak Downs Highway connects to Moranbah (~25 km) to the west and Mackay (~170 km) to the east.

The main infrastructure at the Isaac Plains Complex includes the main rail line, rail loop and loadout, Coal Handling and Preparation Plant (**CHPP**), ROM dump station, Mining (and maintenance) Industrial Area (**MIA**) and office buildings.

A coal transfer ROM area plus some small offices and maintenance facilities will be constructed at Isaac Downs.

1.5 Environmental Approvals

On 25th August 2021, Stanmore received approval to operate Isaac Downs under Environmental Authority EA0002817. The environmental authority allows up to 5m tonnes of coal to be mined each year.

1.6 Topography and Land Use

The topography of the Isaac Downs tenement is gently sloping to the south-southwest. Relatively steep hills rise to the north of the planned mining area and tenements. One shallow creek, New Chum Creek, cuts across the far eastern extent of the deposit, draining to the south before discharging into the Isaac River.

The area has been extensively cleared for cattle grazing, with minor remnant vegetation areas of poplar box woodlands.

A typical elevation for Isaac Plains Complex is approximately 210m above sea level.

2 Geology

2.1 Regional Geology

The Isaac Downs Project is located in the northern part of the Permo-Triassic Bowen Basin principally containing fluvial and some marine sediments of the marginal marine Back Creek Group; Late Permian coal-bearing, non-marine strata from the Blackwater Group; and overlying Tertiary basalts and sediments within the Suttor Formation (see Table 2-1).

Table 2-1 - Regional Stratigraphy of the Isaac Downs Area

AGE	GROUP	FORMATION
TERTIARY		
TRIASSIC	Rewan Group	Rewan Formation
PERMIAN	Blackwater Group	Rangal Coal Measures
		Fort Cooper Coal Measures
		Moranbah Coal Measures
	Back Creek Group	Exmoor Formation
		Blenheim Formation
		Gebbie Formation
		Tiverton Formation

The Bowen Basin is part of a connected group of Permo-Triassic basins in eastern Australia which includes the Sydney and Gunnedah Basins. The Basins axis orientation is NNW-SSE roughly parallel to the Palaeozoic continental margin.

Tectonically, the basin can be divided into NNW-SSE trending platforms or shelves separated by sedimentary troughs. The units from west to east are the Springsure Shelf, Denison Trough, Collinsville Shelf/Comet Platform, Taroom Trough, Connors and Auburn Arches (interrupted by the Gogango Overfolded Zone) and the Marlborough Trough.

Development of the basin in the Early Permian was in the form of half grabens which subsequently became areas of regional crustal sag. Variations in depositional patterns and deformation styles occur along strike suggest the possibility of NE trending deep-seated crustal transfer faults evidence for such occurs at the neighbouring Isaac Plains Mine.

The Bowen Basin has undergone oriented NE-SW extensional and compressional events. Structurally, the tenure lies on the western boundary of the deformed Nebo Synclinorium immediately south-west of a regional thrust fault system- the Burton Range Thrust. Further to the west is the structurally simple Collinsville Shelf.

The economic seams are contained in the Late Permian Rangal Coal Measures which are approximately 100 m thick. The Rangal Coal Measures are underlain by the Fort Cooper Coal Measures and overlain by the Late Permian to Early Triassic Rewan Group.

Tertiary sediments rest unconformably on the coal measure sequences and consist predominantly of unconsolidated, poorly sorted fluviatile and well-bedded lacustrine quartzose sediments. Tertiary volcanism in the form of basaltic to basinitic plugs and associated flows occur throughout the area.

The Rangal Coal Measures comprise light grey, cross-bedded, fine to medium-grained labile sandstones, grey siltstones, mudstones and coal seams. Cemented sections are common in the sandstones. The transition from the Rangal Coal Measures to the Rewan Formation is generally difficult to define and is often based on the change from the green-grey colour of the Rewan sandstones to the blue-grey colour of the Rangal sandstones. The transition between the formations is 15 to 60 m above the first major seam of the Rangal Coal Measures.

The Fort Cooper Coal Measures comprise typically tuffaceous sandstones, siltstones, mudstones and coal seams. The transition between the Rangal Coal Measures and the Fort Cooper Coal Measures is generally clearly marked by the Yarrabee Tuff - a basin-wide marker bed comprised of weak, brown tuffaceous claystone.

2.2 Local Geology

2.2.1 Tertiary

Tertiary sediments and soils occur across the lease area, generally ranging in thickness from 0 m to 8 m, reaching 27 m in some areas (Figure 3-2). They consist of unconsolidated sand and silts, derived mainly from the underlying Permian units. Areas of thicker Tertiary greater than 10 m, also exist. These occur primarily towards the south of the project area, typically in close proximity with the current location of the Isaac River. These thicker accumulations of gravels and or sands are likely attributable to the meandering and overbank flows of the river system over more recent geological time.

2.2.2 Permian Stratigraphy

The economic coal seams located within the Isaac Downs Project area occur within the Permian age Rangal Coal Measures. Locally, the Rangal Coal measures are unconformably overlain by Tertiary sediments and soils.The Rewan Formation (Triassic) has not been observed in historical or recent drilling. As drilling progresses to deeper areas of the deposit, the overlying Rewan formation may be encountered.

The local stratigraphy is typical of the regional stratigraphy and is summarised in Table 2-2 below and shown in Figure 2-1.

Table 2-2 - Local Stratigraphy

UNIT	DESCRIPTION
Unconsolidated material (0-8 m thick)	Tertiary soils and unconsolidated sand/silts derived from the underlying Permian sediments.
Rangal Coal Measures (RCM) overburden	Dominantly Medium grey siltstones and fine to medium-grained light grey sandstones
RCM Immediate coal roof (1-2 m thick)	RCM Immediate coal roof (1-2 m thick)
RCM Leichhardt and Vermont Coal Seams (5-6 m thick)	Dull to bright coal plies separated by siltstone or carbonaceous siltstone beds. Occasional tuffaceous siltstone
RCM Immediate coal floor (3 m thick)	Dark grey siltstone, occasionally tuffaceous
Yarrabee Tuff	Tuff material that is a stratigraphically significant marker unit across the Bowen Basin. Marks the boundary between the Fort Cooper Coal measures and the Rangal Coal measures.
Fort Cooper Coal Measures overburden	Dominantly medium grey fine to medium-grained sandstones with occasional siltstone beds
Fort Cooper Coal Seams	Dull to medium bright coal plies separated by tuffaceous sandstones, siltstones, mudstones and tuffs

2.2.3 Coal Seams

The main coal seams of interest in the project area are the Leichhardt (L) and Vermont Upper (VU) seams. The L & VU coal seams have been further divided into their sub-plies with each ply being modelled across the entire deposit, meaning the geological model retains its ply definition even in areas of ply coalescence.

Figure 2-1 shows the coal ply sequence and approximate thicknesses as correlated between two boreholes with geophysical logs.

Leichhardt Seam

The Leichhardt (L) seam consists of five main plies:

- LUD - Leichhardt Upper Dilution (average thickness ~0.25 m)
- LU - Leichhardt Upper (average thickness ~1.3 m)
- LL3 - Leichhardt Lower 3; upper component (average thickness ~ 0.85 m)
- LL2 – Leichhardt Lower 2; middle component (average thickness ~ 0.85 m)
- LL1 - Leichhardt Lower 1; lower component (average thickness of 0.8 m).

In terms of coal stratigraphy, the deposit can be further delineated into its western and eastern extents. Within the shallower western part of the deposit, the Leichhardt seam exists as a contiguous single coal seam (L) of average thickness ~4.2 m.

In this coalesced portion of the deposit, the first ply of the Leichhardt seam, the LUD, is a carbonaceous transition into the coal plies of the Leichhardt seam. The LU and LL3 plies are typically separated by mudstones, whereas LL2 and LL1 are separated by a thin tuffaceous siltstone. In most cases the separations are less than 0.1 m thick.

Heading east and at typical depths of 80-100 m from the surface, the combined L seam begins to split into plies, as identified above, though the LUD and LU plies remain coalesced. The splits develop along a north to north-northwest orientation, and definition of the split line occurs where inter-burden between the plies reaches thicknesses greater than 0.3 m.

The first ply of the Leichhardt seam, the LUD, generally represents a carbonaceous transition from siltstone into the coals of the Leichhardt seam. The LUD is typically high ash (above 50%adb) and has been excluded from Resource estimations.

Vermont Upper Seam

The Vermont Upper occurs approximately 0.5 m below the Leichhardt seam and is split into two main plies, typically separated by siltstones.

- VU1 - Vermont Upper 1 (average thickness 1.3 m); and
- VU2 - Vermont Upper 2 (average thickness (0.45 m).

The VU1 is the thickest and most consistent of the Vermont plies, averaging 1.30 m across the entirety of the deposit. The VU2 is typically 0.45 m thick and sits below the VU1, separated by <0.5 m of inter-burden.

A small rider seam called the V0 consisting of dull coal is observed occurring between the VU1 and LL1. Averaging 0.3 m. It's distribution as a discreet ply is inconsistent as it is usually included as part of the VU1.

Within the southern and eastern part of the deposit a small ply, the VU3 splits from the base of the VU2. This ply averages 0.15 m thick and is not included as part of the Resource.

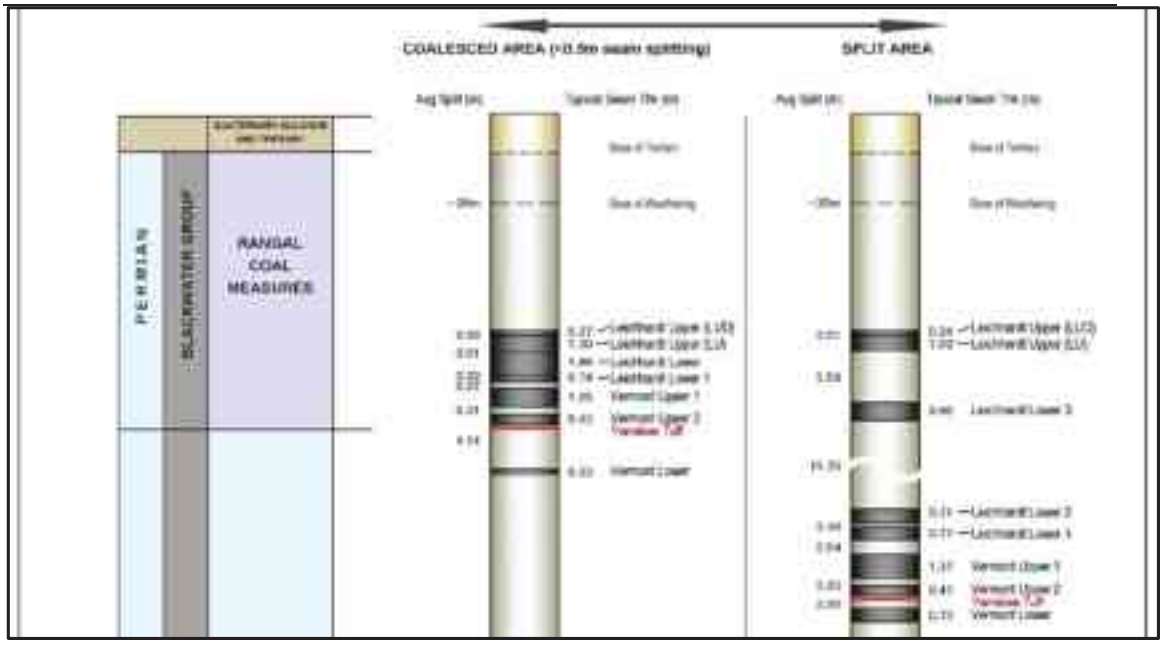


Figure 2-1 - Stratigraphic Column – Isaac Downs

2.2.4 Structure

The project area generally has a laterally consistent seam dip of between 4 and 5 degrees down to the east. Figure 2-2 shows the floor contours of the VU1 seam which shows the general dip of the coal seams to the east.

The project area is bounded in the northeast by a major regional-scale reverse fault, as associated with the regional scale Burton Range Fault System. This fault is referred to locally as the “Isaac Fault”. At Isaac Downs, the Isaac Fault is presently modelled as a series of multiple sub-parallel reverse fault zones of varying displacement, with maximum interpreted throws of >50 m. In parts, the fault is interpreted to present as a local scale en-echelon reverse fault geometry. The geometry of these faults has been confirmed by recent 2D seismic surveys.

Evidence for localised minor thinning, seam offsets and steeper dips associated with faulting has been observed in exploration data but is not considered to impact on Coal Resource estimates materially.

Two-seam splits have been interpreted in the Leichhardt and Vermont seams. The splits develop as the seam package extends down dip, with the first split developing between the LL2 and LL1 plies reaching a thickness of up to 30 m. The second spilt develops between the LL3 and LL2 plies and reaches a thickness of up to 25 m. Both splits develop along a north to north-northwest orientation.

2.2.5 WEATHERING

The base of weathering has been logged in all drill holes within the project area and is intersected at an average depth of 20m.

2.2.6 DEPTH OF COVER

The depth of cover to the Leichhardt Seam ranges between 20 m to more than 180 m as shown in Figure 2-3.

2.2.7 INTRUSIONS

Limited intersections of volcanic rocks (intrusive or extrusive) are recorded in borehole intercepts. There are no dykes or volcanic plugs with surface expression mapped over the area, and there is no present evidence to support volcanics having an impact on Coal Resource estimates.

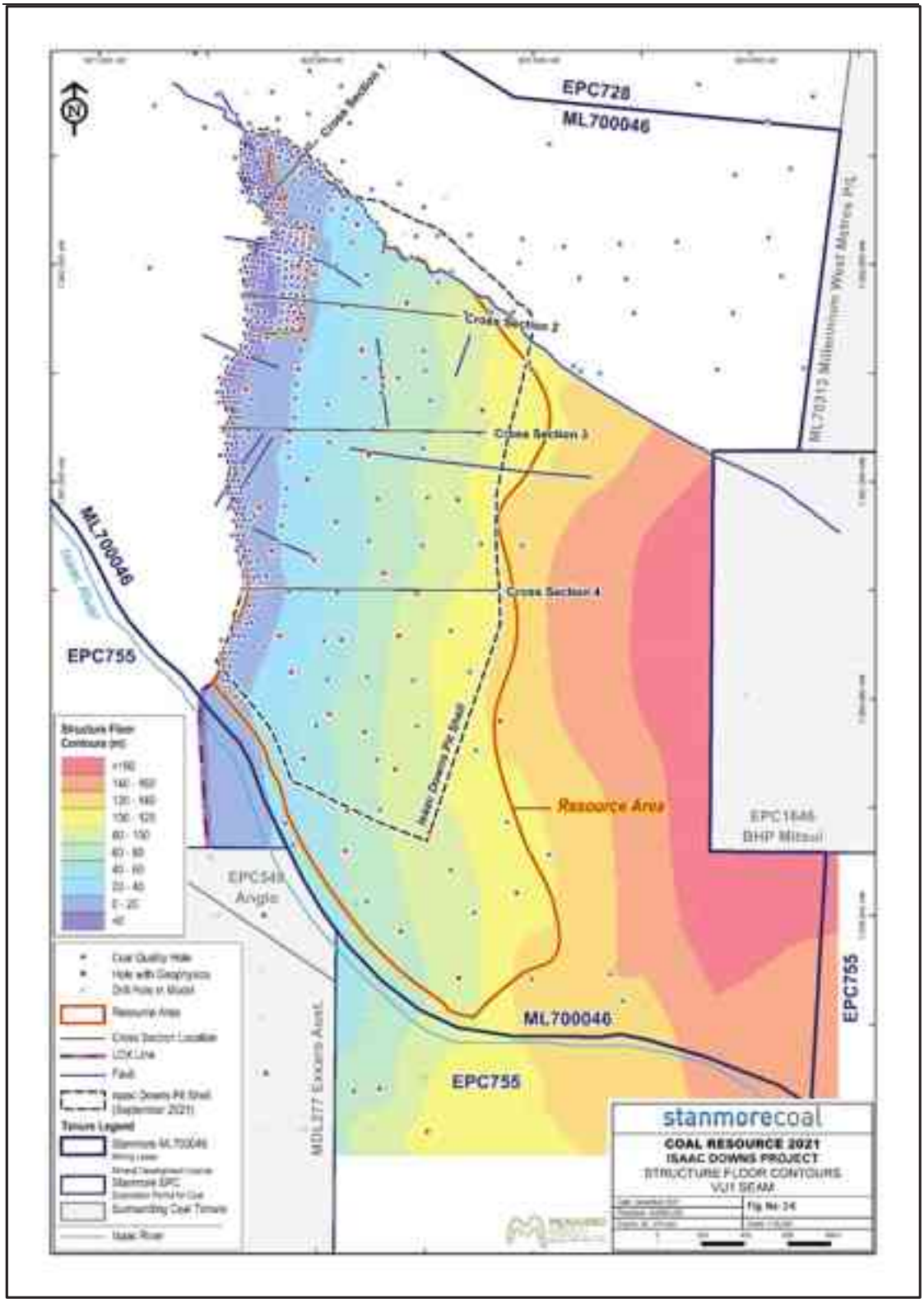


Figure 2-2 – VU1 Seam Floor Contours

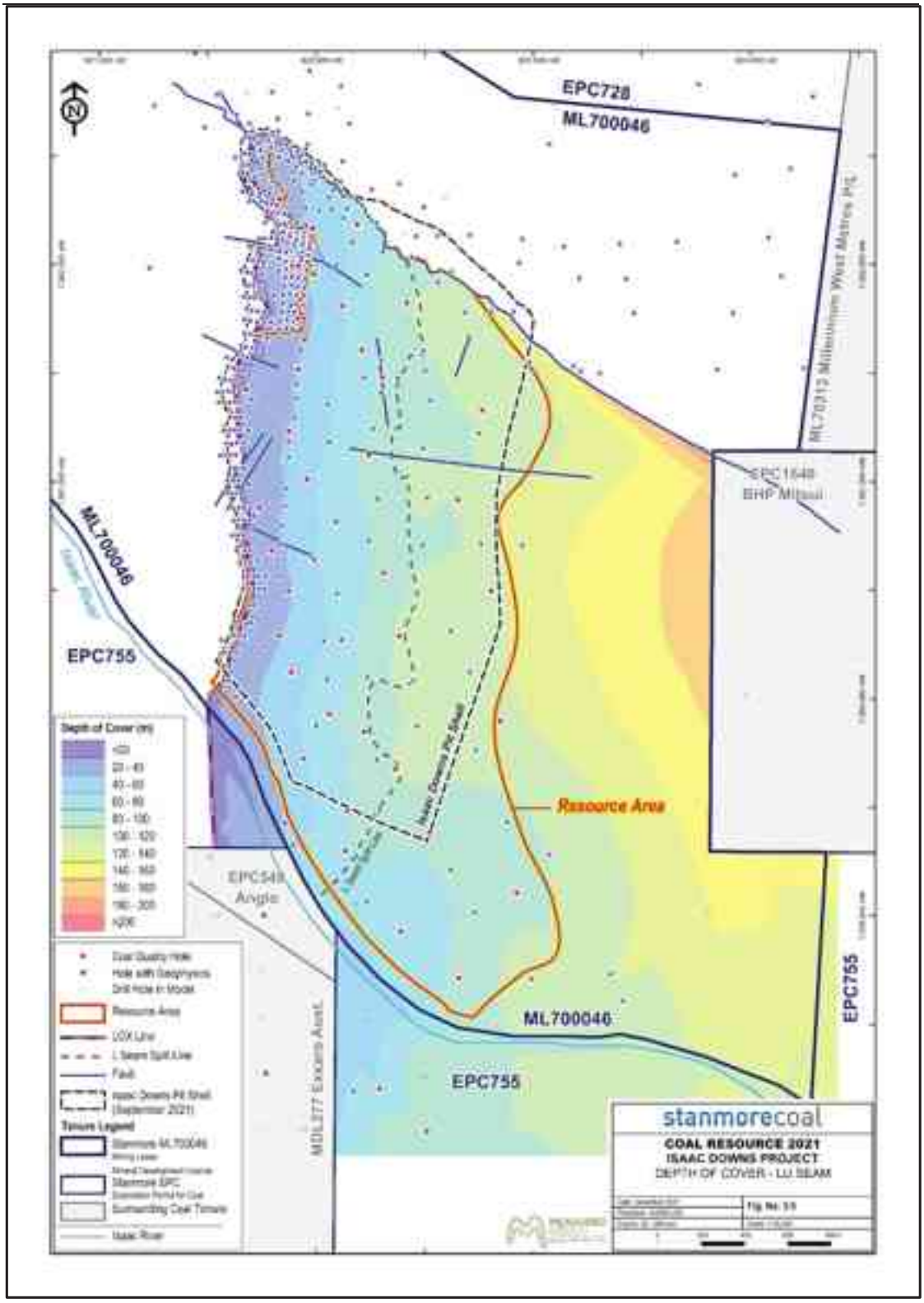


Figure 2-3 – Depth of Cover to Leichhardt Upper Seam

2.3 Exploration Programs

Recent exploration at Isaac Downs has been through a series of drilling campaigns incorporating slim core, large-diameter core and non-core holes. All drill holes were vertical. Drilling is generally on a 250-300 m grid pattern with a combination of cored and non-cored holes.

The primary types of holes and their purposes are further explained below:

- Partial core holes for coal quality testing: These holes were established using rotary chip methods with a 10 m offset from the predicted top of first coal marking the commencement of core drilling. The core was then taken until a minimum of 4 m past the base of last target coal seam. These boreholes produced a conventional 4-inch core (101.6 mm diameter) and were core drilled primarily using air techniques and with mud/water injection as required.
- Fully cored holes for open-cut geotechnical characterisation: Only the initial 6 m of each of these holes were drilled using rotary chip methods with the remainder of the hole fully cored until a minimum of 6 m post the base of last target coal seam. These boreholes were drilled using HQ wireline core techniques resulting in a 61.1 mm core sample.
- All conventional open (non-core) rotary chip holes drilled were completed using either blade, polycrystalline diamond (PCD) and hammer drill bits, or a combination thereof. All holes were at a typical final hole diameter of 125 mm. Rotary holes were completed for a combination of purposes including structural and fault definition and LOX drilling which aimed to define the boundary of fresh and weathered coal.

A total of 104 holes now within the model area were completed using a blast drilling rig. The location and types of all holes are shown in Figure 2-4.

A 2D seismic survey was conducted by Velseis Pty Ltd in July2021. The purpose of the survey was to locate and gain a greater understanding of the faulting to the north of the project as well as confirm and gain a better understanding of the faults within the main body of the deposit. The project consisted of 11 Vibroseis lines for a total of 16.89 km. Processing was completed during August to September 2021, and interpretation completed in November 2021.

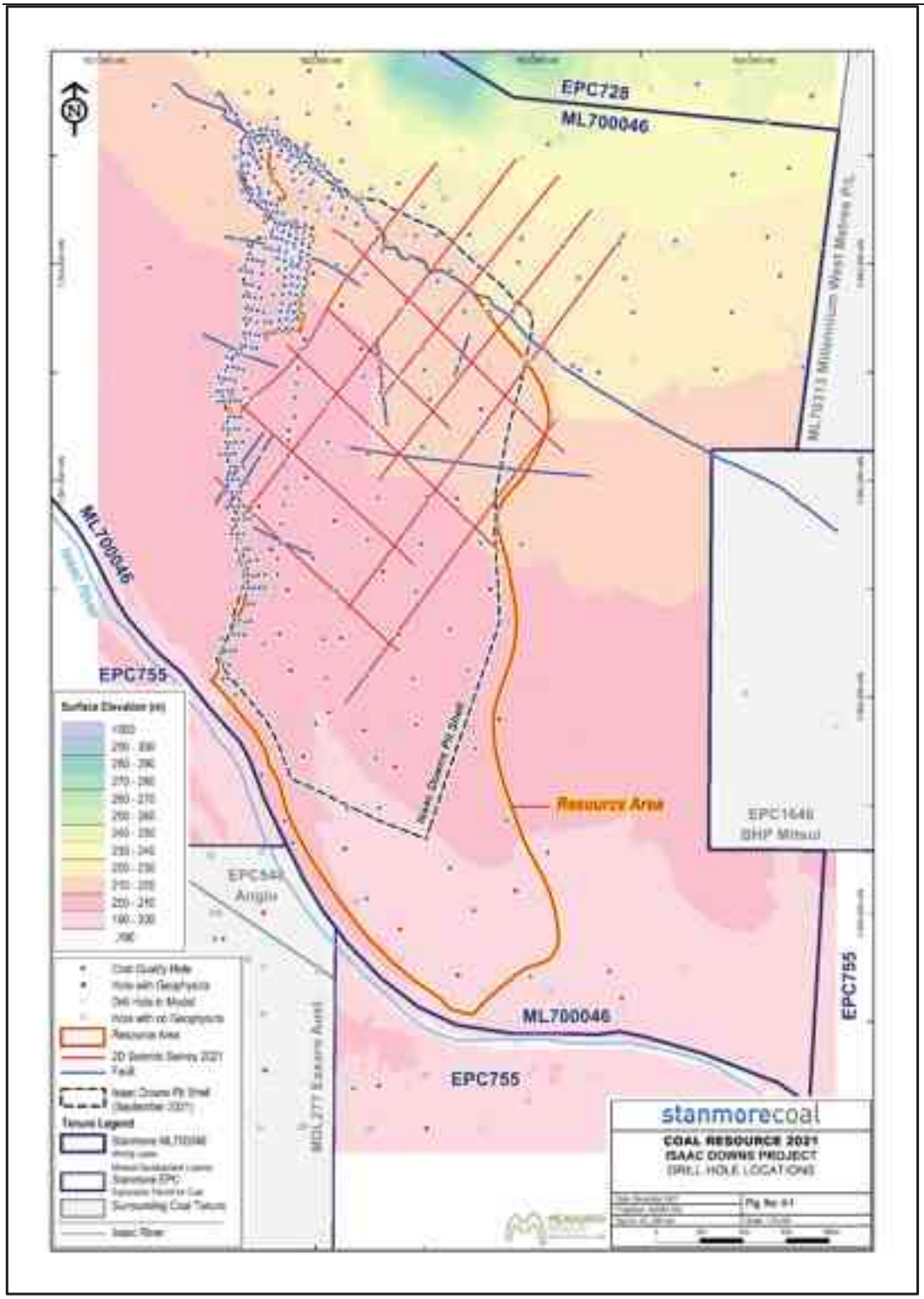


Figure 2-4 – Isaac Downs Drillhole Locations

3 Coal Quality

3.1 Coal Sampling Procedures

Both the Leichhardt and Vermont Upper seam coals at Isaac Downs may be classified as medium volatile bituminous coal (ASTM Classification) with a reflectance (RoMax) in the order of 1.05% and an average Inherent Moisture of 1.9%. The Rangal Coal Measures at Isaac Downs can produce a variety of products, the principal targets being either Coking, PCI or Export Thermal coal types.

3.2 Raw Coal

Raw coal results, including Proximate, Total Sulphur, Calorific Value, CSN and Relative Density is stored in the Maptek ISIS database. This data was compiled from laboratory results. Raw coal quality data was checked for internal consistency and consistency with the existing data set by checking cumulative totals and cross-correlations.

3.3 Clean Coal

3.3.1 Washed Coal Analysis and LIMN Simulation

In the large wash procedure, lab washability testing is undertaken on grouped size fractions, each of which bear relation to a separate processing stream within the Isaac Plains CHPP, as follows:

- -50 mm+16 mm – Dense Medium Cyclones (DMC)
- -16 mm+2 mm – Dense Medium Cyclones
- -2 mm+0.25 mm – Teetered Bed Separators (TBS)
- -0.25 mm –Flotation

The Isaac Plains CHPP is designed to produce two products simultaneously, a primary coking product and a higher ash secondary product. The CHPP also has the option of sending the coarse coal product (-50 mm+16 mm) size fraction from the DMC, to either the primary or secondary product. Sending this coarse (duller) size fraction to the secondary product enhances the coking properties of the primary product.

When directing the coarse coal to the secondary product the term primary “High Quality” (HQ) processing is used, as opposed to the primary “High Yield” (HY) processing being where the coarse fraction remains in the primary coking product.

The Isaac Downs wash dataset consists of a total of thirty-six (36) boreholes, that is eighteen (24) Stanmore boreholes and twelve (12) Peabody boreholes. All 36 boreholes have the requisite data for wash processing simulation. Diluted LIMN washability simulations were performed by David Hornsby, Principal Process Consultant at Minserve on the laboratory float sink results.

The Isaac Plains East dilution washability data was used for generating the Isaac Downs diluted working section washability data sets, along with Isaac Downs high ash plies including the LUD roof. A dilution level of 0.100m each of roof and floor, and the inclusion of any partings <0.30m was applied. Six working sections were defined for applying dilution to and carrying out LIMN CHPP process simulations, these are shown in Table 3-1.

Table 3-1 - Processing options for diluted LIMN simulations

WORKING SECTION OPTIONS	PLIES
A	LU_LL3_LL2 or LU_LL
	LL1_VU1
	VU2#
B	LU_VU1
	VU2
C	LU_VU2#
# same processing scenario for VU2 in options A & B	

For the composite working sections considered (i.e., LU_LL, LL1_VU1, LU_VU1 and LU_VU2) both High Quality (HQ) and High Yielding (HY) processing modes were considered. For VU2 feed only HY processing is considered, i.e., no HQ -16mm+0mm option was considered for VU2, as the VU2 standalone feed was consistently unable to meet the HQ primary ash target.

Six product ash options were targeted for LIMN simulations and can be summarised as:

1. HQ 8.5% ash primary product with 10.5% secondary PCI product
2. HQ 8.5% ash primary product with 16% secondary thermal product
3. HY 9.5% ash primary product with 16% secondary thermal product
4. HY 16% ash single thermal product
5. HY 21% ash primary thermal product with 30% secondary thermal product (VU2 only)
6. HY 30% ash single thermal product (VU2 only)

Diluted LIMN washability simulations of the dataset were undertaken by Minserve, according to each of the working section and product options noted. Yield simulation results were reported as diluted and an in-seam, to a dry/dry basis. 'In-seam' yields are produced by firstly running the diluted simulated yields and then backing out the bulk dilution from the diluted yield [in-seam yield = diluted yield / (1 - % dilution)].

In-seam yields differ from yields obtained by running the simulations on undiluted (coal-only) washability data as they account for a "process dilution" effect. This process dilution effect occurs when some of the high ash dilution in the ROM plant feed is misplaced to product, due to plant process inefficiencies, particularly in the fines circuits, where it raises the circuit product ash.

Hence to achieve the overall primary product target ash the primary DMC cutpoint has to be reduced resulting in loss of coal to the secondary circuit. The effect is most pronounced at high dilution levels and low primary cutpoints. However, it is relatively neutral on total yield because losses in the primary DMC circuit are recovered in the secondary DMC circuit.

In-seam yields vary only marginally between different dilution levels which is why they can be useful for mine scheduling because different levels of dilution (within approximately + 30-40% of the base level) can be applied to the in-seam yields without having to rerun the simulations and remodel the new diluted yields.

Following review and consideration, the feed and processing base case, decided on was as follows:

- Working section option B: LU_VU1 and VU2 feeds
- Product option 3: HY 9.5% ash primary product with 16% secondary thermal product

This base case was used to produce the geological yield model grid outputs.

3.4 Product Quality

Historically, the Isaac Plains CHPP has primarily produced Semi-Soft Coking Coal (**SSCC**), with lesser quantities of Semi-Hard Coking Coal (**SHCC**), PCI and thermal coal. The ability to produce various products has been enabled by either:

- mining the tops and bottoms separately or combined; *and*
- the ability of the Isaac Plains CHPP to change plant settings to include or re-direct the +16mm fraction from the primary to the secondary product stream.

Inclusion of the +16mm fraction in the primary product stream produces the current coking coal (known as the high yield product). Re-direction of the +16mm to the secondary product stream (high quality product) reduces primary yield to improve coking coal quality.

At present, the seams are washed in the CHPP to produce a primary coking product and secondary thermal product. This approach is applied for the purpose of this JORC Reserve Estimate, for the estimation of marketable reserves and revenue.

Grid models were created for all assays listed in Table 3-2 for each seam or ply for which there was data. Modelling was completed using an inverse distance weighted modelling method over a 100m grid with a power of 1.5 and a maximum of 5 data points. The IDW method was used in preference to alternative methods such as Kriging as the data density is relatively low. No domains were applied when modelling.

Table 3-2 - Modelled Assays

ASSAY	VARIABLES		
	MAPFILE	GRID MODEL	BLOCK MODEL
Ash % (ad) - Raw	ASH	*.asg	raw_ash_adb
Chlorine % (ad) - Raw	CL	*.clg	raw_cl_adb
CSN - Raw	CSN	*.csg	raw_csn
Calorific Value kcal/kg (ad) - Raw	CV	*.cvg	raw_cv_kcal
Inherent Moisture % (ad) - Raw	IM	*.img	raw_im_adb
Phosphorous % (ad) - Raw	PH	*.phg	raw_ph_adb
Total Sulphur % (ad) - Raw	TS	*.tsg	raw_ts_adb
Volatile Matter % (ad) - Raw	VM	*.vmg	raw_vm_adb
Relative Density % (ad) - Raw	RD	*.rdg	rd
HY Wash LIMN Primary Product Ash (%ad)	ASH_PRIM	*p1.a1g	wash_p1_p_ash
HY Wash LIMN Secondary Product Ash (%ad)	ASH_SEC	*p1.a2g	wash_p1_s_ash
HY Wash Primary Product CSN	CSN	*p1.csg	wash_p1_csn
HY Wash Primary Product Yield (Diluted) % (d/d)	YLD_PRIM_DIL	*p1.y1g	wash_p1_p_yld_dl
HY Wash Secondary Product Yield (Diluted) % (d/d)	YLD_SEC_DIL	*p1.y2g	wash_p1_s_yld_dl
HY Wash Primary Product Yield (In-seam) % (d/d)	YLD_PRIM_IS	*p1.x1g	wash_p1_p_yld_is
HY Wash Secondary Product Yield (In-seam) % (d/d)	YLD_SEC_IS	*p1.x2g	wash_p1_s_yld_is

3.5 Resource Estimate

The December 2021 Coal Resource Estimates for Isaac Downs is presented in Table 3-3.

Table 3-3 - December 2021 JORC Resource Estimates

SEAM	PLY	MEASURED (Mt)	INDICATED (Mt)	TOTAL (Mt)
Leichhardt	LU	4.8	1.5	6
	LL3	6.1	0.4	6
	LL2	3.8	0.5	4
	LL1	4.2	0.3	4
Vermont Upper	VU1	7.4	0.1	8
	VU2	2.9	0.1	3
Total		**29.2**	**2.9**	**32**

4 Mine Planning

4.1 Reserve Areas

Mining operations commenced at Isaac Downs in 2021, with the far north-western corner of the deposit initially excavated.

4.2 Mine Setting

The key features of Isaac Downs which have an influence on the mine plan for the site are:

- Topography is relatively flat with minor undulation across the deposit. The topography rises to the north with ~80m high hills located to the north of the tenement. The crest of the hill is located approximately 1200m to the north of ML700046.
- The Isaac River borders the majority of the southern boundary of ML700046. A levee has been designed and will be constructed prior to the commencement of mining in any areas susceptible to flooding.
- The main coal seams (Leichhardt and Vermont Upper) exists across the entire deposit. The weighted average total in situ seam thickness in Isaac Downs is 5.4m. Coal thickness is displayed in Figure 4-1.
- The stripping ratio (waste volume/coal tonnage) gradually increases to the east as the coal dips and the topography rises. The depth to top of coal is shown in Figure 2-3 and the strip ratio is shown in Figure 4-2.
- Complex and extensive faulting is present along the northern fringe of the deposit, however none of the faulted coal blocks have been included in the Reserves as these coal areas have been classified as Inferred Resources.
- Dips are relatively consistent across the deposit with some steeper dips encountered in the western subcrops areas. Dips (excluding the fault zones) vary generally between approximately 4° and 7°.
- New Chum Creek is the only major watercourse which crosses Isaac Downs, with water shedding off the northern hills and flowing to the Isaac River via this water course. New Chum Creek is located on the eastern fringe of the tenement and no mining is forecast to occur near this waterway.

Figure 4-1 - Total Coal Thickness

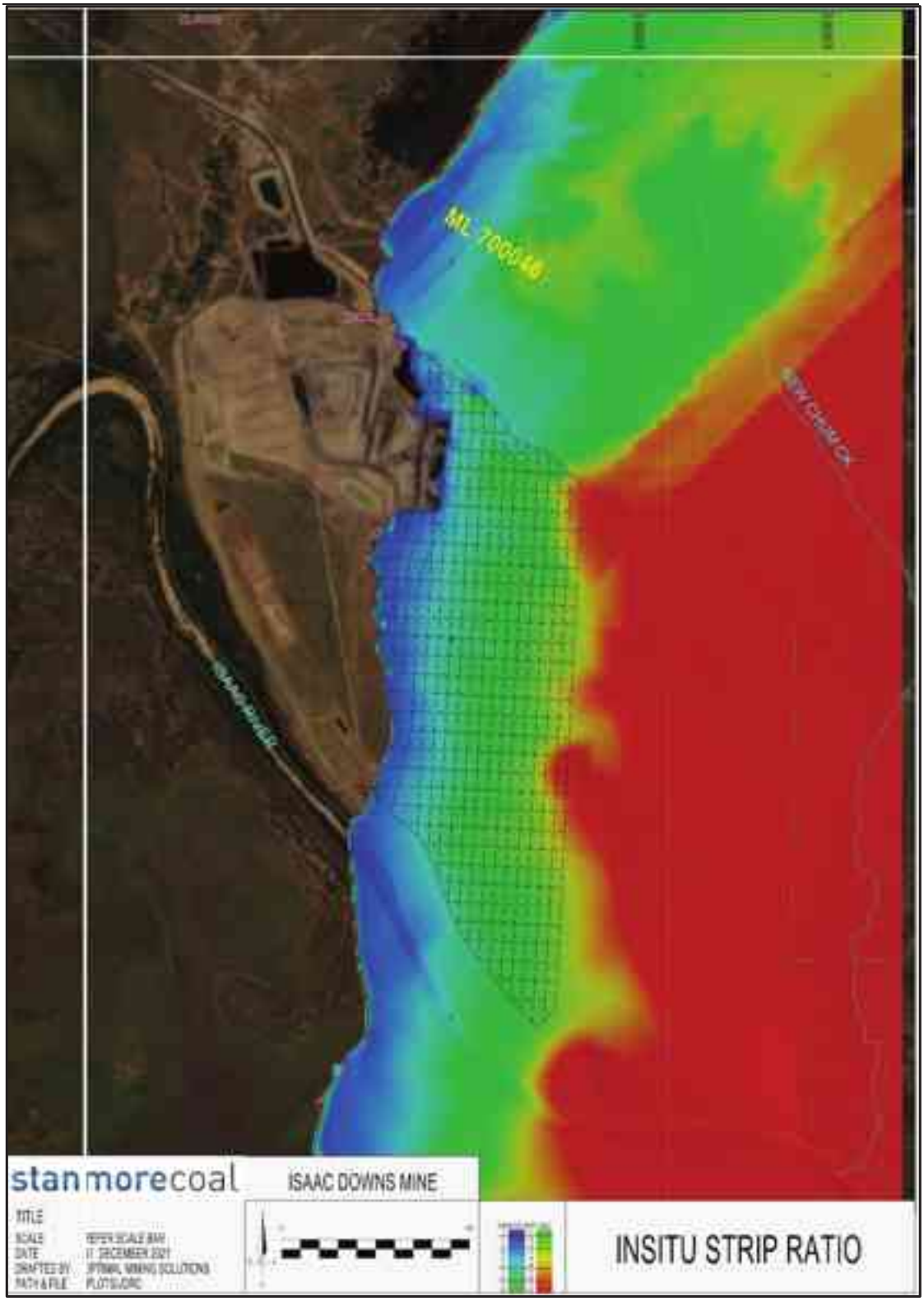


Figure 4-2 – Insitu Strip Ratio

4.3 Isaac Downs Mine Plan

Optimal Mining has undertaken a pit optimisation to calculate the economic limits of the Measured and Indicated Coal Resources at Isaac Downs. The economic pit limits calculated as part of the pit optimisation was converted into a detailed pit shell which was then subdivided into strips, blocks and mining horizons. The detailed mining solids where then scheduled to ensure that the potential JORC Reserve areas can be mined via a technically achievable and economically viable mine plan. The Ore Reserve estimate is derived from the detailed pit shell and schedule.

The process for calculating the final JORC Reserve estimate is explained in more detail in the following chapters.

4.3.1 Mining Limits

A number of constraints have an effect on the mine layout at Isaac Downs, including:

- The pit is constrained by the economic margin down dip to the east. The final highwall position has been determined by a pit optimisation process.
- The pit is limited to the south by a levee which has been constructed adjacent to the Isaac River. The endwall crest of the final pit has been placed approximately 50m from the levee toe.
- The pit is limited by seam oxidisation along the western flank of the deposit. A minimum coal thickness of between 1.5m-2.0m has been targeted along this edge.
- The pit is limited to the north by the modelled fault blocks. A series of fault blocks have been modelled along this edge of the deposit, however only the lowest fault block (fault block 1) contains Measured and Indicated Resources. All other fault blocks have been classified as Inferred. Therefore, the northern limit of the pit is controlled by the northern boundary of the Measured and Indicated Resource polygons.

4.3.2 Pit Shell Optimisation

The Isaac Downs area was assessed using Deswik Pseudoflow software, an updated version of Lerchs Grossman, which applies an algorithm to the unit costs, revenues and geological structure plus quality models to determine the economic pit limits of the deposit.

The pseudoflow module relies on accurate assumptions and parameters being applied correctly to ensure that the final economic limits are precise. The operational and financial assumptions applied in the pit optimisation were derived from historical performance indicators from both Isaac Downs and nearby Isaac Plains East. Future operational assumptions and financial factors from the recently completed feasibility study where also used.

The final limit generated via the pit optimisation operation indicated that approximately eighteen 60m wide strips are economical at Isaac Downs.

4.3.3 Mining Method

The proposed long-term mining method for Isaac Downs is as follows:

- Topsoil is removed and stockpiled for later spoil rehabilitation.
- Softer tertiary materials are freedug via truck and excavator operations.
- More competent upper overburden is drilled and blasted in one or two excavator flitches depending upon total depth to be mined. This overburden is then removed with truck and excavator fleets.
- Up to 50m of overburden above the top coal seam (Leichhardt Upper) is then removed using a combination of cast blasting, dozing and the dragline.
- All coal seams and lower partings are mined with truck and excavator fleets.

To minimise waste removal costs, the emphasis will be on maximising the proportion of waste allocated to the dragline system (dragline, dozing and cast blasting). Waste exceeding the dragline horizon, currently set to 50m above the LU seam, will be removed by excavator and trucked to the appropriate waste dump.

Coal will be loaded by excavators into rear dump trucks and hauled to the Isaac Downs ROM stockpile area. The coal will then be rehandled by loaders and placed into road trains for transportation to the Isaac Plains CHPP where it will be crushed and conveyed to the coal preparation plant for processing. Product coal will be stockpiled separately by product type then loaded onto trains at the coal loadout and railed to Dalrymple Bay Coal Terminal.

Progressive rehabilitation of the spoil dumps would be undertaken as soon as practicable to meet approval conditions as required.

4.3.4 Strip Designs

The strips were designed at 60m wide and were primarily limited by the constraints mentioned in Section 4.3.1. The final highwall was set by the economic limit calculated as part of the pit optimisation process. Figure 4-3 shows the LOM plan mining limits. The pit design parameters are shown in Table 4-1. Strip widths are nominally 60m, however variations occur around subcrop and faulted areas to ensure resource recovery and dragline allocation is safely maximised. The strip orientations and dimensions are suitable for strip mining with a dragline.

Figure 4-3 – Isaac Downs Reserve Areas

Table 4-1 – Isaac Downs Strip Design Parameters

Item	Units	Isaac Downs
Strip Width	m	60
Highwall/Endwall Batter Angle in Hard Material	degs	65
Highwall/Endwall Batter Angle in Tertiarty Material	degs	37
Highwall/Endwall Batter Angle in Prestrip Material	degs	45
Dragline Horizon Depth	m	50
Offset Bench Width	m	25

4.3.5 Block Solids Generation and Interrogation

The strips designs were converted to three dimensional solids limited by the surveyed prime topography surface as at end of November 2021 and cut into blocks nominally 100m wide along strike. The block solids were cut by the geological structural model to generate coal and waste solids.

Some further processing of the waste solids was undertaken to provide accurate equipment allocation and scheduling solids. The further processing was:

- All Leichhardt Upper waste solids were cut by the dragline horizon surface which is a grid created 50m vertically above LL3 roof. The generated dragline prime solids and T&S prime solids for the Leichhardt Upper horizon.
- All tertiary waste solids were cut the base of topsoil which is a grid created 30cm below original topography. This process generated topsoil solids.
- All BUTE (tertiary), BHWE (weathered) and Prestrip solids were benched in 5m flitches to allow more accurate scheduling of prestrip operations.

A cross section cut through the middle of the Isaac Downs pit is shown in Figure 4-4.

Figure 4-4 – Isaac Downs Cross Section

Figure 4-4 shows that the dragline is only allocated competent waste material with no tertiary or weathered material assigned to the dragline. As the coal dips to the east, the allocation to the dragline gradually increases until 50m is reached. The splitting of the coal seams is noticeable in the last few strips.

The solids were then interrogated by the geological model to generate in situ quantities (volume, area, thickness, dip etc) and coal qualities (relative density, raw ash, product yield, inherent moisture etc).

4.3.6 Mining Assumptions and Modifying Factors

Modifying factors were applied to the in situ quantities and qualities to convert from an in situ basis to a ROM / product basis.

4.3.6.1 Loss and Dilution

To convert the composited coal tonnes to ROM coal tonnes, mining floor, roof loss and dilution thicknesses were applied. The loss and dilution parameters based on reconciliations of current operations are shown in Table 4-2.

Table 4-2 – LOM Plan Loss and Dilution Parameters

Item	Units	Isaac Downs
Coal Roof Loss	m	0.10
Coal Floor Loss	m	0.10
Coal Strip Edge Loss	m	0.40
Coal Roof Dilution	m	0.05
Coal Floor Dilution	m	0.05
Coal Strip Edge Dilution	m	0.250
Other Loss	%	3%
Other Dilution	%	1%
Dilution Ash	%	85
Dilution Density	t/bcm	2.32

4.3.6.2 Moisture Adjustments

Coal densities were adjusted in the database to convert from the geological model air-dried values to an in situ moisture basis, using the Preston Sanders method. ROM and product tonnes were then determined using additional moisture assumptions, as detailed in Table 4-3.

Table 4-3 – Moisture Assumptions

Item	Units	Value
Air-dried Moisture	%	As modelled*
Insitu Moisture	%	4.2%
ROM Moisture	%	7.0%
Coking Product Moisture	%	11%
Thermal Product Moisture	%	9.5%

** - as modelled air-dried moisture values are indicatively 2.0%*

4.3.6.3 Product Yield

Both in-seam (no dilution) and diluted yields were calculated and included as qualities in the geological model. As the amount of dilution included as part of coal mining is variable, it was decided to use the in-seam yields and apply these to the coal-only portion of the ROM coal operation. The calculated product tonnes are then converted from a ROM moisture basis to their respective product moisture basis.

4.3.7 Equipment Waste Allocation

Due to the cost effectiveness of draglines for waste removal, as much waste as possible was allocated to the dragline system. The dragline system includes waste cast blast to final, waste pushed by dozers and waste removed by the dragline. For financial evaluation and subsequent scheduling, it was assumed that the dragline system prime would be split into the following allocations:

- Dragline system prime to cast-to-final - 5%
- Dragline system prime to dragline dozing - 10%
- Dragline system prime to dragline - 85%

4.3.8 Mine Schedule

All waste and coal solids, including their attributes, were exported from Deswik.CAD and imported into Spry for source scheduling of the deposit. The schedule was completed to ensure that the potentially economical coal calculated in the pit optimisation process is supported by a technically and financially achievable mine plan.

Several processes were established in the schedule to provide granularity between the various mining operations and ensure that the overall pit progression was not overstated. The processes established in the Spry model include:

- Clearing
- Topsoil stripping
- Freedig
- Drilling
- Blasting
- Ripping
- Prestrip
- Cast-to-final
- Dragline dozing
- Dragline
- Coal exposed
- Coal mining
- Partings mining
- Coal Processing

All mining processes were scheduled on the prime volume, or tonnage for coal exposed and coal mining, that they were assigned with the exception of the dragline which was allocated additional rehandle volumes. The cross sectional rehandle for the dragline was assumed to be 60% of the prime allocated to the dragline.

The entire strike length of the pit was assumed to be split into two zones, north and south, with a fill bridge located between the two zones. The bridge will allow the dragline to enter and exit the pit at the middle of the deposit and also provide significantly shorter haulage access to the dumps for prestrip operations.

The fill bridge is assumed to be located on blocks 19 and 20. To take into account the rolling of the bridge, an additional 200,000 bcm of rehandle has been allocated to the dragline for both blocks in each strip that the dragline is active (400,000bcm rehandle total per strip).

An additional 100,000 bcm of rehandle was allocated to the dragline at each of the final endwall blocks of its operation to take into account rehandle involved in finishing the pit off and exiting the operation.

The schedule utilised the mining equipment which is planned for Isaac Downs in the short-term, including:

- 6060 excavator,
- EX5500 excavator,
- EX1200 excavator,
- Dragline,
- Dragline dozer,
- Ripping dozers,
- Drill fleet,
- Blast crew.

The EX1200 only removes topsoil and thin partings.

It has been assumed that all waste thicker than 2.5m will be drilled and blasted (except for tertiary and topsoil). All competent waste thinner than 2.5m will be ripped and has been scheduled accordingly.

The schedule applies standard mining dependencies and constraints to ensure that the pit is developed in a logical and safe manner. Dependencies and constraints include:

- Ensure block above is fully complete,
- Ensure corresponding block in previous strip is fully completed,
- Ensure process order is followed (i.e. drilling before blasting before excavation),
- Maximum of 1 dig unit per block,
- Coal and partings mining does not encroach within 200m of the dragline.

The results of the schedule are summarised in Table 4-4 and Figure 4-5.

Table 4-4 – Life-of-Mine JORC Schedule Results

Item	Units	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	TOTAL
Clear & Grub	Ha	33	79	47	56	55	31	52	24	24	0	0	**401**
Topsoil Prime	kbcm	74	158	112	136	121	71	116	54	56	0	0	**899**
Freedig Waste Prime	kbcm	0	3,761	2,951	2,842	2,384	2,168	2,348	1,526	1,197	0	0	**19,178**
Prestrip Waste Prime	kbcm	1,140	7,971	9,650	8,154	11,778	8,908	11,027	13,698	12,954	10,788	5,479	**101,547**
Dragline Cast Blast Prime	kbcm	0	184	624	672	720	657	703	460	431	386	334	**5,170**
Dragline Dozer Push Prime	kbcm	0	368	1,248	1,343	1,440	1,283	1,436	920	863	771	668	**10,340**
Dragline Prime	kbcm	0	2,586	8,479	8,357	9,229	8,399	9,232	8,674	6,801	5,346	4,344	**71,447**
Partings Prime	kbcm	0	88	68	180	174	147	298	600	1,658	2,424	2,903	**8,541**
Total Prime Waste	**kbcm**	**1,215**	**15,116**	**23,132**	**21,684**	**25,846**	**21,633**	**25,159**	**25,933**	**23,960**	**19,715**	**13,728**	**217,122**
Coal Mining	ROM kt (rom)	3	2,477	3,326	2,206	2,512	2,115	2,421	1,938	1,819	1,650	1,356	**21,825**
Product Coal - SSCC	Prod kt (prd)	2	1,742	2,283	1,482	1,707	1,369	1,552	1,151	1,009	867	659	**13,823**
Product Coal - Thermal	Prod kt (prd)	0	53	81	52	55	54	67	61	60	55	51	**590**
Total Product	**Prod kt (prd)**	**2**	**1,795**	**2,364**	**1,533**	**1,763**	**1,424**	**1,618**	**1,212**	**1,069**	**922**	**711**	**14,413**
Dragline Prime	kbcm	0	2,586	8,479	8,357	9,229	8,399	9,232	8,674	6,801	5,346	4,344	**71,447**
Dragline Rehandle	kbcm	0	2,036	6,321	6,154	6,429	6,077	6,425	5,824	5,029	3,967	3,207	**51,468**
Dragline Total	**kbcm**	**0**	**4,622**	**14,799**	**14,511**	**15,657**	**14,476**	**15,657**	**14,499**	**11,830**	**9,313**	**7,551**	**122,915**
Dragline Rehandle %	%	0%	79%	75%	74%	70%	72%	70%	67%	74%	74%	74%	**72%**
ROM Strip Ratio	bcm: ROM t		6.1	7.0	9.8	10.3	10.2	10.4	13.4	13.2	11.9	10.1	9.9
Product Strip Ratio	bcm: prod t		8.4	9.8	14.1	14.7	15.2	15.5	21.4	22.4	21.4	19.3	15.1

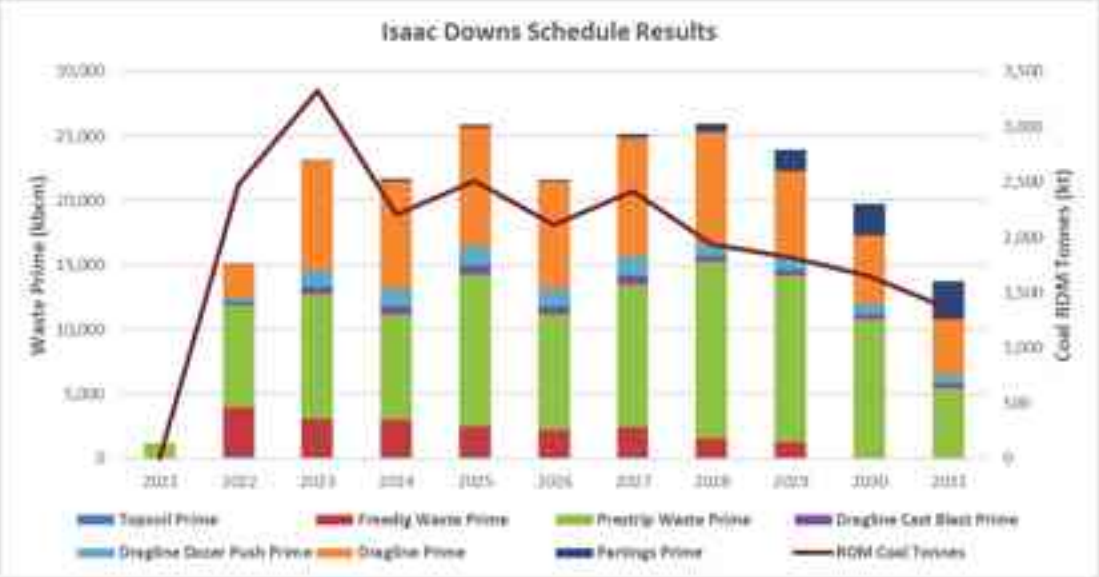


Figure 4-5 – Life-of-Mine JORC Schedule Waste and Coal Quantities

Stage plans showing the status of the mine at the end of 2021 and then every second year are provided in the following figures.

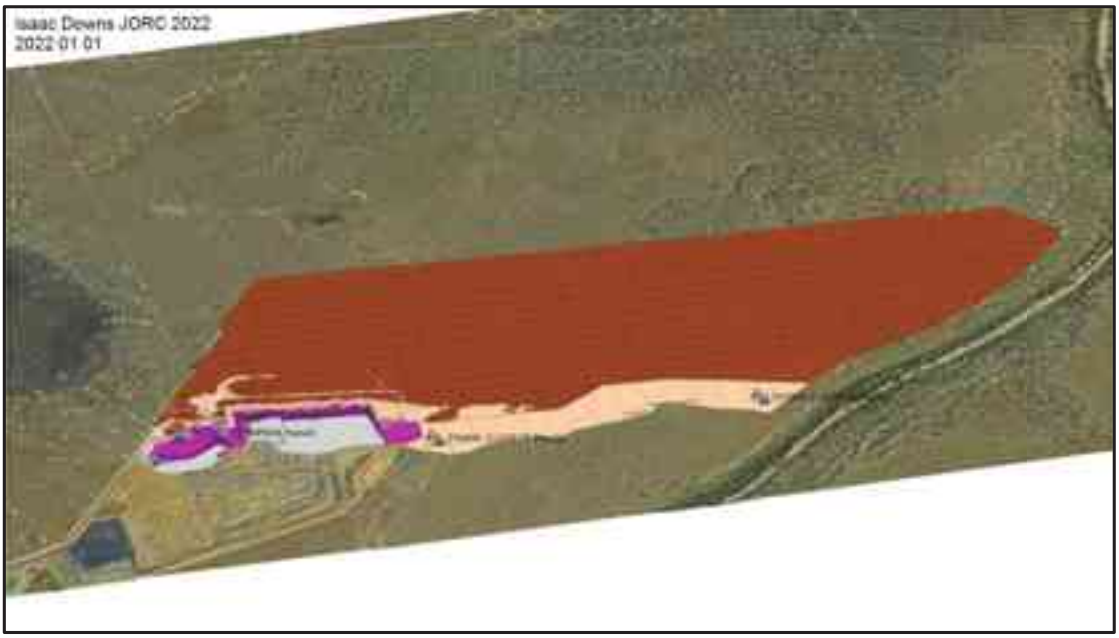


Figure 4-6 – LOM Schedule as at 1st January 2022

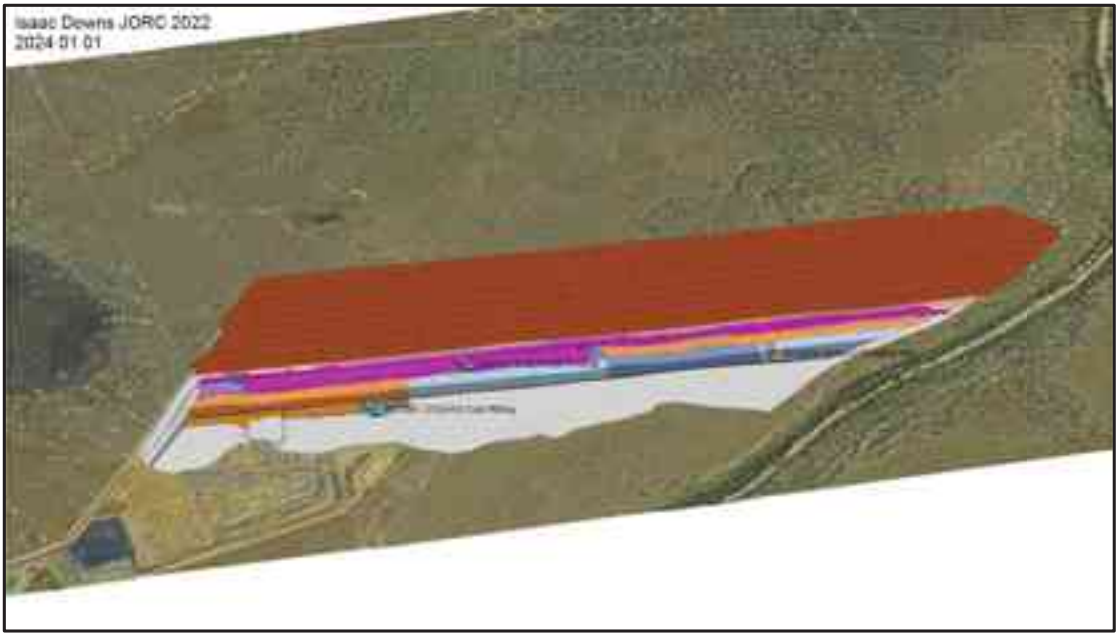


Figure 4-7 – LOM Schedule as at 1st January 2024

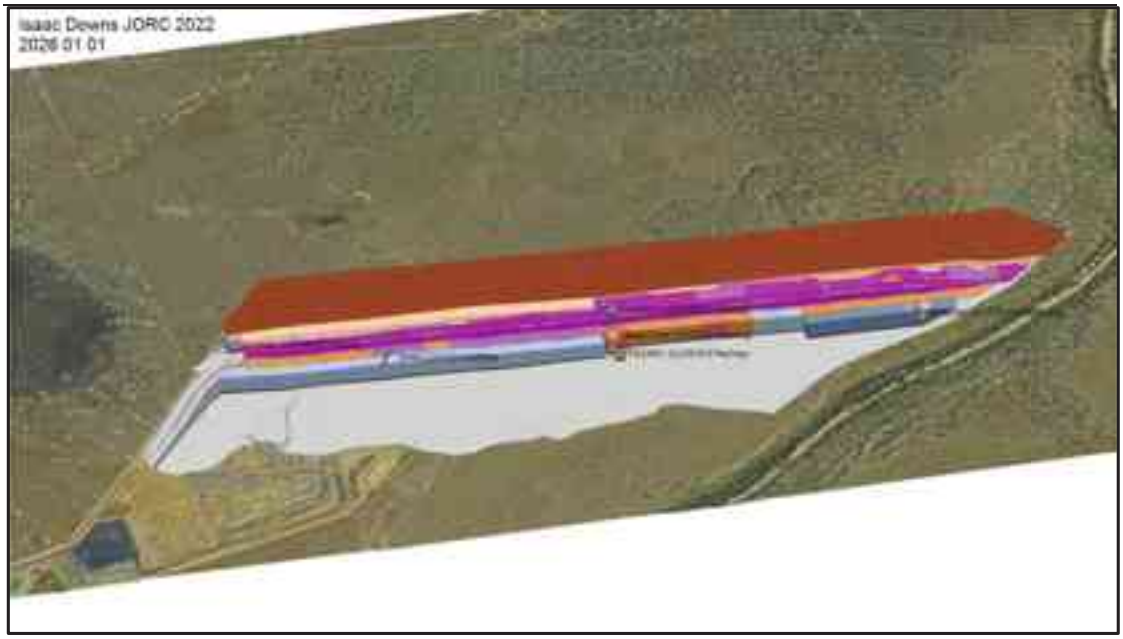


Figure 4-8 – LOM Schedule as at 1st January 2026

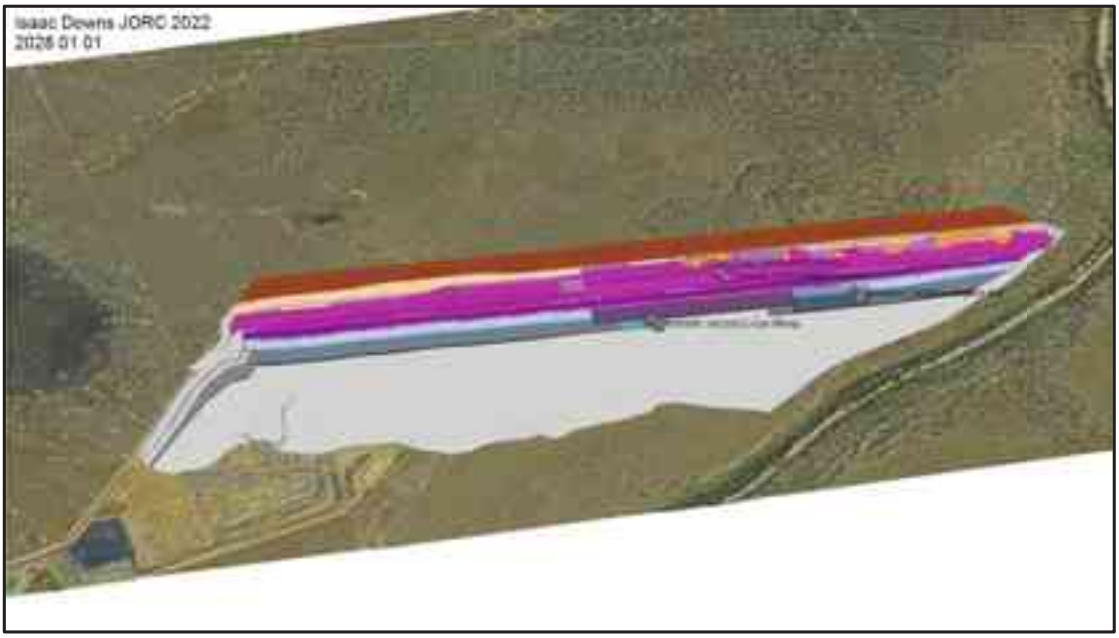


Figure 4-9 – LOM Schedule as at 1st January 2028

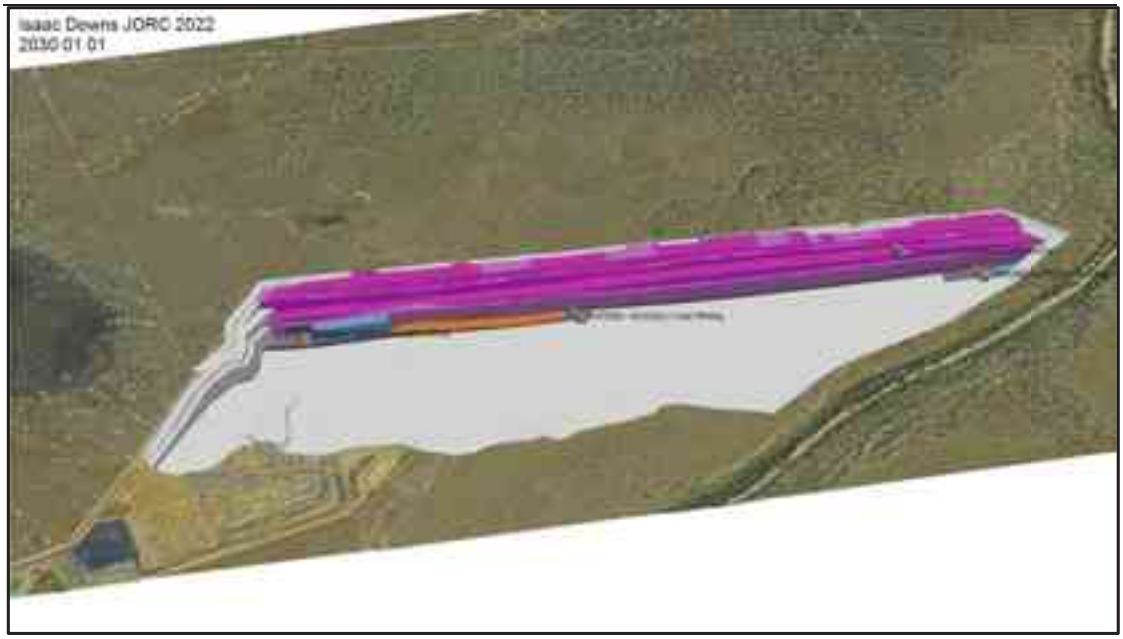


Figure 4-10 – LOM Schedule as at 1st January 2030

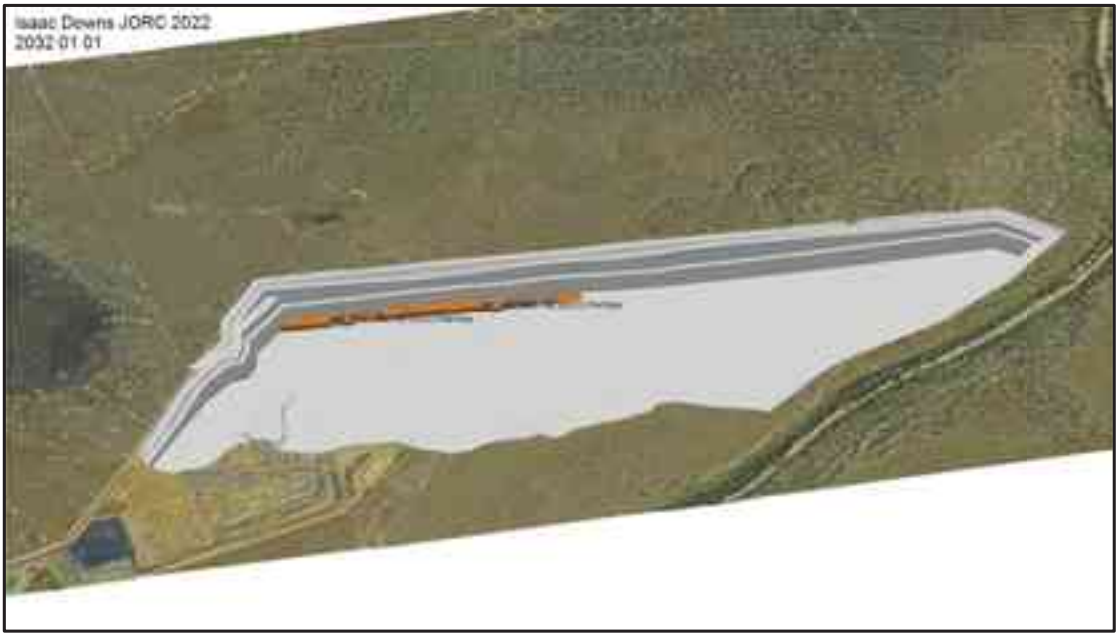


Figure 4-11 – LOM Schedule as at 1st January 2032

4.3.9 Financial Evaluation

A financial evaluation was undertaken on each of the years of the planned life-of-mine schedule to ensure that a positive cashflow was generated annually. The competent person reviewed the financial evaluation and is satisfied that the economic limits calculated in the pit optimisation process and then converted to dig solids for the life-of-mine schedule is satisfactory for the Reserve estimate.

The competent person was satisfied that the project generated a cashflow large enough to cover all foreseeable capital outlays, including final closure costs, that may be incurred at Isaac Downs. Capital costs, except for sustaining capital, are excluded from pit optimisation calculations.

4.3.9.1 Cost Assumptions

The individual unit cost rates for Isaac Downs have been developed from historical performance, contractor quotes and the recently completed feasibility study. The individual unit cost rates are commercially sensitive and have not been disclosed in this report, however the competent person has reviewed the cost rates and deemed them to be acceptable for determining the economically recoverable coal at Isaac Downs.

4.3.9.2 Revenue Assumptions

The revenue assumptions are commercially sensitive and have not been disclosed in this report. Stanmore are expecting to achieve slightly higher than historical sale prices for Isaac Downs coking coal due to its improved qualities when compared to Isaac Plains. A potential slight revenue gain may be achieved through the blending of Isaac Downs coal with other Stanmore operations.

The competent person has reviewed the historical sale price for Isaac Plains coal relative to Goonyella benchmark hard coking coal price and determined that the forecast sale price for Isaac Downs coking coal is acceptable.

5 Reserve Estimate

5.1 Reserve-Resource Clarification

- Proved Reserves are subsets of areas of Measured Resources category
- Probable Reserves are subsets of areas of Indicated Resources category

5.2 Reserve Locations

The Reserves are wholly contained within ML700046 with Figure 4-3 showing the location of the open cut mining Coal Reserves.

5.3 ROM Coal Reserves

The total open cut ROM Coal Reserves are presented in Table 5-1.

Table 5-1 – Isaac Downs - Open Cut Reserves Estimate

Coal Reserve (ROM tonnes)*		LU (Mt)	LL3 (Mt)	LL2 (Mt)	LL1 (Mt)	VU1 (Mt)	VU2 (Mt)	Total (Mt)
Isaac Downs Mine	Proved	4.17	4.56	2.76	3.07	5.12	1.37	**21.06**
	Probable	0.30	0.05	0.02	0.01	0.02	0.01	**0.42**
	Total	4.48	4.61	2.78	3.09	5.14	1.38	**21.48**

** Tonnages in the above table are expressed on a ROM basis, incorporating the effects of mining losses and dilution, and on a 7.0% ROM moisture basis.*

5.4 Marketable Coal Reserves

The total Open Cut Marketable Coal Reserves are shown in Table 5-2.

Table 5-2 – Isaac Downs - Marketable Open Cut Coal Reserve Estimate

Marketable Reserves (Product tonnes)		LU (Mt)	LL3 (Mt)	LL2 (Mt)	LL1 (Mt)	VU1 (Mt)	VU2 (Mt)	Total (Mt)
Isaac Downs Mine Coking Coal	Proved	2.91	3.31	1.97	2.04	3.18	0.21	**13.62**
	Probable	0.17	0.03	0.01	0.01	0.02	0.00	**0.24**
	Total	3.08	3.35	1.98	2.05	3.20	0.21	**13.86**
Isaac Downs Mine Thermal Coal	Proved	0.07	0.09	0.05	0.06	0.09	0.17	**0.53**
	Probable	0.01	0.00	0.00	0.00	0.00	0.00	**0.01**
	Total	0.08	0.09	0.05	0.06	0.09	0.17	**0.54**
Isaac Downs Mine Total	Proved	2.98	3.40	2.03	2.09	3.27	0.38	**14.15**
	Probable	0.18	0.04	0.01	0.01	0.02	0.00	**0.26**
	Total	3.16	3.43	2.04	2.10	3.29	0.38	**14.41**

Note: Tonnages have been expressed on an as-received product moisture basis, which is 11.0% for coking coal and 9.5% for thermal coal and account for product yield.

Figure 5-1 – JORC Resource Classifications – Leichhardt Upper Seam

Figure 5-2 – JORC Resource Classifications – Leichhardt Lower 3 Seam

Figure 5-3 – JORC Resource Classifications – Leichhardt Lower 2 Seam

Figure 5-4 – JORC Resource Classifications – Leichhardt Lower 1 Seam

Figure 5-5 – JORC Resource Classifications – Vermont Upper 1 Seam

Figure 5-6 – JORC Resource Classifications – Vermont Upper 2 Seam

5.5 Accuracy of Estimate

Small differences may be present in the totals due to tonnage information being rounded so as to reflect the usual uncertainty associated with the estimate.

5.6 Previous Reserve Estimates

The most recent Coal Reserves Estimate for Isaac Downs was completed as part of the feasibility study completed in 2020. The estimated Reserves tonnes as at June 30 2020 were 25.9m ROM tonnes and 17.9m marketable product tonnes.

Since this time 1.2 million ROM tonnes and 0.8 million product tonnes have been depleted at Isaac Downs through mining. The remaining difference in the Coal Reserves is due to the updated economic assumptions, geological modelling and changes to loss and dilution assumptions which have reduced the economic pit limits.

The tonnages and differences are shown in Table 5-3.

Table 5-3 – Previous Reserve Estimate

Reserves Type		July 2020 (Mt)	December 2021 (Mt)	Difference (Mt)
Isaac Downs	ROM (Proved + Probable)	25.9	21.5	-4.4
	Marketable (Proved + Probable)	17.9	14.4	-3.5

The portion of the December 2021 ROM Coal Reserve classified as Proved is 98%.

Appendix A.

JORC Code 2012 Edition – Table 1 for Isaac Downs Coal Reserve AS AT 31st DECEMBER 2021

This Appendix details section 4 of the JORC Code 2012 Edition Table 1. Section 5 Estimation and Report of Diamonds and Other Gemstones has been excluded as they are not applicable to this deposit and estimation.

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in Section 1, and where relevant in Sections 2 and 3, also apply to Section 4)

Criteria	JORC Code Explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	• Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve. • Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.	• The JORC Coal Resource for the Isaac Downs Mine (December 2021) was estimated by Mr Toby Prior, a full-time employee of Measured Group Pty Ltd. Mr Prior is a qualified geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." • The Coal Resource Estimate for the Isaac Downs Mine as at December 31st 2021 is summarised in the table below.

SEAM	PLY	MEASURED (Mt)	INDICATED (Mt)	TOTAL (Mt)
Leichhardt	LU	4.8	1.5	6
	LL3	6.1	0.4	6
	LL2	3.8	0.5	4
	LL1	4.2	0.3	4
Vermont Upper	VU1	7.4	0.1	8
	VU2	2.9	0.1	3
Total		29.2	2.9	32

Criteria	JORC Code Explanation	Commentary
		• The current estimate, which is quoted at 4% in-situ moisture, has been used as the basis for the estimate of Coal Reserves for Isaac Downs. • Coal Resource estimates are inclusive of Coal Reserve estimates.
Site visits	• Comment on any site visits undertaken by the Competent Person and the outcome of those visits. • If no site visits have been undertaken indicate why this is the case.	• The Competent Person, Mr Tony O'Connell, visited the site in December 2021. • The site visit, reports and a review of mining, production and reconciliation data confirms the mining methods used at Isaac Downs are suitable for current and planned open-cut mining operation; and are being well managed by the operation teams.
Study status	• The type and level of study undertaken to enable Mineral Resources to be converted to Ore • Reserves. • The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.	• Mine planning for Isaac Downs has been undertaken to a high level of detail to support current open-cut mining operations. Stanmore maintains an in-house mine planning function for mid to long term planning, and the mining contractors maintain mine planning functionality to manage the open-cut mining operation. • The mining parameters and modifying factors are based on the experience of the current operations at both Isaac Downs and the Isaac Plains Complex.
Cut-off parameters	• The basis of the cut-off grade(s) or quality parameters applied.	• The pit designs for Isaac Downs were developed to cover all Measured and Indicated coal that is calculated to be economical and safe to extract. • At Isaac Downs, Deswik's pit optimisation module (Pseudoflow) was utilised to determine the economic pit limits using historical and forecast operating assumptions. The economic limits were confirmed by a financial evaluation undertaken on all of the proposed mining solids.

Criteria	JORC Code Explanation	Commentary

Mining factors or assumptions	• The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).
	• The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.
	• The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.
	• The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).
	• The mining dilution factors used.
	• The mining recovery factors used.
	• Any minimum mining widths used.
	• The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.
	• The infrastructure requirements of the selected mining methods.
		• The open cut mining methodology considered for this estimate is:
		  ○ Operating areas are cleared and then stripped of topsoil which is placed in stockpiles for future rehandling onto rehabilitated areas.
		  ○ a combination of cast, doze, dragline or truck & excavator to move waste into the adjacent strip or dump. The strip width selected is nominally 60m wide.
		  ○ Drilling and blasting (D&B) of the in situ waste is undertaken on all competent horizons thicker than 2.5m. All waste thinner than 2.5m is ripped by dozers. Soft material such as topsoil and tertiary waste is assumed to be freedug.
		  ○ A maximum horizon of 50m of waste is allocated to the dragline system. Only 1 pass dragline operations are undertaken. The allocation of prime within the dragline system is split as such:
		  ▪ Cast-to-final - 5%
		  ▪ Dragline dozer - 10%
		  ▪ Dragline - 85%
		  ○ Remaining waste is removed by truck and excavator.
		  ○ Coal mining using excavators and rear dump trucks haul the coal to the Isaac Downs ROM. The coal is then rehandled in road trains for delivery to the Isaac Plains Coal Preparation Plant for washing.
		  ○ All partings thicker than 0.3m are mined as separate passes.
		• Batter allowances that have been considered are:
		  ○ Highwalls and endwalls in competent material: 65°
		  ○ Highwalls and endwalls in weathered material 45°
		  ○ Highwalls and endwalls in tertiary material 45°
		  ○ 25m wide benches have been placed at the dragline horizon, base of weathered material and base of tertiary material.
		• Loss & Dilution factors used are summarised in the table below:

Criteria	JORC Code Explanation	Commentary

Item	Units	Isaac Downs
Coal Roof Loss	m	0.10
Coal Floor Loss	m	0.10
Coal Strip Edge Loss	m	0.40
Coal Roof Dilution	m	0.05
Coal Floor Dilution	m	0.05
Coal Strip Edge Dilution	m	0.250
Other Loss	%	3%
Other Dilution	%	1%
Dilution Ash	%	85
Dilution Density	t/bcm	2.32

- The moisture assumptions used in the calculation of the respective coal tonnes are summarised in the table below:

Item	Units	Value
Air-dried Moisture	%	As modelled*
Insitu Moisture	%	4.2%
ROM Moisture	%	7.0%
Coking Product Moisture	%	11%
Thermal Product Moisture	%	9.5%

Criteria	JORC Code Explanation	Commentary
		The existing infrastructure at Isaac Plains and Isaac Downs is suitable for the methodology described, however some additional offices and maintenance facilities will be built at Isaac Downs.
Metallurgical factors or assumptions	• The metallurgical process proposed and the appropriateness of that process to the style of mineralisation. • Whether the metallurgical process is well-tested technology or novel in nature. • The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied. • Any assumptions or allowances made for deleterious elements. • The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole. • For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?	• The existing Isaac Plains CHPP is suitable to process the target seams at Isaac Downs. • Two products are planned, a primary coking coal and a secondary thermal coal. • The CHPP yield predictions are based on modelled theoretical laboratory yields on clean coal (no dilution) only, adjusted for historical performance.

Environmental	• The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.	• All Mining leases at Isaac Downs are subject to environmental authority EA0002817. The environmental authority allows up to 5m tonnes of coal to be mined each year.
		• Stanmore's onsite activities are managed in accordance with the following:
		  ○ Environmental Management Strategy;
		  ○ Environmental management procedures for complaints, stakeholder interaction, water management, dams, air quality/dust,

Criteria	JORC Code Explanation	Commentary
		land (including permit to disturb, weed and pest control, and spills management), waste, blasting and safety; o Isaac Downs environmental management plan; and o contractor's environment management plans. • These strategies, procedures and plans will be amended as required. • Environmental risk assessments of the following aspects have been undertaken, in conjunction with relevant specialists: o Groundwater o Flood modelling o Water management o Air quality o Noise o Terrestrial ecology o Aquatic ecology. • Stanmore assesses and monitors environmental and approvals risks on an ongoing basis.
Infrastructure	• The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided or accessed.	• Existing Infrastructure supporting Isaac Downs operations includes the following at the Isaac Plains Complex: o Mine infrastructure Area; o Heavy vehicle haul roads connecting Isaac Downs to the IPC infrastructure areas; o Workshop including surrounding laydown areas; o Light vehicle maintenance igloo; o Boiler makers area; o Fuel storage and distribution; o Administration office (including parking areas); o Warehouse; o Emergency response facilities equipment;

Criteria	JORC Code Explanation	Commentary
		○ Fuel and lubrication facilities; ○ Electrical and communications; and ○ Water Infrastructure (raw, potable & process). • Additional infrastructure at Isaac Downs includes: ○ Maintenance facilities, ○ Satellite offices, ○ Crib hut facilities, ○ Water treatment facilities, ○ Coal storage and rehandling facilities. • The original design criteria for the Isaac Plains mine was 3.5 Mtpa ROM, therefore the existing processing infrastructure capacity is currently surplus to requirements.
Costs	• The derivation of, or assumptions made, regarding projected capital costs in the study. • The methodology used to estimate operating costs. • Allowances made for the content of deleterious elements. • The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co-products. • The source of exchange rates used in the study. • Derivation of transportation charges. • The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc. • The allowances made for royalties payable, both Government and private.	• The utilised costs have been sourced from contractor rates, forecast future operating costs and historical performance. • All unit cost rates are in Australian Dollars. • Royalty charges were applied as follows: ○ up to and including $100 per tonne: 7.0% ○ over $100 up to including $150 per tonne: 12.5% ○ above $150 per tonne: 15.0% • Private royalties are also included.

Criteria	JORC Code Explanation	Commentary
Revenue factors	• The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc. • he derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.	• Revenue assumptions are based on the historical relative price Stanmore receives for their coking and thermal coal products compared to the Goonyella benchmark Hard Coking Coal (HCC) price. • A USD:AUD exchange rate of 0.73 has been used.
Market assessment	• The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future. • A customer and competitor analysis along with the identification of likely market windows for the product. • Price and volume forecasts and the basis for these forecasts. • For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.	• Historically, two product coal types have been produced at the Isaac Plains Complex – Stanmore Coking Coal and Stanmore Thermal Coal. These coal products have been successfully marketed by Stanmore and sold into export markets for the past 10 years. • Given that Isaac Downs targets the same seam (Leichhardt) as Isaac Plains as well as the Vermont seam, it is reasonable to expect that Isaac Downs will have no difficulty in successfully marketing future coal tonnes produced.
Economic	• The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc. • NPV ranges and sensitivity to variations in the significant assumptions and inputs.	• The Competent Person has conducted a financial assessment of the planned mining areas at Isaac Downs and determined that the project generates a substantial net present value and is confident that the analysis an accurate indication of the economic viability of the Coal Reserves. The details of the internally generated economic evaluation is commercially sensitive and is not disclosed.
Social	• The status of agreements with key stakeholders and matters leading to social licence to operate.	• The mining tenements for Isaac Downs are ML700046, 700047 and ML700048 – all of which are owned by Stanmore IP South Pty Ltd. Reserves have only been declared for ML700046.

Criteria	JORC Code Explanation	Commentary
		• All Mining Leases for Isaac Downs are current and are subject to environmental authority (**EA**) EA0002817. • Stanmore will continue to manage the Isaac Downs mining operations, which they have successfully done so to date, whilst developing and maintaining good relationships with key stakeholders and maintaining their social licence to operate.
Other	• To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves: • Any identified material naturally occurring risks. • The status of material legal agreements and marketing arrangements. • The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.	• There are no known issues that impact might impact the Coal Reserve Estimate and classifications of the Coal Reserves. • Stanmore commenced mining operations at Isaac Downs in 2021.
Classification	• The basis for the classification of the Ore Reserves into varying confidence categories. • Whether the result appropriately reflects the Competent Person's view of the deposit.	• Measured, Indicated and Inferred Coal Resources are estimated for Isaac Downs. All of the Measured Coal Resources contained within the economic limit of the open-cut pit have been classified as Proved Coal Reserves, while all Indicated Coal Resources contained within the economic limit of the open cut pit have been classified as Probable Coal Reserves.

<table>
<tr><th>Criteria</th><th>JORC Code Explanation</th><th>Commentary</th></tr>
<tr><td></td><td>• The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).</td><td>• The Coal Reserve Estimate and classification of Coal Reserves reflect the Competent Person's view and assessment of the deposit.
<table>
<tr><th colspan="2">Coal Reserve (ROM tonnes)*</th><th>LU (Mt)</th><th>LL3 (Mt)</th><th>LL2 (Mt)</th><th>LL1 (Mt)</th><th>VU1 (Mt)</th><th>VU2 (Mt)</th><th>Total (Mt)</th></tr>
<tr><td rowspan="3">Isaac Downs Mine</td><td>Proved</td><td>4.17</td><td>4.56</td><td>2.76</td><td>3.07</td><td>5.12</td><td>1.37</td><td>21.06</td></tr>
<tr><td>Probable</td><td>0.30</td><td>0.05</td><td>0.02</td><td>0.01</td><td>0.02</td><td>0.01</td><td>0.42</td></tr>
<tr><td>Total</td><td>4.48</td><td>4.61</td><td>2.78</td><td>3.09</td><td>5.14</td><td>1.38</td><td>21.48</td></tr>
</table>
<table>
<tr><th colspan="2">Marketable Reserves (Product tonnes)</th><th>LU (Mt)</th><th>LL3 (Mt)</th><th>LL2 (Mt)</th><th>LL1 (Mt)</th><th>VU1 (Mt)</th><th>VU2 (Mt)</th><th>Total (Mt)</th></tr>
<tr><td rowspan="3">Isaac Downs Mine Coking Coal</td><td>Proved</td><td>2.91</td><td>3.31</td><td>1.97</td><td>2.04</td><td>3.18</td><td>0.21</td><td>13.62</td></tr>
<tr><td>Probable</td><td>0.17</td><td>0.03</td><td>0.01</td><td>0.01</td><td>0.02</td><td>0.00</td><td>0.24</td></tr>
<tr><td>Total</td><td>3.08</td><td>3.35</td><td>1.98</td><td>2.05</td><td>3.20</td><td>0.21</td><td>13.86</td></tr>
<tr><td rowspan="3">Isaac Downs Mine Thermal Coal</td><td>Proved</td><td>0.07</td><td>0.09</td><td>0.05</td><td>0.06</td><td>0.09</td><td>0.17</td><td>0.53</td></tr>
<tr><td>Probable</td><td>0.01</td><td>0.00</td><td>0.00</td><td>0.00</td><td>0.00</td><td>0.00</td><td>0.01</td></tr>
<tr><td>Total</td><td>0.08</td><td>0.09</td><td>0.05</td><td>0.06</td><td>0.09</td><td>0.17</td><td>0.54</td></tr>
<tr><td rowspan="3">Isaac Downs Mine Total</td><td>Proved</td><td>2.98</td><td>3.40</td><td>2.03</td><td>2.09</td><td>3.27</td><td>0.38</td><td>14.15</td></tr>
<tr><td>Probable</td><td>0.18</td><td>0.04</td><td>0.01</td><td>0.01</td><td>0.02</td><td>0.00</td><td>0.26</td></tr>
<tr><td>Total</td><td>3.16</td><td>3.43</td><td>2.04</td><td>2.10</td><td>3.29</td><td>0.38</td><td>14.41</td></tr>
</table></td></tr>
<tr><td>Audits or reviews</td><td>• The results of any audits or reviews of Ore Reserve estimates.</td><td>• Coal Reserve Estimates were reconciled back to previous estimates to ensure consistency.
• The Reserve generation calculation process was internally audited by Measured Group.</td></tr>
<tr><td>Discussion of relative accuracy/ confidence</td><td>• Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the</td><td>• No statistical or geostatistical procedures have been used in the estimation of Coal Reserves themselves.
• The most significant areas of uncertainty in the Isaac Downs open-cut Reserves estimate relates to the coal pricing and foreign exchange rate.</td></tr>
</table>

Criteria	JORC Code Explanation	Commentary
	relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate. • The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. • Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage. • It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	However, the present forecasts are based on highly regarded industry experts in this field. • Small differences may be present in the totals due to the tonnage information being rounded to reflect the usual uncertainty associated with the estimate.

Report

Stanmore SMC Resource and Reserve Statement

Client	Stanmore Resources
Site	Stanmore SMC Assets (Poitrel, SWC and Wards Well)
Date	12 Oct 2022
Doc No.	SMC6234-02

UNITED KINGDOM // AUSTRALIA // SOUTH AFRICA
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Version management

Process	Name	Date	Version
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Peer Review By	Ryan Gomez	September 2022	V2
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Contents

1 Statement of Resources and Reserves 5
1.1 Background 5
1.2 Statement of Resources and Reserves 5
1.3 Coal Resource and Reserve Estimates 5
1.4 Comparison with Previous Estimates 7
1.5 Competent Persons Declaration 10
1.6 Basis of Report 11
2 Introduction 12
2.1 Purpose of the Report 12
2.2 Project Description 12
3 Tenements 15
3.1 Project Tenure 15
3.2 Tenement History 20
4 Deposit Geology 23
4.1 Regional Geology 23
4.2 Stratigraphy and Local Geology 26
5 Data Acquisition 36
5.1 Exploration Summary 36
5.2 Poitrel Exploration 37
5.3 South Walker Creek Exploration 40
5.4 Wards Well Exploration 45
5.5 Data Collection 48
5.6 Sampling and Coal Quality Testwork 49
6 Coal Quality 52
6.1 Poitrel 52
6.2 South Walker Creek 55
6.3 Wards Well 57
7 Resource Estimate 59
7.1 Data Validation 59
7.2 Geological Modelling 60
7.3 Resource Estimation Criteria 62
7.4 Resource Classification 63
7.5 Methods of Estimation 65
7.6 Resource Statement 65
7.7 Comparison with Previous Estimates 68
8 Reserve Estimate 71
8.1 Resource Status 71
8.2 Level of Studies 71
8.3 Modifying Factors and Assumptions 71
8.4 Classification of Reserves 81
8.5 Reserve Statement 87
8.6 Comparison with Previous Estimates 90
Appendix A Table 1 Checklist for Estimation & Reporting of Resources & Reserves 93

Appendix B Resource Classification Maps 119
Appendix C Reserve Classifications Maps 133
Appendix D Cross Sections 142
Appendix E Isopach Maps 154

1 STATEMENT OF RESOURCES AND RESERVES

1.1 Background

In November 2021, Stanmore Resources Limited (Stanmore) formed a definitive agreement with BHP to acquire its 80% interest in the BHP Mitsui Coal (BMC) assets consisting of the South Walker Creek (SWC) and Poitrel mines and the undeveloped Wards Well project. Stanmore completed the acquisition of the BMC assets on 3 May 2022, and on 12 August 2022 announced a definitive share sale agreement with Mitsui to acquire the remaining 20% interest. The assets now under Stanmore's ownership are referred to as Stanmore SMC Pty Ltd (SMC).

The Poitrel and South Walker Creek mines, located in the Bowen Basin, Queensland Australia, have been actively producing PCI (Poitrel and SWC) and coking coal (Poitrel) since commencement of open cut operations in 1996 (SWC) and 2006 (Poitrel). Wards Well is an undeveloped coking coal project.

1.2 Statement of Resources and Reserves

This report describes and provides an estimate for the Resources and Reserves of the SMC assets including Poitrel and South Walker Creek (SWC) mines, and coal Resources of the Wards Well project. Coal Resources for the SWC satellite deposits of Nebo West and Bee Creek have not been updated although are provided in the statement for completeness.

The standard used in compilation of this report is:

- *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code), 2012 Edition*; prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Mineral Council of Australia

This Resource and Reserve estimate is supported by Table 1 – Checklist for the estimation and reporting of Resources and Reserves, as required by the JORC Code (2012 Edition).

The Resources and Reserves have been estimated as of 30 June 2022 and have been estimated in accordance with the JORC Code (2012 Edition). The work undertaken to derive the estimates relies heavily on the veracity and integrity of data and geological models generated by BHP.

1.3 Coal Resource and Reserve Estimates

1.3.1 Coal Resources

Coal Resources for Poitrel, SWC and Wards Well were re-classified using a set of criteria specific to the deposit and exploration methodologies used, and which the Competent Persons believe provide a reliable representation of Measured, Indicated and Inferred levels of Resource confidence. Resource tonnes were corrected to an in-situ relative density and the estimates were audited and deemed to be reproducible.

Coal Resources have been independently estimated by Palaris using the most recent geological models provided by BHP and face positions as at 30th June 2022. Coal Resources are reported on an in-situ moisture basis. Stanmore SMC Coal Resources total 2,349 Mt

(classified as 864 Mt Measured, 1,127 Mt Indicated and 355 Mt Inferred) as summarised in Table 1.1.

Table 1.1 SMC Coal Resources as at 30th June 2022 (Mt, 100%-basis)

Mine / Project	Measured Resources	Indicated Resources	Measured + Indicated	Inferred Resources	Total Resources
Poitrel	59	45	104	47	**152**
SWC	258	303	561	123	**684**
Wards Well	547	769	1,316	101	**1,417**
Bee Creek	-	9	9	13	**23**
Nebo West	-	-	0	71	**71**
TOTAL	**864**	**1,127**	**1,990**	**355**	**2,346**

1.3.2 Coal Reserves

Coal Reserves have been estimated for the operating assets of Poitrel and SWC with face positions at 30th June 2022 and reflecting the updated Reserve categorisation that are underpinned by reclassified coal Resources. ROM Reserves total 231 Mt and are categorised as 194 Mt Proved and 37 Mt Probable as summarised in Table 1.2 below.

Table 1.2 SMC ROM Reserves as at 30th June 2022 (Mt, 100%-basis)

Mine	Proved Reserves (ROM)	Probable Reserves (ROM)	TOTAL
Poitrel	28	18	46
SWC	166	20	186
TOTAL	**194**	**37**	**231**

Note: Totals are subject to rounding; Poitrel ROM Reserves stated at 7% moisture basis, SWC ROM Reserves stated at 6% moisture basis.

Marketable Reserves have been stated for Poitrel and SWC with a combined total of 177 Mt (150 Mt Proved and 27 Mt Probable) as summarised in Table 1.3. Marketable Reserves include 20 Mt of hard coking coal and 157 Mt of low and mid volatile PCI product.

Table 1.3 SMC Marketable Reserves as at 30th June 2022 (Mt, 100%-basis)

Mine	Proved Marketable Reserves	Probable Marketable Reserves	TOTAL
Poitrel	20	12	**32**
SWC	130	15	**145**
TOTAL	**150**	**27**	**177**

Note: Totals are subject to rounding; Poitrel Marketable Reserves at product moisture of 9-11%, and SWC Marketable Reserves reported at 9.6% product moisture

SMC's three non-operating deposits are Wards Well, Bee Creek and Nebo West. Resources are declared for these deposits, but as recent feasibility studies have not been completed, Reserves are not declared.

1.4 Comparison with Previous Estimates

1.4.1 Coal Resources

Coal Resources have been compared to the previous estimate undertaken by BMC as at 30th June 2021 (prior to their divestment of the assets). Total FY22 Coal Resources (Measured + Indicated + Inferred) have increased 4% relative the previous estimate, with a material increase in the Measured classification of Resources (210% increase) with a corresponding decrease of 25% in both the Indicated and Inferred Resource categories.

The reclassification was undertaken to incorporate additional exploration and Resource information. In the case of Wards Well, the current reclassification allows Measured Resources to be stated whereas previously there were not reported likely due to BHP's internal reporting guidelines. A comparison between the FY22 and the previous BHP estimate is provided in Table 1.4 below. A detailed reconciliation is provided in the report.

Table 1.4 SMC Resources relative to previous estimate (BHP, FY21)

Estimate	Mine / Project	Measured Resources	Indicated Resources	Measured + Indicated	Inferred Resources	Total Resources
Palaris (2022)	Poitrel	59	45	104	47	152
	SWC	258	303	561	123	684
	Wards Well	547	769	1316	101	1,417
	Bee Creek	-	9	9	13	23
	Nebo West	-	-	0	71	71
	TOTAL	**864**	**1,127**	**1,990**	**355**	**2,346**
BMC (2021)	Poitrel	42	49	91	59	150
	SWC	237	273	510	179	689
	Wards Well	-	1164	1164	149	1313
	Bee Creek	-	9	9	13	23
	Nebo West	-	-	0	71	71
	TOTAL	**279**	**1,495**	**1,774**	**471**	**2245**
Difference (FY22 vs. FY21)	Poitrel	17	-4	13	-12	2
	SWC	21	30	51	-56	-5
	Wards Well	547	-395	152	-48	104
	Bee Creek		0	0	0	0
	Nebo West			0	0	0
	Difference (Mt)	**585**	**-368**	**216**	**-116**	**101**
	Difference (% change)	**210%**	**-25%**	**12%**	**-25%**	**4%**

Note: Totals are subject to rounding

1.4.2 Coal Reserves

Coal Reserves have been compared to the previous BMC estimate as at 30th June 2021 (prior to their divestment of the assets). ROM Reserves have increased 35 % and Marketable Reserves 29% relative the previous estimate with a material increase in the Proved Reserve category (75 % increase).

The material difference in ROM and Marketable Reserves is the inclusion of the Toolah and MRA 2C pits at SWC (previously excluded by BHP). There are reasonable grounds to expect approvals for mining these areas therefore these mining areas are included in the Reserve estimate. A comparison between the FY22 and the previous BHP estimate is provided in Table 1.5. A detailed reconciliation is provided in the report

Table 1.5 SMC Reserves relative to previous estimate (BHP, FY21)

Estimate	Mine / Project	Proved Reserves (ROM)	Probable Reserves (ROM)	Total Reserves (ROM)	Total Marketable Reserves
Palaris (2022)	Poitrel	28	18	46	32
	SWC	166	20	186	145
	TOTAL	**194**	**37**	**231**	177
BMC (2021)	Poitrel	24	24	48	39
	SWC	87	36	123	98
	TOTAL	**111**	**60**	**171**	137
Difference (FY22 vs. FY21)	Poitrel	4	-6	-2	-7
	SWC	79	-16	63	47
	Difference (Mt)	**83**	**-23**	**60**	**40**
	Difference (% change)	**75%**	**-38%**	**35%**	**29%**

1.5 Competent Persons Declaration

The Poitrel and SWC Coal Resource estimates are based on information compiled by Dr William Bamberry and Mr Brad Willis. The Wards Well Resource estimate is based on information compiled by Mr Brad Willis.

Dr William Bamberry is a Member of the Australasian Institute of Geoscientists (#4090). Dr Bamberry is Principal Geologist at Allegiant Geological Services, sub-consulting to Palaris. He has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person, as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Bamberry has more than 30 years' experience in exploration and mining of coal deposits. Dr Bamberry consents to the inclusion of this Resource Estimate in reports disclosed by the Company in the form in which it appears.

Mr Brad Willis is a Member of the Australasian Institute of Mining and Metallurgy (#205328) and is a full-time employee of Palaris Australia Pty Ltd Willis is Principal Geologist at Palaris. He has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person, as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Willis has more than 23 years' experience in exploration and mining of coal deposits. Mr Willis consents to the inclusion of this Resource Estimate in reports disclosed by the Company in the form in which it appears.

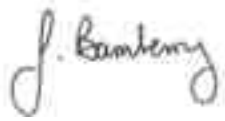
The Reserve estimates for Poitrel and SWC is based on information compiled by Mr John Pala, who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) (#112634). Mr Pala is Managing Director of Palaris Australia Pty Ltd (Palaris). He has sufficient experience relevant for the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person, as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Pala has over 35 years' experience in the estimation, assessment, evaluation, and economic extraction of Coal Reserves. Mr Pala consents to the inclusion of this Reserve Estimate in reports disclosed by the Company in the form in which it appears.

Neither Dr Bamberry, Mr Willis, Mr Pala or Palaris have a direct or indirect financial interest in, or association with Stanmore Resources, or the properties and tenements reviewed in this report, apart from standard contractual arrangements for the preparation of this report and other previous independent consulting work. In preparing this report, Palaris has been paid a fee for time expended based on its standard hourly rates. The present and past arrangements for services rendered to Stanmore Resources do not in any way compromise the independence of Palaris with respect to this review.

Competent Person(s)

Dr William Bamberry
MAIG (#4090)
Principal Geologist
Palaris Australia Pty Ltd
Newcastle, Australia

Signature



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Mr John Pala
Member AusIMM (201742)
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Newcastle, Australia

Signature

1.6 Basis of Report

The estimates within this report have been prepared from data provided and compiled by BHP and its contractors. As such, this estimate is reliant on the integrity of data, and efficacy of Resource models provided by BHP. The data and models have been validated by the Competent Persons to the extent that they are satisfied that these data and models support the estimates reported herein.

2 INTRODUCTION

2.1 Purpose of the Report

This report provides an estimate of the Resources and Reserves for the Poitrel and South Walker Creek coal mines and associated tenements, and the Resources of the Wards Well project, all located in the Bowen Basin, Queensland, Australia. A regional location plan is provided in Figure 2.1

The report has been written with the express purpose of providing a view on the Resources and Reserves by Competent Persons who are independent of the site ownership.

The standard used in compilation of this report are:

Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code), 2012 Edition; prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Mineral Council of Australia.

This Resource and Reserve estimate is supported by Table 1 – Checklist for the estimation and reporting of Resources and Reserves, as required by the JORC Code (2012 Edition) (Appendix A – Table 1 Checklist for Estimation and Reporting of Resources and Reserves).

2.2 Project Description

Poitrel

The Poitrel coal mine is located 170 km by road from the coastal city of Mackay in Central Queensland, Australia (Figure 2.1). The nearest population centre is Moranbah, which is located 40 km by road to the north-west of the mine site and is the main accommodation and services centre for mining in the district.

Access to the mine is via the 10 km-long sealed Poitrel Mine Road off the Peak Downs Highway, which connects Moranbah and Mackay. Coal is transported from the mine via the Goonyella System rail network (~168 km) to the port facilities of Dalrymple Bay and Hay Point, located at Mackay.

The property covers an area of 5236 ha (combined size of mining leases and exploration licences) with active mining occurring along a strike length of 6.5 km.

The property occurs adjacent to operating mines and projects, including the Daunia Mine to the east, the Millennium mine to the north, Isaac Downs project to the west, and the Winchester Downs (opencut) and Eagle Downs (underground) projects to the south and southwest. The property is immediately east of Stanmore Resources Isaac Downs project, and immediately south of the Millennium Mine, recently acquired by MetRes Pty Ltd, a joint venture between Stanmore Resources (50%) and M Resources (50%).

The mine site is situated in the catchment of the Isaac River, which passes to the immediate south and southwest of the mine. The highest elevations adjacent to the mine are in the north, where a mesa rises 60 m above the local topography to 310 m asl; elsewhere the topography consists of a gentle slope towards the Isaac River, ranging from 250 to 190 m asl.

SWC

The South Walker Creek (SWC) coal mine is located 140 km by road from the coastal city of Mackay in Central Queensland, Australia (Figure 2.1). The nearest significant population centre is Moranbah, which is located 85 km by road to the south-west of the mine site and is the main accommodation and services centre for mining in the district.

Access to the mine is via a 17 km-long sealed access road off the Peak Downs Highway, which connects Moranbah and Mackay. SWC is on the Central Queensland Coal Network being the closest mine in the Goonyella rail system for the transport of coal to the Dalrymple Bay Coal Terminal.

The property includes two mining leases (ML4750 Kemmis-Walker and ML70131 Tootoolah) and exploration permits for coal (EPCs). The combined area of these two leases is 15,178 ha. Mining occurs in ML 4750, which follows subcrop of the target coal seams along strike for ~40km with lease width up to 6km.

SWC occurs adjacent to operating mines and projects, including the Coppabella Mine to the south and the Hail Creek mine to the northeast. The Bee Creek (ML4751) and Nebo West (MDL235) deposits are undeveloped areas associated with SWC and occur to the north-east and east of SWC respectively.

SWC occurs adjacent to operating mines and projects, including the Coppabella Mine to the south and the Hail Creek mine to the northeast. The Bee Creek (ML 4751) and Nebo West (MDL 235) satellite deposits are undeveloped areas associated with SWC and occur to the north-east and east of SWC respectively.

SWC and associated tenements are in the catchment of the Isaac River. Topographic elevations of the site are mostly in the range 200 to 300 m asl within ML 4750. To the west of ML4750, the Carborough Range rises to around 500 metres (asl).

Wards Well

Wards Well is a large scale, undeveloped coking coal project targeting the Moranbah Coal Measures at depths potentially amenable to underground mining. The project is located in the northern Bowen Basin, approximately 50 km north of Moranbah and 25 km south-west of Glendon.

The project is located adjacent to the north of Peabody's North Goonyella underground mine, Goonyella Riverside Complex and BMA's Red Hill project, while Glencore's Newlands Complex and Coal's Byerwen mine are located approximately 20 km along strike to the north.

The Wards Well project is accessed by the Suttor Developmental Road which dissects the northern area of the project (Lancewood) from the southern area (Wards Well). The project area is traversed east to west by two ephemeral streams, with other minor secondary tributaries and drainage lines. The topography is relatively gentle, ranging between 300 and 330 metres asl over most of the project area, increasing to 370 metres in the north-western area of Lancewood.

There are several options for coal transportation to export terminals, either via the Newlands Rail System to Abbot Point Coal Terminal at Bowen (a distance of 210 km) or via the Goonyella System rail network (230 km) to Dalrymple Bay Coal Terminal at Mackay.

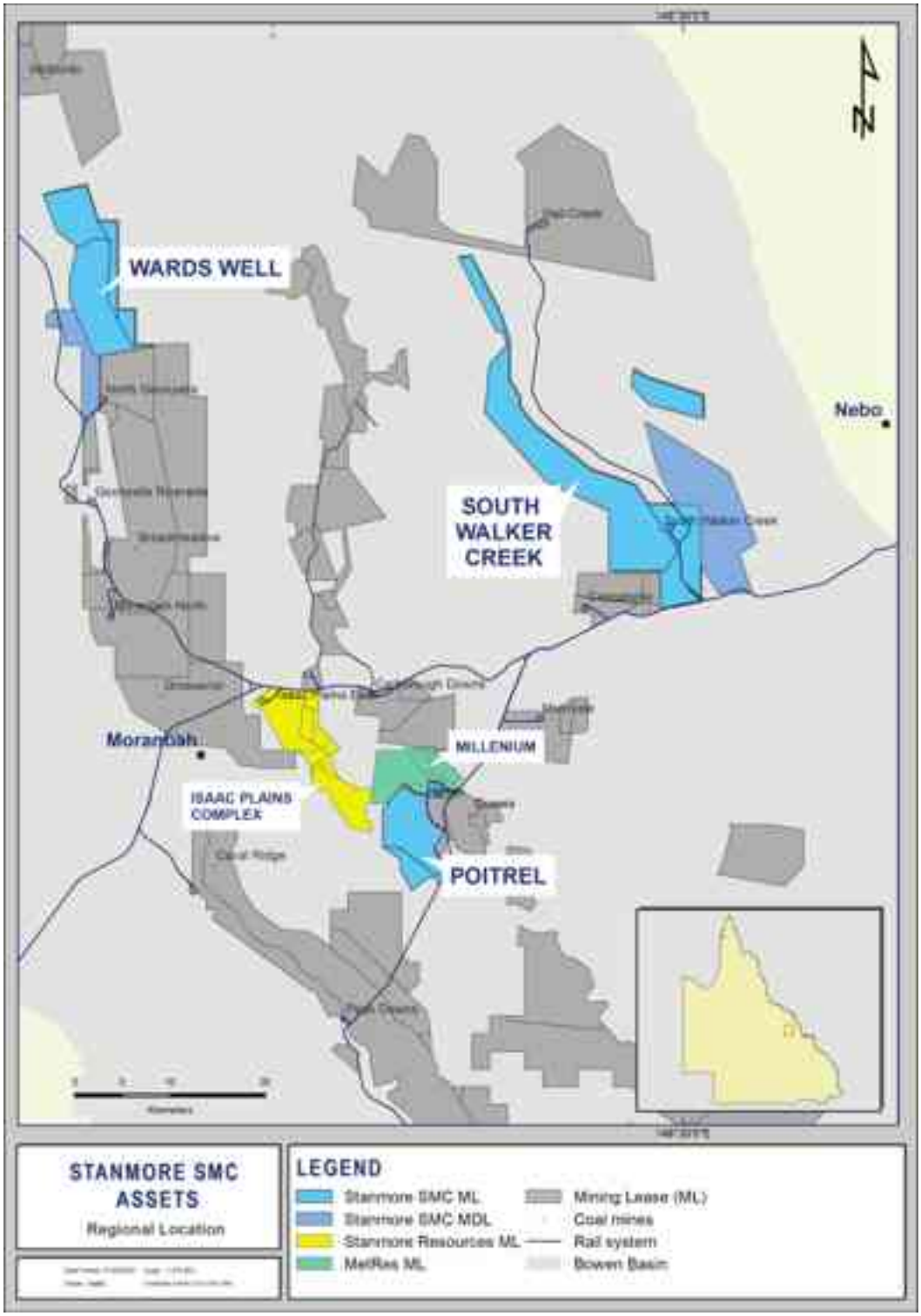

Figure 2.1 Location of the SMC assets and other Stanmore mines

3 TENEMENTS

3.1 Project Tenure

3.1.1 Poitrel

Mining Lease (ML) 4749 (Poitrel) hosts the active mining area of Poitrel and contains the Reserves described in this report. ML 1791 (Winchester) is located south of ML 4749 and is separated by the Isaac River. ML 70116 is jointly owned by Stanmore SMC and BMA and hosts the Poitrel administration area. ML 70312 contains the Red Mountain Joint Venture Industrial Area including CHPP, rail loop and stockpiles. Two Exploration Permits for Coal (EPCs) occur adjacent to the mine (Figure 3.1).

Table 3.1 Poitrel tenements

Title	Name	Expiry Date	Holder (%)	Area (ha)
ML 4749	Poitrel	31/07/2041	Stanmore SMC Pty Ltd (100%)	3360
ML 1791	Winchester	31/07/2041	Stanmore SMC Pty Ltd (100%)	843.9
ML 70116	Red Mountain	31/12/2031	Stanmore SMC Pty Ltd (50%) / BHP Coal Pty Ltd (50%)	754
ML 70312	Millennium East	31/12/2034	Stanmore SMC Pty Ltd (100%)	290.9
EPC 1646	Poitrel West	3/11/2023	Stanmore SMC Pty Ltd (100%)	318.5
EPC 1951	Red Mountain	18/06/2025	Stanmore SMC Pty Ltd (100%)	955.5

3.1.2 SWC

ML 4750 (Kemmis-Walker) hosts the active mining areas of SWC and contains the Reserves described in this report. Parts of ML 4750 currently do not have surface rights, including areas in the north and an area in the south-west. ML 70131 (Tootoolah) was granted for the purposes of surface infrastructure.

Adjacent areas held by SMC include the Nebo West project (MDL 235) adjacent to ML70131 and Bee Creek (ML 4751). The locations of the SWC tenements are shown in Figure 3.2. and summarised in Table 3.2.

Table 3.2 South Walker Creek tenements

Title	Name	Expiry Date	Holder (%)	Area (ha)
ML 4750	Kemmis-Walker	31/07/2020*	Stanmore SMC Pty Ltd (100%)	11390
ML 70131	Tootoolah	31/07/2020*	Stanmore SMC Pty Ltd (100%)	3788.8
ML 4751	Bee Creek	31/07/2020*	Stanmore SMC Pty Ltd (100%)	1711
MDL 235	Nebo West	30/09/2025	Stanmore SMC Pty Ltd (100%)	8057.1
EPC 1647	Kemmis Creek Extended	28/10/2025	Stanmore SMC Pty Ltd (100%)	1272
EPC 2071	Mulgrave	12/10/2025	Stanmore SMC Pty Ltd (100%)	1590
EPC 2109	Kemmis North	21/03/2023	Stanmore SMC Pty Ltd (100%)	954

* Renewal lodged

3.1.3 Wards Well

Wards Well consists of four MLs covering 8,112 ha with most of the exploration having been conducted south of Suttor Developmental Road within ML 1790 (Wards Well) and the area to the north of Suttor Developmental Road within ML 4752 (Lancewood).

ML 70443 and 70495 represent eastern down-dip extensions of the project, while MDL 3048 was recently granted for infrastructure retention (Table 3.3). The project tenure is shown in Table 3.3

Table 3.3 Wards Well tenements

Title	Name	Expiry Date	Holder (%)	Area (ha)
ML 1790	Wards Well	31/07/2041	Stanmore SMC Pty Ltd (100%)	4392
ML 4752	Lancewood	31/07/2041	Stanmore SMC Pty Ltd (100%)	2363
ML 70443	Wards Well East	31/05/2038	Stanmore SMC Pty Ltd (100%)	867.6
ML 70495	Wards Well South East	31/05/2038	Stanmore SMC Pty Ltd (100%)	489.6
MDL 3048	Wards Well Infrastructure	31/08/2026	Stanmore SMC Pty Ltd (100%)	2134.2

Figure 3.1 Poitrel mining tenure

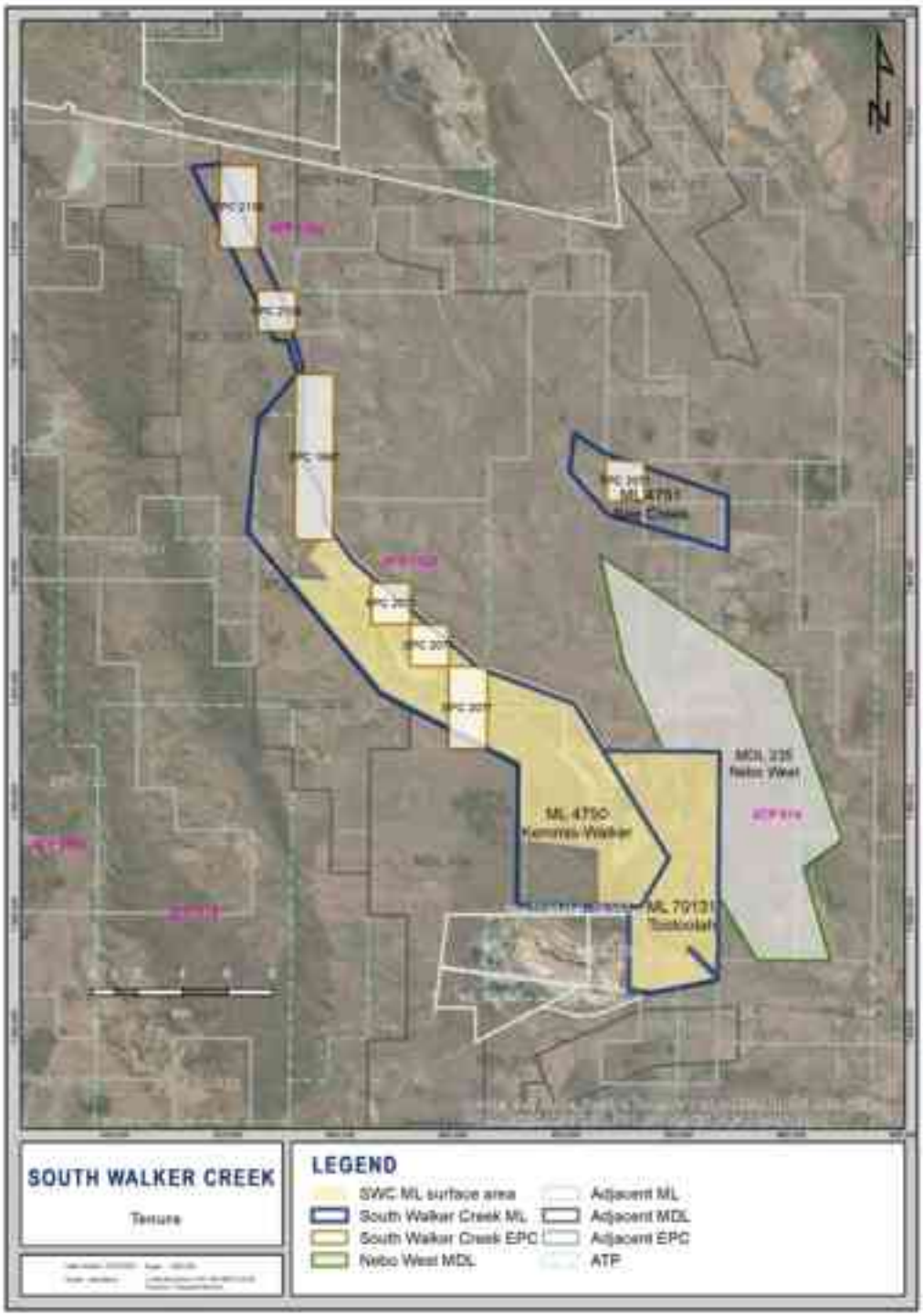

Figure 3.2 SWC mining tenure

Figure 3.3 Wards Well mining tenure

3.2 Tenement History

3.2.1 Poitrel

The Poitrel deposit was identified during regional exploration undertaken in the 1960's under the then Authority to Prospect 3C (ATP3C), which comprised a very large exploration title granted to Thiess Bros Pty Ltd in 1964. In that same year, the tenement was transferred to Thiess Peabody Mitsui Coal Pty Ltd and consisted of 3 areas totalling 6,089 square kilometres.

In 1977, the 58% controlling interest in the Company, held by Peabody Coal Co. was sold to Dampier Mining, a wholly owned subsidiary of BHP. Following this divestment, the ownership of the tenements then was held under Thiess Damper Mitsui Coal Pty Ltd.

Regional scale drilling across ATP3C defined eight prospective areas of coking coal amenable to open cut mining and in 1978, mining leases were granted, including ML366 granted over Poitrel. Although mining feasibility-studies were undertaken in the late 1970's, less activity towards mine development appears to have been undertaken in the 1980's and 1990's.

ML4749 has replaced the previous ML366, and in its current shape includes relinquishment of the former ML. In 2004, BMC submitted an Environmental Impact Statement to support the development of the Poitrel mine, and mining commenced in 2006.

Saleable production over the last eleven financial years is shown in Table 3.4.

Table 3.4 PTM Saleable Production

Period	Production (Mt)
2012	2.61
2013	2.71
2014	3.06
2015	3.47
2016	3.46
2017	3.19
2018	3.72
2019	4.07
2020	4.13
2021	3.85
2022	3.67

3.2.2 SWC

The SWC deposit was identified during regional exploration undertaken in the 1960's under the then Authority to Prospect 3C (ATP3C), which comprised a very large exploration title granted to then Thiess Bros Pty Ltd in 1964. In that same year, the tenement was transferred to Thiess Peabody Mitsui Coal Pty Ltd and consisted of 3 areas totalling 6,089 square kilometres.

In 1977, the 58% controlling interest in the Company, held by Peabody Coal Co. was sold to Dampier Mining, a wholly owned subsidiary of BHP. Following this divestment, the ownership of the tenements then was held under Thiess Damper Mitsui Coal Pty Ltd.

Regional scale drilling across ATP3C defined eight prospective areas of coking coal amenable to open cut mining and in 1978 mining leases were granted, including ML367 granted over SWC.

EPC567 was granted to BHP Mitsui Coal Pty Ltd on 26th September 1994 and extended across the current areas of ML4750 and ML70131. This tenement was acquired by BMC for pre-production style exploration prior to the mine commencing production in 1996. EPC 567 was relinquished on 24th November 1997.

At the time of writing, several tenements were in the process of renewal (Table 3.2).

Saleable production over the last eleven financial years is shown in Table 3.5.

Table 3.5 SWC saleable production

Period	Production Mt
2012	4.08
2013	4.35
2014	5.25
2015	5.29
2016	5.44
2017	5.12
2018	6.03
2019	6.19
2020	5.42
2021	4.89
2022	5.94

3.2.3 Wards Well

BHP was granted the Wards Well tenure in the 1970's and 25% of the exploration drilling was completed in that decade. The applications for ML 1790 and ML 4752 made in 1974 and granted four years later in 1978.

BHP explored the project over numerous decades, ramping up exploration again in the 1990's with 36 % of the total exploration being undertaken in that decade. It is understood that a Concept Study was completed in 2002 focused on the southern area (adjacent to North Goonyella).

Exploration recommenced in 2005 and BHP undertook a PFS (or Selection Phase Study) in 2006. Exploration continued in 2008 to 2010 and focused on the acquisition of gas and permeability, stress and geotechnical testing to support underground mining studies. A large campaign of exploration was undertaken in 2011 along with a 2D seismic survey.

Another Selection Phase study was undertaken between 2011 and 2012. A limited amount of additional exploration was undertaken after 2011 however seismic surveys were completed in 2017 and 2018. An Opportunity Assessment was undertaken in 2017 in an attempt to reset the business case for Wards Well; this was updated in 2020 after the completion of the seismic interpretation revised mine planning.

4 DEPOSIT GEOLOGY

4.1 Regional Geology

The Stanmore SMC assets are located in the north-eastern Bowen Basin of Queensland. The Bowen Basin is part of a connected group of Permian coal basins in Eastern Australia that includes the Sydney and Gunnedah Basins. The basin consists of up to 10 km thickness of marine and terrestrial sediments and developed in response to convergent tectonics along the eastern margin of Australia.

The axis of the Bowen Basin is broadly NNW/SSW broadly parallel with the Palaeozoic continental margin. The Bowen Basin is subdivided into large structural domains, including sub-basins such as the Nebo Synclinorium, Denison Trough and Taroom Trough.

The basin hosts coal-bearing sequences ranging from Early Permian-age coals developed in extensional sub-basins, to extensive Late Permian-age coals that extend for large parts of the exposed basin. These conditions resulted in relatively shallow and undisturbed coal seams developed over large areas of the central and north-western parts of the basin. Coal rank in the basin is largely related to relative position to a Triassic thrust front and Early Cretaceous intrusions.

The Bowen Basin is subdivided into large structural domains, including sub-basins such as the Nebo Synclinorium, Denison Trough and Taroom Trough. The basin hosts coal-bearing sequences ranging from Early Permian-age coals developed in extensional sub-basins, to extensive Late Permian-age coals that extend for large parts of the exposed basin.

The northernmost structural domain of the basin is the Nebo Synclinorium. This structure is characterised by variable folding and thrusting with significant deformation in the eastern part of this domain.

The Poitrel mine is situated along the western part of the Nebo Synclinorium and is centred on subcrop of the Rangal Coal Measures. The South Walker Creek mine is located in the eastern part of the Nebo Synclinorium and is centred on the subcrop of the Rangal Coal Measures. The Wards Well project is located on the relatively undisturbed western limb of the northern Bowen Basin, on the Collinsville Shelf.

Coal-bearing sequences occur in numerous stratigraphic levels throughout the Bowen Basin; however, those that have economic significance are classified as four distinct groups, referred to as Group I to IV. These are summarised in Table 4.1 below.

Group III coal measures consist of the freshwater Moranbah Coal Measures (MCM) developed in the north, which are transitional to the marine influenced Late Permian German Creek Formation (GCF) in the central Bowen Basin. These formations contain mostly high grade coking coals mined in Queensland. A marine transgression in the south ended deposition of coal but did not extend northwards where coal continued to be deposited.

Volcanism during this period resulted in deposition of tuffaceous material, interbedded in Group IIIA coal-bearing sequences. Group IIIA coal measures consist of the Fort Cooper Coal Measures (FCCM) in the north; the Fair Hill Formation (FHF) and the overlying Burngrove Formation (BF) in the southern central Bowen Basin, and the Kaloola Formation (KF) in the south-east near Moura. High inherent ash contents and typically low yields limit the potential for economic exploitation of Group IIIA coal seams (Mallett et al, 1995).

Coal seams above the Yarrabee Tuff are relatively free of tuffaceous material and are known as Group IV coal measures. In areas where the Yarrabee Tuff does not exist, the widespread appearance of clean coals is the distinguishing characteristic of Group IV coal measures. Group IV coal measures are Late Permian in age and consist of the Rangal Coal Measures in the north and central areas of the Bowen Basin, the Baralaba Coal Measures in the south-east, and the Bandanna Formation in the southwest. Group IV coals vary in quality and rank and are mined extensively in the Bowen Basin.

Table 4.1 Major coal bearing sequences of the Bowen Basin

Coal Group	Bowen Basin and Structural Outliers			
	North	Central	South-East	South-West
IV	Rangal Coal Measures (RCM)	Rangal Coal Measures (RCM)	Baralaba Coal Measures (BCM)	Bandanna Formation (BF)
IIIA	Fort Cooper Coal Measures (FCCM)	Burngrove Formation (BGF)	Kaloola Member (KM)	
		Fair Hill Formation (FHF)		
III	Moranbah Coal Measures (MCM)	German Creek Formation (GCF)	(Aldebaran SS and Freitag Fm)	
II	Collinsville Coal Measures (CCM)	Blair Athol and Wolfgang Coal Measures		
I		Reids Dome Beds (RDB)		Reids Dome Beds (RDB)

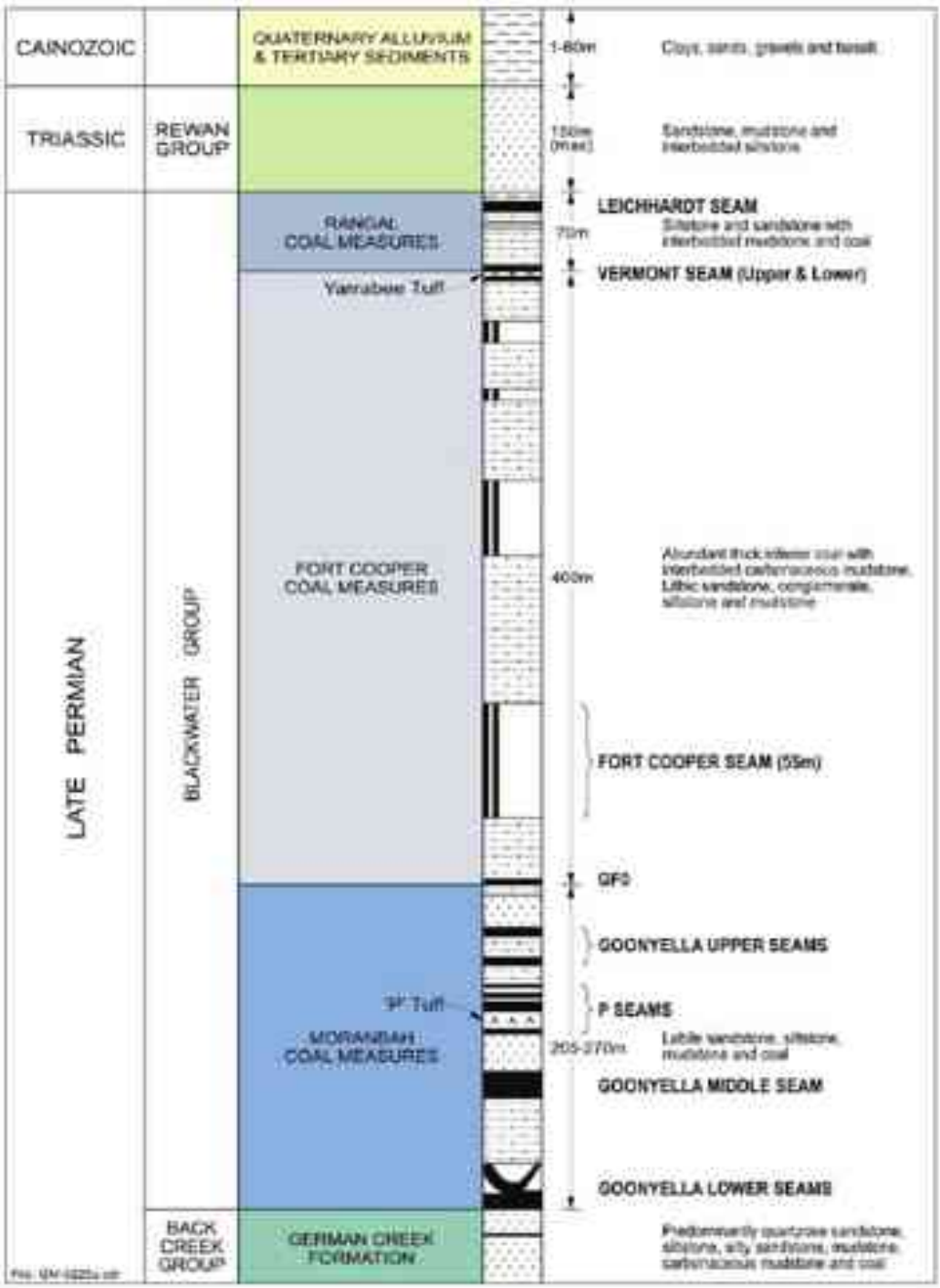

Figure 4.1 Regional stratigraphic column and target seams at Stanmore SMC assets

4.2 Stratigraphy and Local Geology

4.2.1 Poitrel

The Poitrel mine is situated along the western part of the Nebo Synclinorium and is centred on subcrop of the Rangal Coal Measures. The Rangal Coal Measures subcrop in the eastern part of ML 4749 along the eastern limb of a synclinal structure; the syncline being bounded by the regionally significant New Chum Fault in the east, and the Isaac Fault in the west. The central part of the syncline is represented by the overlying Triassic-age Rewan Group.

The Rangal Coal Measures have a ~10km strike length at Poitrel, dipping westwards at shallow angles (<3 degrees) except where localised steepening occurs adjacent to faults.

The eastern part of the deposit is marked by the New Chum Fault, which is a complex system of subparallel thrust faults. This thrust zone is generally east over west, and have displaced the Rangal Coal Measures, exposing Fort Cooper Coal Measures at subcrop. In the west, the Isaac Fault has up to 30 metres of displacement and is accompanied by smaller faults.

The coal seams dip gently westwards until being affected by reverse faults (up to 80 m throw) paralleling the Isaac Fault, or the Isaac Fault proper. The zone between the major thrust faults and the bounding fault in the west defines the mining zone.

These seismic lines show a localised syncline adjacent to the western zone of thrusts, and a shallowing and steepening of coal at the western end of these survey lines.

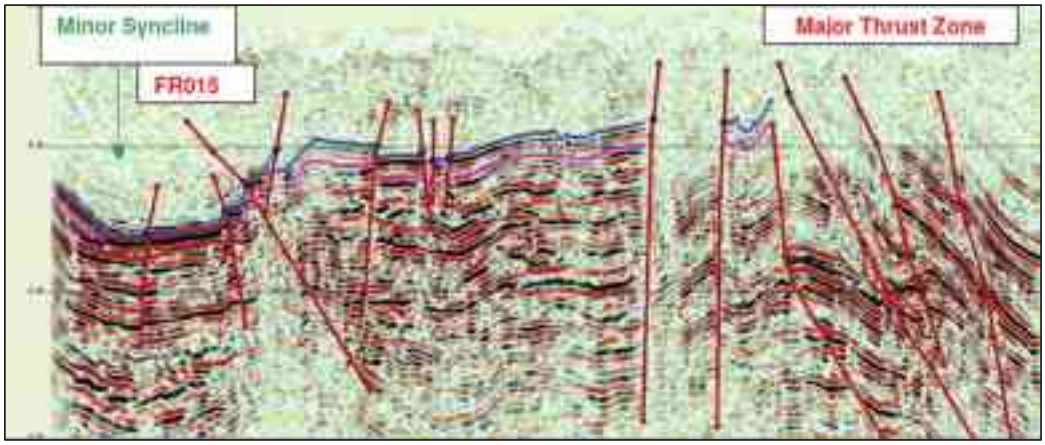

Figure 4.2 Interpreted seismic Line 03 showing Leichhardt seam (blue) and Vermont seam (magenta); location shown on Figure 4.2; view looking northwards (Velseis 2005)

Normal faults are also present and trend east-west. The throw on normal faults is typically in the range 3 to 10 metres. The location of faults ahead of mining has been established by use of 3D seismic undertaken over future mining areas. Igneous intrusions are rare on site.

Representative cross-sections of the deposit are presented in Appendix B – Cross-Sections.

Target Seams

Open cut mining targets the Leichhardt and Vermont seams. The Leichhardt seam is contained wholly within the Rangal Coal Measures, whereas the Vermont seam consists of upper and lower seams, separated by the Yarrabee Tuff; a regional marker bed that separates the tuff-banded coal seams of the Fort Cooper Coal Measures (FCCM) and the clean coal sections of the Rangal Coal Measures.

Both seams are developed across ML 4749 (Poitrel). South of the Isaac River (Winchester ML 1791), the Vermont seam is developed across most of the ML, but only localised erosional remnants of the Leichhardt seam are preserved.

The Leichardt seam typically occurs as one coal seam (L14) with an average thickness of 5 m. The key characteristics of the component plies are:

- L1 – topmost ply (~0.2 m thick) consisting of high ash, dull coal,
- L2 - dull coal (~1.6 m thick) with low ash and low swell,
- L3 – dull-bright banded coal (~2.5 m thick) with a moderate swell,
- L4 – bright coal (~0.6 m thick) with a moderate swell.

The plies L1 and L2 are always combined as “L12”, and the base of this unit is marked by a thin (0.07 m thick) band of claystone. L3 is the thickest component of the Leichhardt seam and at Poitrel it is mined in the working section L13. The L4 seam is usually < 1 m thickness and splits to the south-west.

Vermont seam

The Vermont seam is separated below the Leichhardt seam by 10 to 25 m of interburden consisting mostly of sandstone and siltstone. The Vermont seam is modelled as several seams or plies, consisting of upper and lower sections separated by the Yarrabee Tuff, which has an average thickness of 0.9 m. The upper Vermont seam (V1) consists of ~1.6 m of bright coal and is the basal seam in the current mining sequence. It is widely distributed across both mining leases (Figure 4.4).

The V2 and V3 plies are high ash coal plies occurring below the V1 seam (typically 0.6 m below V1) and above the Yarrabee Tuff. V2 and V3 have respective average thicknesses of 0.5 and 0.6 m and coalesce into V23 in the south-west, which has average thickness of 1.5 m. The Yarrabee Tuff occurs between the V3 and VL seams and thickens from the south (0.3 m) to the north (1.5 m).

Below the Yarrabee Tuff, the VL and VLL consist of high ash seams; VL is generally < 1m thick in ML4749 and thickens to 2 – 4 m in ML1791, where it consists of high ash coal. VLL thickness is > 0.5 m.

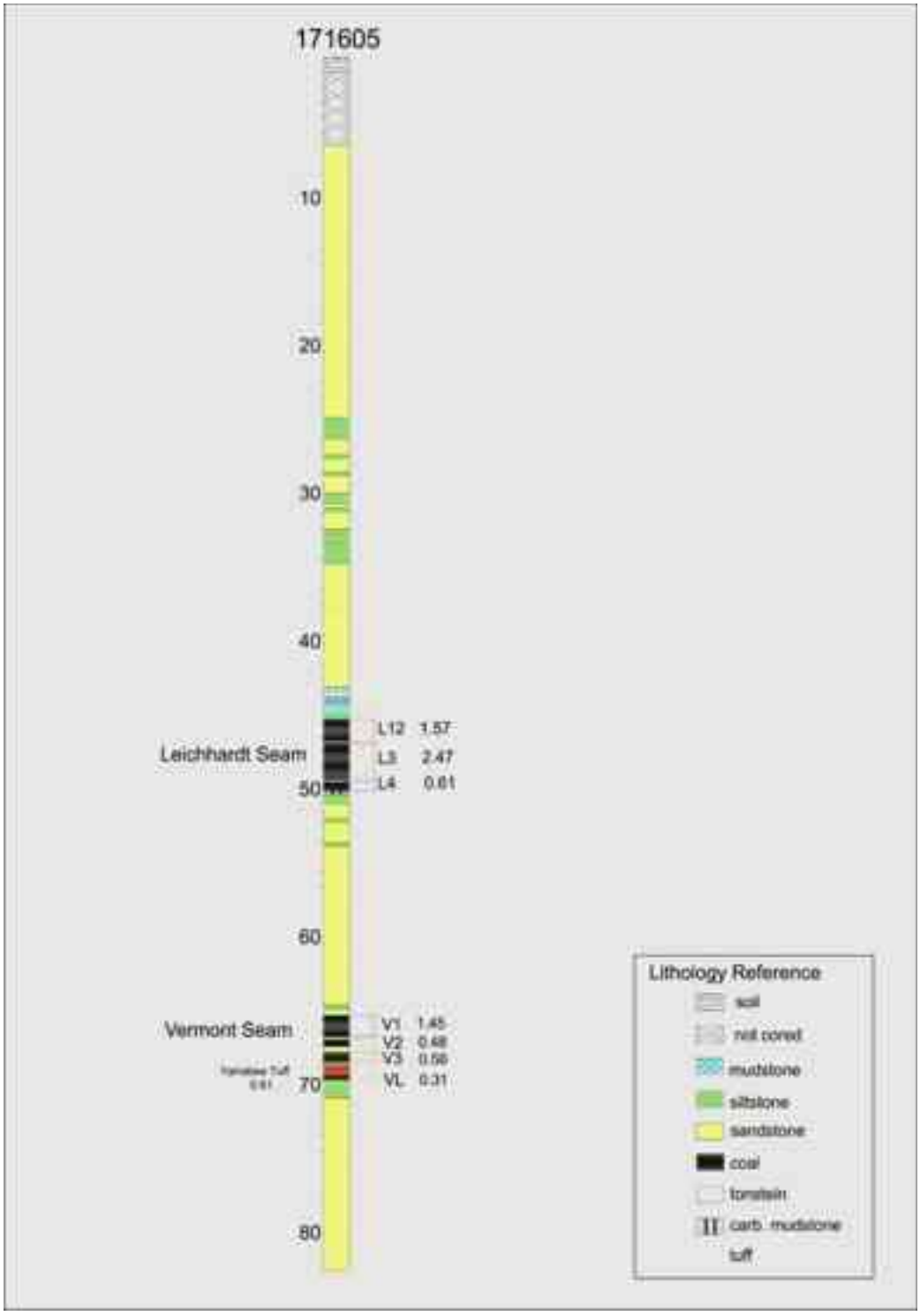

Figure 4.3 PTM Seam stratigraphy - Borehole 171605

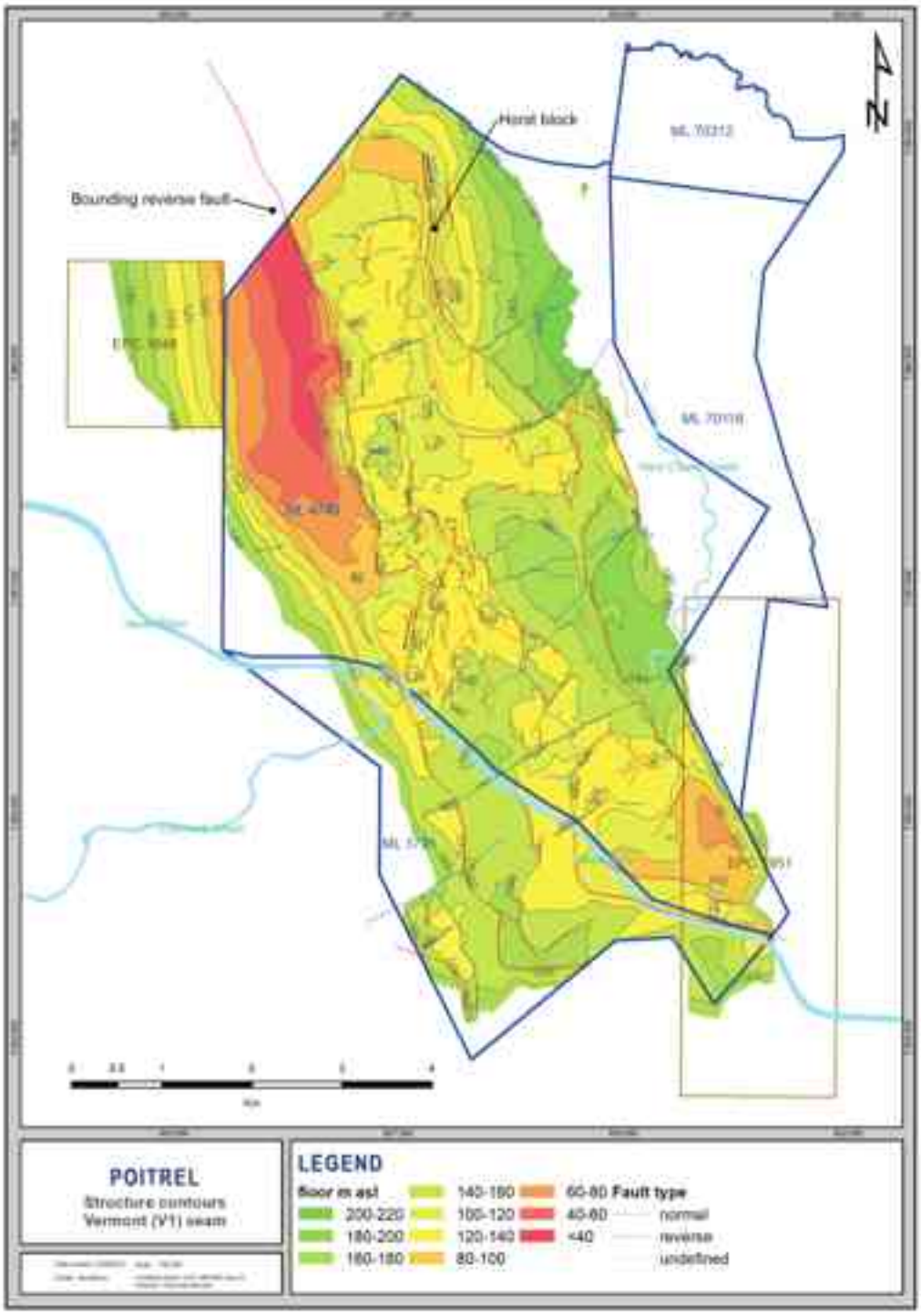

Figure 4.4 PTM Structure floor contours of the Vermont seam and faults at Vermont seam level

4.2.2 South Walker Creek

The SWC mine is located along the eastern limb of the Carborough Syncline; a structure within the Nebo Synclinorium, a major structural subdivision of the Permian-Triassic Bowen Basin. The SWC mine extracts PCI coal from the Rangal Coal Measures. The geology of the mine site is well understood, supported by a large drilling dataset and 25 years of mining history.

The Rangal Coal Measures dip westwards at angles of four to twelve degrees, with seam dips increasing to the north in the Kemmis area (Figure 4.6). The SWC MLs follow the westerly-dipping subcrop of the Rangal Coal Measures along 40 km of strike length. To the west of this zone, Triassic-age strata (Moolayember Fm, Clematis and Rewan Groups) crop out along the Carborough Range in a regional synclinal structure (Carborough Syncline).

To the east of ML 4750, the underlying sequence is marked by the FCCM. The MCM is the target sequence in the satellite deposit of Nebo West (MDL 235) which contains highly deformed coal seams of anthracite rank. A second satellite deposit, Bee Creek (ML 4751) is located at the southern end of the Hail Creek Syncline, following an 8 km long strike length of the Rangal Coal Measures dipping to the north. Early Cretaceous-age intrusive rocks are present to the east of ML4750 and form local topographic relief in features such as Mt Fort Cooper and Mt Travers.

Faults are present at various intervals along the strike length of the coal measures and consist of normal and reverse faults, generally of north-east/south-west to nor'-north-west/south-south-west orientation. The displacement on the faults range from less than 1 m up to 10 m.

Target Seams

Open cut mining targets the Main Seam which is a stratigraphic equivalent of the Leichhardt seam extracted in numerous mines across the basin, and the Elphinstone Seam developed in the Hail Creek Syncline. Locally the Main Seam splits to the north and south into Main Tops (MT) and Main Bottoms (MB). The overburden to the Main Seam consists of sandstone, siltstone, and mudstone.

The Main Seam for most of its strike length at SWC is represented by a single seam named MB2 (Main Seam Bottoms) in the geological model. In the southern part of the lease, the seam is split into a lower seam (MB) and upper seam (MT or Main Seam Tops) which splits into MT1 and MT2. A thin high ash coal bed (MF) splits from the base of Main Seam and shales out to the north.

The coalesced seam in the south consists of MA and MB sections of the seam (noting that MA is combined as MB in the geological model). MT splits of the main part of the seam and further splits into MT1 and MT2; MT2 coalescing with MB2 in Carborough Pit. MB2 is the most extensively developed component of the Main Seam and continues northwards to the northern lease area. The Main Seam comprises up to 13 metres of cumulative coal in the south-eastern part of the deposit. In the middle to northern part of the lease, the cumulative coal thickness is ~5 m and consists of MB2 only. A localised thickening of the seam occurs in the far north where several thick intersections.

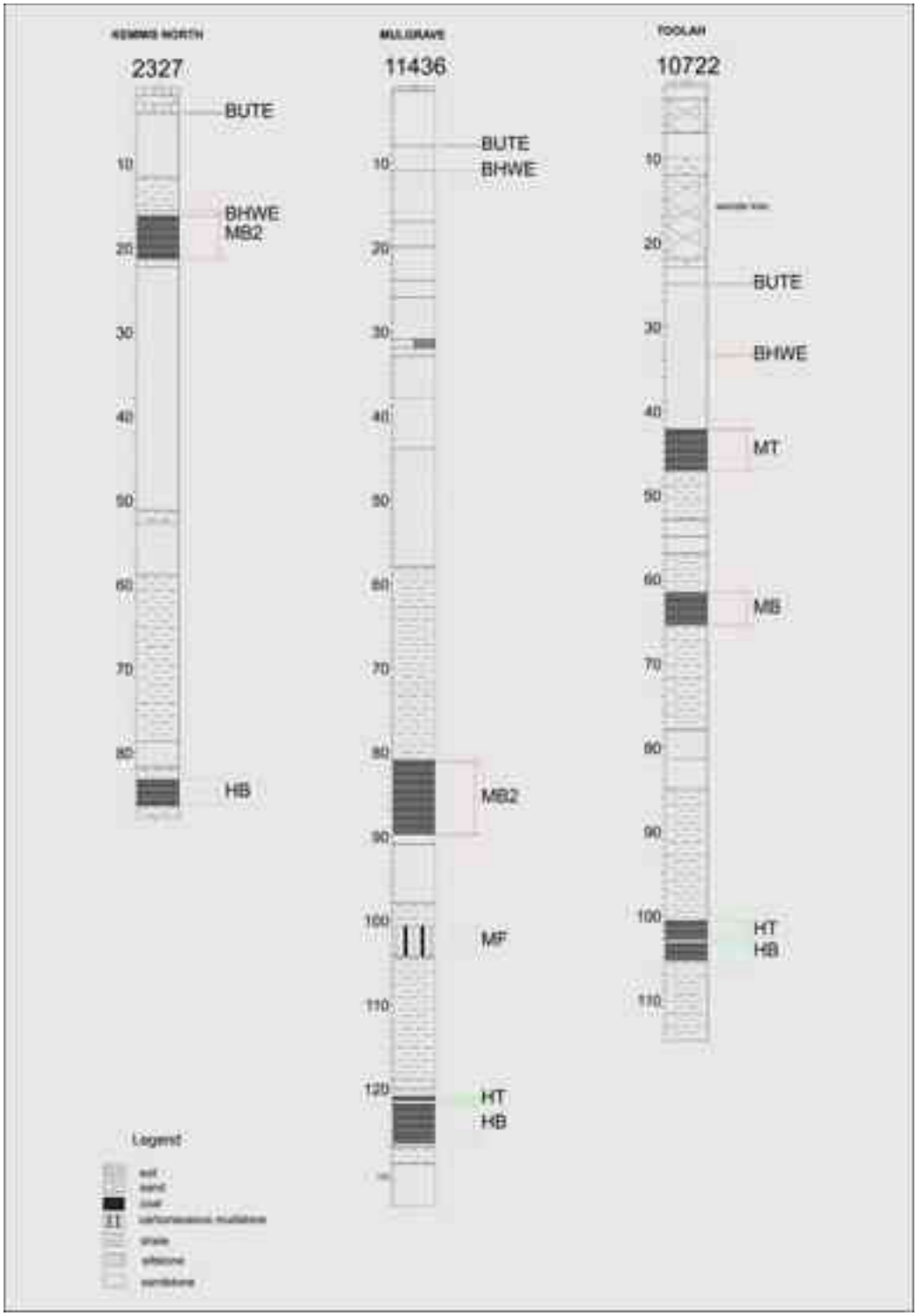

Figure 4.5 SWC Seam stratigraphy – Boreholes 2327, 11436, 10722

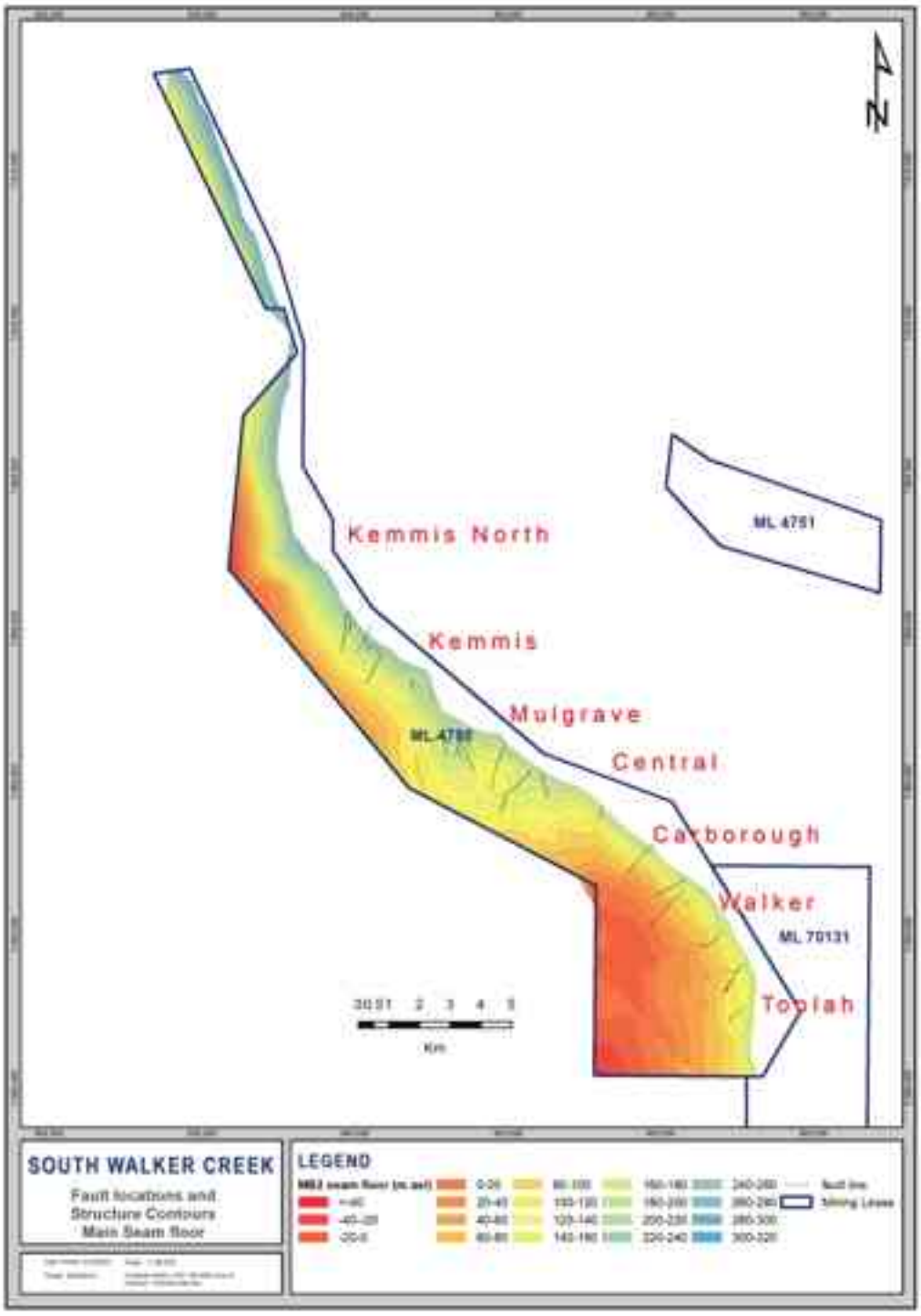

Figure 4.6 SWC structure floor contours of the Main Seam and faults at Main seam level

4.2.3 Wards Well

At Wards Well, the coal seams present are contained within the FCCM and MCM of the Upper Permian Blackwater Group, a regressive sequence of non-marine sediments (Figure 4.7). Deep erosion has removed the FCCM across much of the western edge of the lease leaving a high relief Permian landform, later covered by thick (up to 200 metres) of Tertiary cover consisting of basalt flows and Tertiary sediments of the Suttor Formation.

The target coal measures are the MCM which subcrop beneath Tertiary-age basalts and sediments. The deep Tertiary sediments results in deep subcrop for the MCM at depths typically between 150 and 200 metres. The main target seams subcrop beneath the Tertiary strata and dip eastwards at ~ 8 degrees. A floor structure contour map is provided in Figure 4.8)

Faults have been interpreted from 2D and 3D seismic and have two major orientations; MW and NNE. Many of the faults are normal faults that vary in scale and some appear to be reactivated.

Target Seams

Nine coal seams are present within the MCM at Wards Well. Three seams are potentially mineable by underground methods: the Goonyella Upper (GU0), Goonyella Middle (GM0) and Goonyella Lower (GL8). Additional seams occur throughout the Moranbah Coal Measures above, between and below the main targets seams but have not been the focus of exploration. Some potential for open cut mining the GU, P and GM seams has been identified in the Lancewood area.

Each of the three target seams has been intruded or heat affected (coked) in different positions, particularly in the northern (Lancewood) area of the deposit. The Goonyella Upper seam is also affected near the subcrop in the southern part of the deposit.

The GU0 Seam consists of three distinct seam plies and ranges in thickness from 3.2 to 5.4 metres, thickening towards the north-east. The GU0 is located between 105 and 125 metres above the GM0 Seam. GU0 Tertiary cover thickness is around 80 metres at subcrop and the seam reaches up to 490 metres at eastern ML boundary.

The GM0 seam has been worked by longwall methods in Peabody's North Goonyella mine (immediately south of Wards Well) as well at Anglo American's Moranbah North and Grosvenor mines.

The GM0 Seam ranges in thickness from 4.5 to 8.5 metres, thickening towards the north-east, and is located 50 to 70 metres above GL8 Seam. Depth of cover to the GM0 seam is 130 metres at subcrop in the Wards Well ML decreasing to approximately 50 metres at Lancewood, and up to 610 metres depth at the eastern tenement boundary. The GM0 Seam is divided into four plies generally with decreasing ash from top to the base of the seam.

The GL8 Seam is the basal coal of the MCM, ranging in thickness from 5.5 metres in the west to 7.5 metres in the east. The GL8 Seam splits in the south-eastern area, with the upper split identified as GL9 and lower split as GL7. The GL8 depth of cover is less than 100 metres at subcrop in the Lancewood ML to 160 metres at subcrop in the Wards Well ML, and up to 690 metres at the eastern tenement boundary. The GL8 Seam is divided into four plies with the basal two plies forming the GL7 Seam south-east of the split line.

The P-Tuff, a major regional stratigraphic marker, is present midway in the MCM sequence and is typically 1.5 metres thick at Wards Well. Distribution of P-Tuff reflects the geometry of the underlying depositional surface, and usually exhibits a characteristic high natural gamma response due to the presence of abundant bronze biotite grains

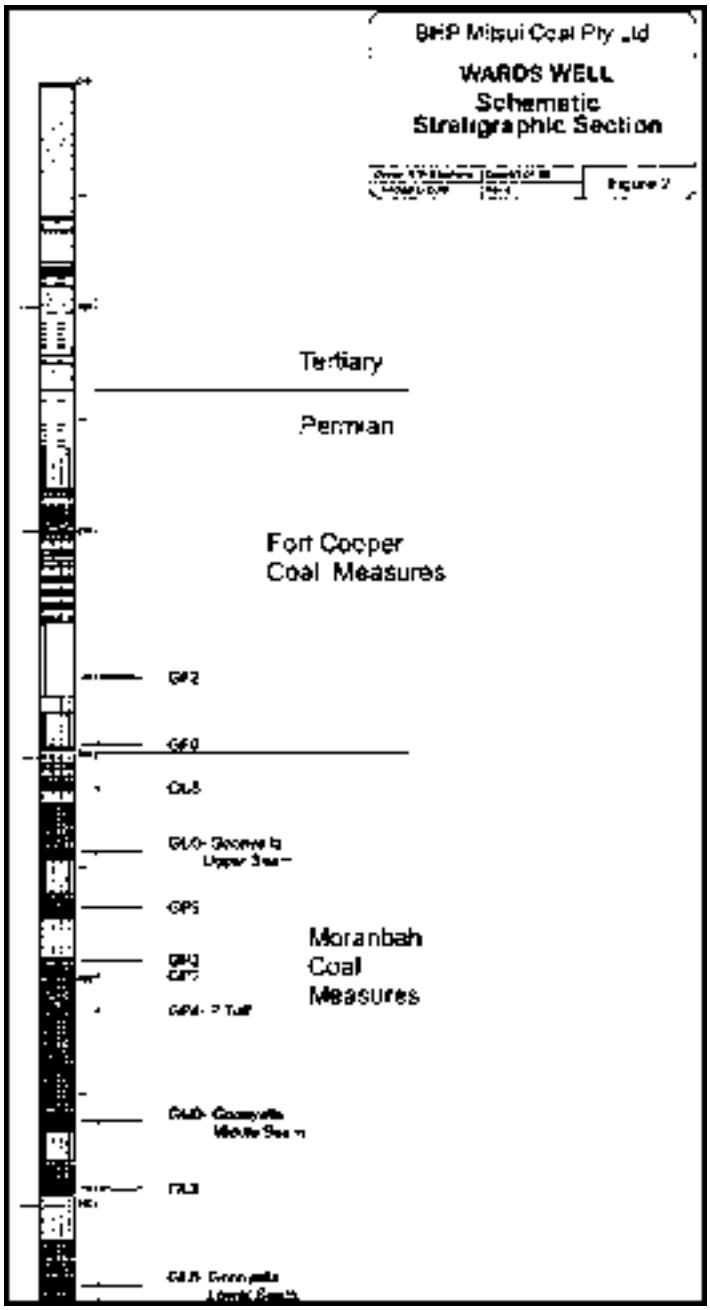

Figure 4.7 Wards Well stratigraphic section

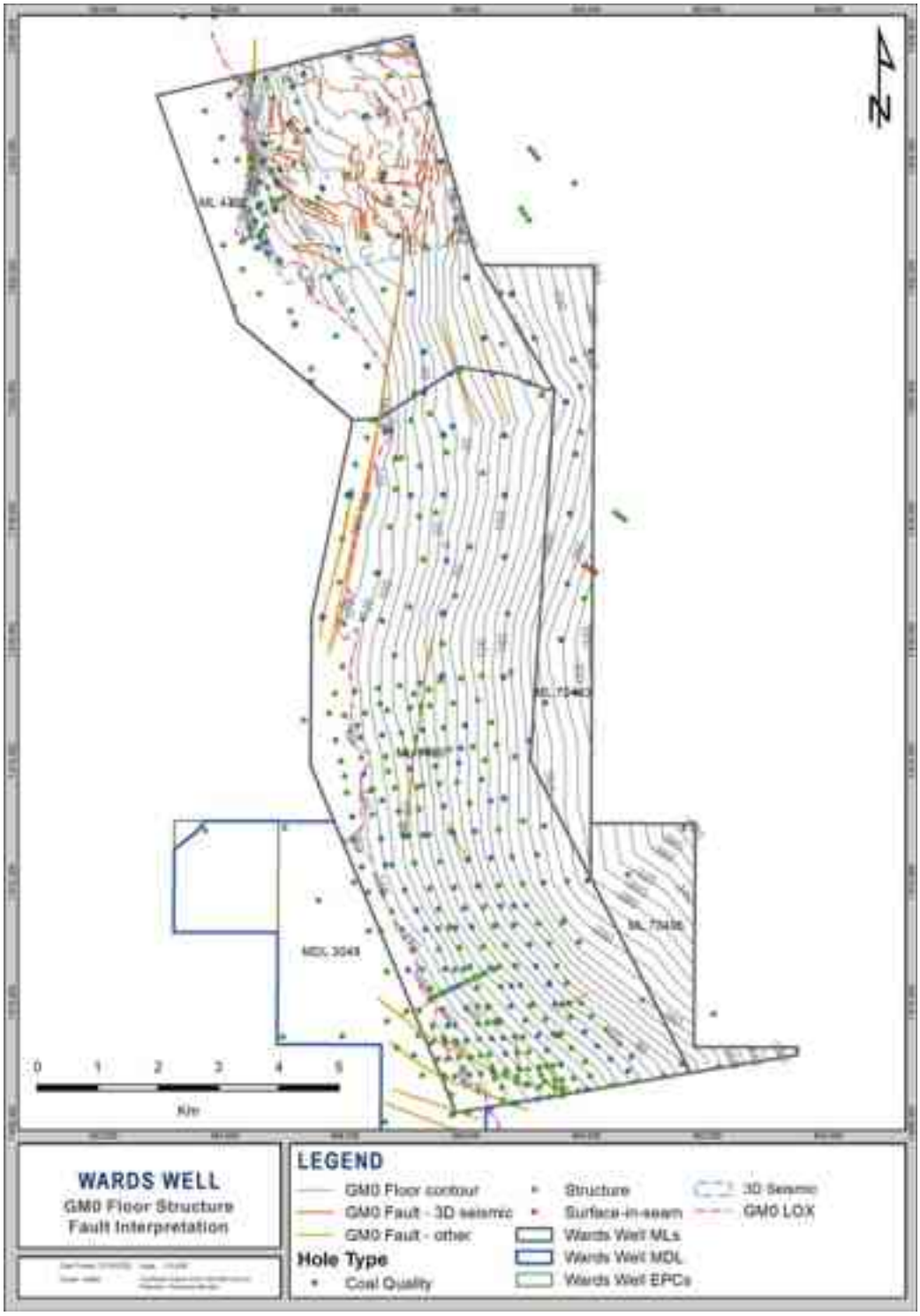

Figure 4.8 Wards Well floor structure contours and faults

5 DATA ACQUISITION

5.1 Exploration Summary

The SMC assets have an extensive history of exploration that provides significant confidence in the geological and geotechnical characterisation as well as the geotechnical, gas reservoir, coal quality and washability characteristics to support mine planning.

Exploration drilling activities are undertaken using BMC's standard exploration procedures. Core and non-core methods are used and several sizes of coal and rock core are sampled for testing depending on borehole requirement.

Non-core drilling (rotary chip) is used for:

- Pilot holes (to derive depth intervals for conventionally cored holes);
- Structural definition (fault delineation, seam splitting intrusions etc.); and
- LOX definition.

Core drilling is used for:

- Coal quality analysis, including washability and coking properties analysis (100mm or PQ sized and when required 200mm core);
- Gas testing (usually HQ sized), which is often combined with:
- Geotechnical testing (strata Geo-mechanical testing); and
- Other specialised testing as required (spontaneous combustion, paddle testing etc)

Exploration drilling has been the main tool for collecting exploration data and samples for analysis, with collectively over xx holes having been drilled at sites. A summary of the exploration drilling completed at each site is provided in Table 5.1 below.

Table 5.1 Summary of exploration drilling completed at each site

Mine / Project	Chip	Core	Other	Total
Poitrel	5,152	381	9	5,542
SWC	3,686	2,799	40	6,525
Wards Well	358	299	10	667
Total	**9,196**	**3,479**	**59**	**12,734**

5.2 Poitrel Exploration

5.2.1 Drilling

Exploration leading to the identification of the Poitrel mine commenced in the 1960's-1970's. Exploration drilling has been the main tool for collecting exploration data and samples for analysis. As there is 15-year history of mining at Poitrel, the geological characteristics of the mining sequence are well understood. Interpretation of this geological structure has been assisted by 3D seismic surveys and validation of faults with face mapping, mining and structural drilling. Logging, sampling and analytical methods used generally meet or exceed standard industry practice.

Exploration leading to the identification of the Poitrel mine commenced in the 1960's-1970's. Less drilling was undertaken during the 1980's - 1990's and ramped in the 2000's. Exploration drilling has been the main tool for collecting exploration data and samples for analysis. Completed exploration at Poitrel now includes 5,152 chip holes drilled for structure definition and limit of oxidation (LOX), and 381 cored holes for coal quality assessment. From the 1990's onward, wireline logging of drillholes has been standard practice.

Table 5.2 summarises the number of holes drilled over the decades of exploration and development.

Table 5.2 Poitrel quantity of exploration drillholes by decade

Year/ Purpose	Structure	Coal Quality	Geotechnical	LOX	Other	Subtotal
1960's	57	0	0	0	0	57
1970's	1188	366	0	0	0	1,554
1980's	228	80	0	0	0	308
1990's	379	22	0	0	0	401
2000's	477	164	6	188	0	835
2010's	3231	133	26	89	36	3,515
2020's	143	1	4	0	1	149

ML4749 (Poitrel) was granted in 2006. Leading up to and following grant of the lease, the largest quantum of drilling undertaken at Poitrel has been in defining structure and seam extents (Figure 5.1).

For structure, the drilling has included:

- Rotary ("chip") holes generally 125 mm diameter,
- Pilot holes to derive depths for conventional cored holes,
- LOX holes for limit of oxidation.

In addition to these standard exploration drill holes, geophysical logging of blast holes has been undertaken extensively at site for high definition of seam roof and floor locations.

Cored holes include:

- 100 mm and PQ size cores for coal quality analysis including washability and coking properties
- 200 mm (LD) holes for detailed washability sizing and analysis
- HQ size holes for gas and geotechnical testing

The spacing of structural holes is as follows:

- < 75 m apart over current mining areas and up to ~400 m west of the coal extraction limits (as at end June 2022)
- <150 m apart across most of the remaining open cut Reserves area
- < 500 m apart across the whole of ML4749 and ML1791

The spacing of holes yielding coal quality information is as follows:

- <300 m apart over current mining areas and up to ~800 m west of the coal extraction limits (as at end June 2022)
- < 800 m apart over the remaining open cut Reserve and the whole of ML4749 and ML1791

The spacing of structural holes is < 75 m apart over current mining areas and up to ~400 m west of the coal extraction limits (as at end June 2021) and <150 m apart across most of the remaining open cut Reserves area. The spacing of holes yielding coal quality information is <300 m apart over current mining areas and up to ~800 m west of the coal extraction limits (as at end June 2022).

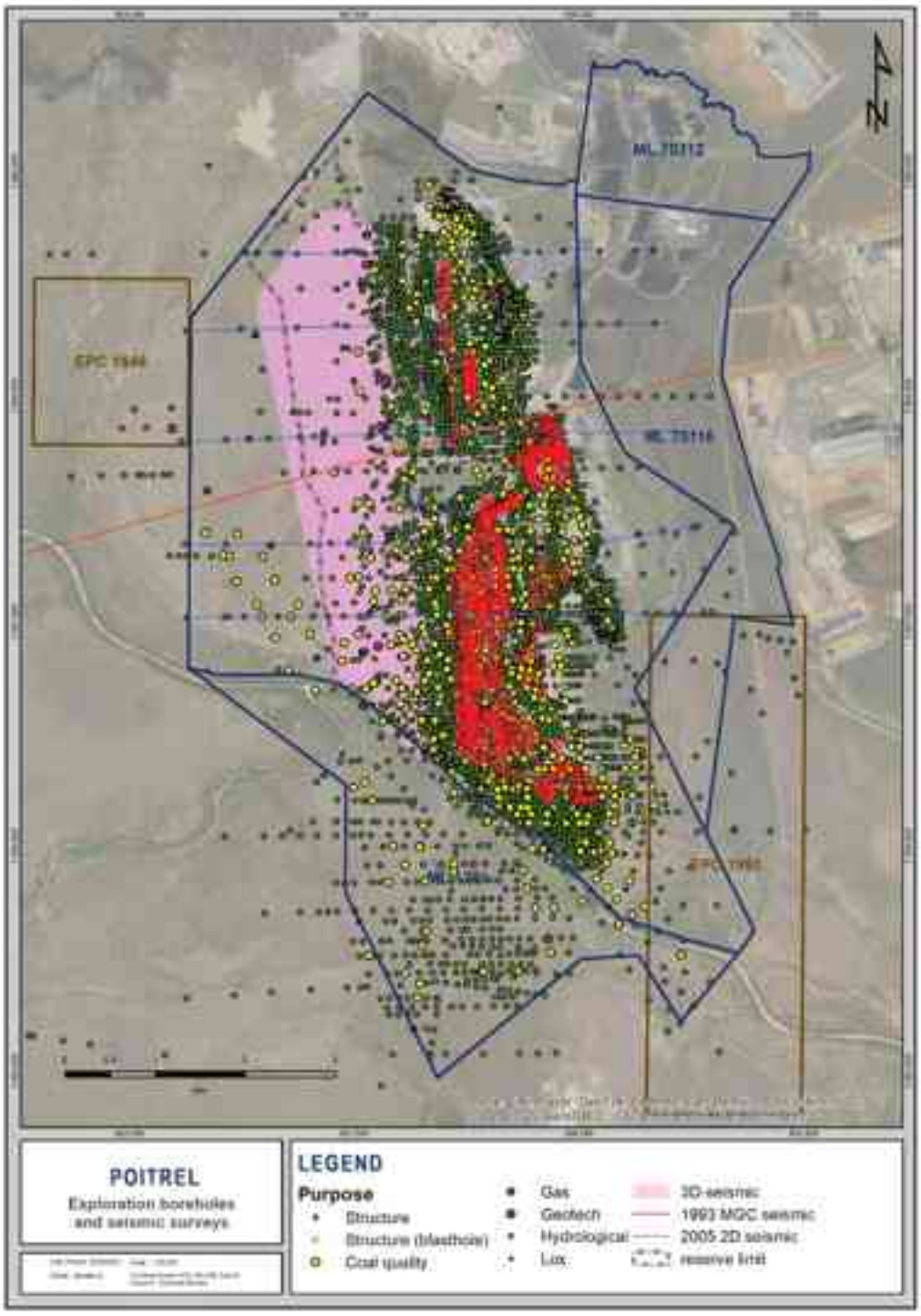

Figure 5.1 Poitrel exploration boreholes and seismic surveys

5.2.2 Geophysical Surveys

Three seismic surveys have been undertaken at site (Figure 5.1). The surveys were processed to identify the Leichhardt and Vermont seam roof horizons, and associated faulting.

In 2005, Velseis Pty Ltd acquired 26.4 km of 2D seismic in five east-west lines across the Poitrel mine area. This survey predated mining at Poitrel and was undertaken by mini-SOSIE as a source. The survey showed that the main structural style is reverse faulting, and that the eastern part of the open-cut Resource was bounded by a complex thrust zone. In the western part of the lines, Velseis identified a "minor syncline", showing dip-reversal of coal in this area (Velseis, 2005).

3D seismic surveys were undertaken in 2017 and 2019 over the remaining life-of-mine open cut area. The surveys were processed to identify the Leichhardt and Vermont seam roof horizons, and associated faulting. Faults were identified by Velseis (2019) according to their character, displacements, and the level of confidence in interpretation. Much of the fault interpretation was of the "high" confidence category.

Ultramag Geophysics (2006) conducted a high-resolution ground magnetic survey on 20m line spacing with the objective of mapping intrusions. The survey identified a possible small plug-like anomaly and two low-confidence dykes near the Isaac River. The magnetic survey did not confidently identify faults in the area.

5.3 South Walker Creek Exploration

5.3.1 Drilling

The SWC operation commenced production in 1996 and has an extensive history of exploration and mining that provides significant confidence in the geology, coal quality and mine planning. Regional exploration commenced in the 1960's and BMC's exploration commenced in the 1990's. Drilling has consisted of chip-holes for structure and cored holes for coal quality, and many of these holes were geophysically logged.

Table 5.3 summarises the number of holes drilled over the decades of exploration and development. Initial drilling in the 1960's and 1970's accounts for 13 % of the drilling undertaken across site and pre-dates wireline logging. Very little exploration was undertaken during the 1980's but ramped up in the 1990's as the mine was being developed. A high percentage of core drilling has been undertaken at SWC.

Table 5.3 SWC exploration drillholes by decade and type

Year/ Purpose	Structure	Coal Quality	Geotechnical	LOX	Other	Subtotal
1960's	57	0	0	0	0	57
1970's	1188	366	0	0	0	1,554
1980's	228	80	0	0	0	308
1990's	379	22	0	0	0	401
2000's	477	164	6	188	0	835
2010's	3231	133	26	89	36	3,515
2020's	143	1	4	0	1	149

BMC's exploration at the SWC site commenced in the 1990's and consisted of chip-holes for structure and cored holes for coal quality, and many of these holes were geophysically logged. Most of the core drilling undertaken at site has been from partly cored holes; that is, chipped to a core point above the seams of interest. In addition to these standard exploration drill holes, geophysical logging of blast holes has been undertaken at site for additional definition of seam roof and floor locations.

The spacing of structural holes is < 100 m apart over current mining areas (as at end June 2021) and over one-half of the proposed life of mine plan (that is; good coverage over the eastern half of future mining) and <200 m apart across most of the remaining open cut Reserves area. The spacing of holes yielding coal quality information is <250 m apart over current mining areas and over ~75 % of the proposed life of mine plan limits and < 500 m apart over the most of ML4750.

Mining at SWC commenced in 1996 and the intensity of exploration in the 1990's is a reflection of this activity. Drilling from the mid-1990's onwards consisted of chip-holes for structure and cored holes for coal quality, and many of these holes were geophysically logged. Since that time, drilling has focused on pre-production style drilling.

For structure, the drilling has included:

- Rotary ("chip") holes generally 125 mm diameter,
- Pilot holes to derive depths for conventional cored holes,
- LOX holes for limit of oxidation.

In addition to these standard exploration drill holes, geophysical logging of blast holes has been undertaken extensively at site for additional definition of seam roof and floor locations.

Cored holes include:

- 100 mm (4C) and PQ size cores for coal quality analysis including washability and coking properties,
- HQ size holes for gas and geotechnical testing.

The spacing of structural holes is as follows:

- < 100 m apart over current mining areas (as at end June 2022) and over one-half of the proposed life of mine plan (that is; good coverage over the eastern half of future mining),
- <200 m apart across most of the remaining open cut Reserves area,
- < 400 m apart across the remainder of ML4750.

The spacing of holes yielding coal quality information is as follows:

- <250 m apart over current mining areas and over ~75% of the proposed life of mine plan limits,
- < 500 m apart over the most of ML4750 and < 1,000m apart over the whole of the tenement.

5.3.2 Geophysical Surveys

Several magnetic surveys have been undertaken across the SWC area and include:

- Airborne survey undertaken by the Geological Survey of Queensland in 2002, and assessed by Deakin (2003),
- Surface magnetics over the Kemmis-Walker area (Deakin, 2005),
- High resolution ground magnetic survey over South Walker (Ultramag, 2009),
- Ground magnetic surveys in 2014 and 2016 over the SWC mine southern workings (GRS, 2014, 2016).

These surveys have identified magnetic anomalies as dykes, sills and man-made cultural features. Coal seam gas exploration and seismic surveys have been undertaken in surrounding areas, particularly to the west of ML 4750.

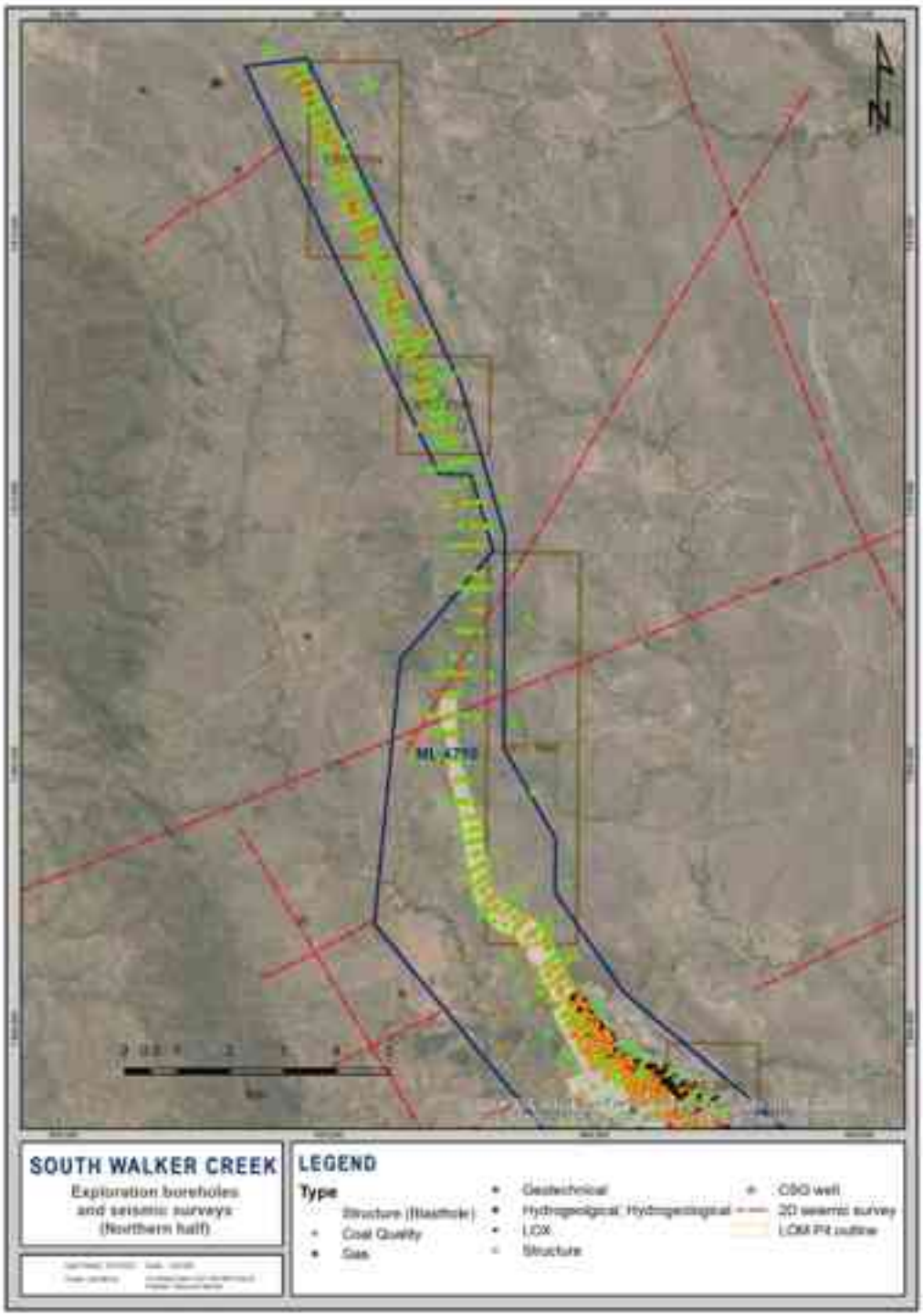

Figure 5.2 SWC exploration boreholes and seismic surveys (northern)

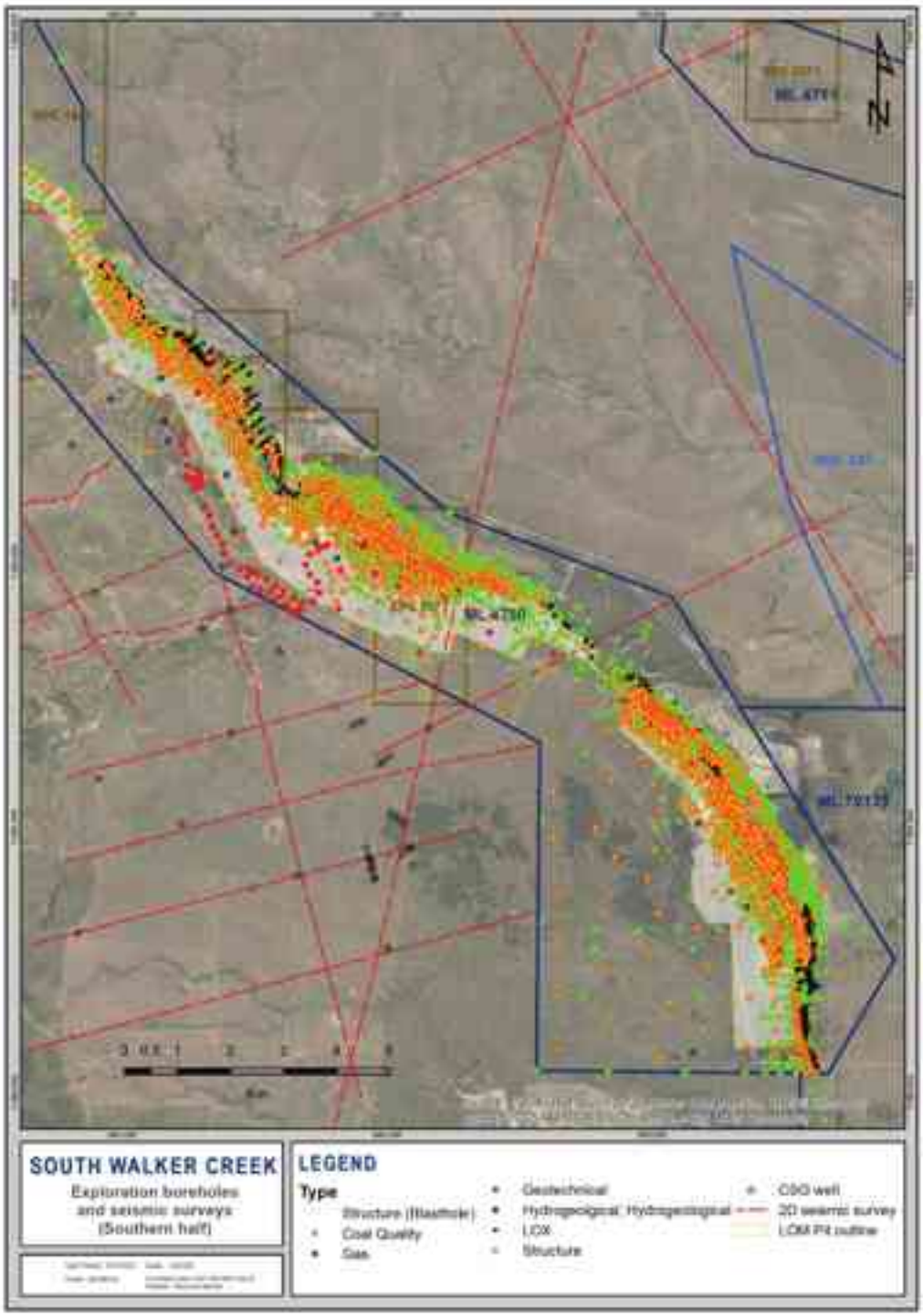

Figure 5.3 SWC Exploration boreholes and seismic surveys (southern)

5.4 Wards Well Exploration

The area that now contains Wards Well was originally explored in the 1960's by Thiess Peabody Mitsui Pty Ltd, as part of a basin wide reconnaissance survey. The area was further explored by the Department in 1970.

Prior to divestment, the Wards Well project was held by BHP for a considerably long time with the applications for ML 1790 and ML 4752 made in 1974 and granted four years later in 1978. The eastern ML additions to the project were granted in 2017.

The Wards Well project is reasonably well explored; the exploration data for the whole project includes 358 chip (open) holes, 299 core holes and 10 other holes (piezometers). Of the total exploration completed, 25 % of the exploration was conducted between 1970 and 1980, 36 % between 1990 and 2000 and the remaining 39% occurring after 2000.

5.4.1 Drilling

The Wards Well project is reasonably well explored; the exploration data for the whole project includes 617 holes have been completed at the project, including 358 structure holes, 299 cored holes and five surface to in seam lateral holes. Cored holes have included other types of testing to be undertaken to support underground mining studies, including gas content and composition, geotechnical and stress testing.

The borehole spacing varies across the project area. The southern half of Wards Well (ML 1790) has a relativity tight borehole spacing of structure and cored holes with drilling conducted on an offset grid with the boreholes typically spaced <300 – 450 metres apart. Spacing of cored coal quality holes varies but is generally 300 – 600 metres.

The northern portion of ML 1790 has a lower density of exploration holes with a more sporadic distribution of structure holes and cored coal quality holes at 800 – 1,000 metre spacing.

Wards Well (ML 4752) has a variable distribution of drilling, with a tight spacing of structure and coal quality holes in the western area to help define subcrop locations, intrusions and open cut mining potential. The central to eastern parts of ML 4752 have a 1km cored hole spacing with infilled structure holes. The area near the boundary between ML 4752 and ML1791 also has a tighter spacing of structure and coal quality holes.

ML 70443 has a similar borehole density to northern ML 1790, while ML 70495 only has a sparse borehole distribution. The distribution of exploration drilling and 3D seismic is illustrated in Figure 5.4

Wireline logs are available for most holes drilled after 1987 (343 holes). Data quality is generally good and mostly complete for the entire Permian section. The logs invariably include a selection of gamma, density and caliper logs. Sonic and resistivity logs were available for many boreholes as well.

CSG explorer and producer Arrow Energy has drilled a number of vertical and pilot surface to in-seam (SIS) gas wells within and close to the eastern tenement boundaries.

5.4.2 Geophysical Surveys

Drilling is complemented by seismic survey coverage in an attempt to delineate faults that may impact an underground operation. 2D seismic surveys were completed in 2011 and

2017 however Tertiary basalt flows proved a challenge for reliable imaging of the underlying coal seams.

In 2018, a 3D seismic survey covering 11.9 km was undertaken in the northern Lancewood area (ML 4752). A detailed interpretation was undertaken in 2019. The GM0 seam was the main focus of structural interpretation, however other horizons such as GU0, GL3 and GL8 were also mapped. The results of the survey interpretation were incorporated into the 2020 geological model update.

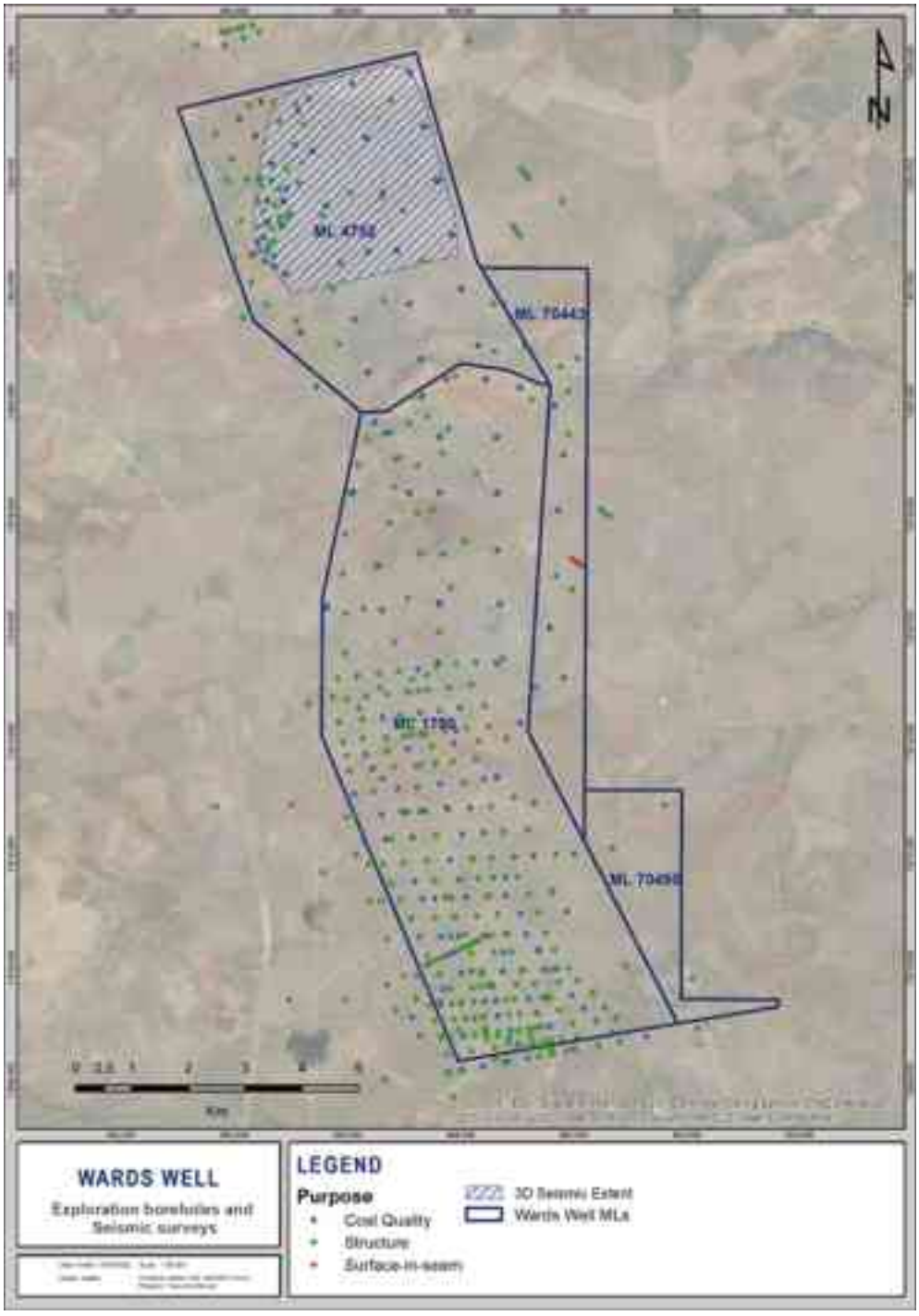

Figure 5.4 Wards Well exploration boreholes and seismic coverage

5.5 Data Collection

5.5.1 Borehole Logging

Exploration drilling has been the dominant method of data collection for each of the Stanmore SMC assets. Logging of core samples and drill cuttings by BMC geologists is governed by BHP internal standards.

The standard of borehole data acquisition has varied over time. Early exploration consisted of paper logs written in the field to the nearest one-foot depth increment. The of logging core samples in these holes was relatively good and involved brightness logging of coal types. Many of these records have been encoded into forms that can be loaded into modern geological databases, using the Australian CoalLog standard. Much of the early drilling predated geophysical logging, and reconciliation of coal losses was undertaken by comparison of drilled metres and length of core recovered.

Logging of drill cuttings by BMC geologists is governed by internal standards. Chip logging carried out prior to 2018 was undertaken by geologist at the drill rig, logging chips in one metre increments. Since 2018, BMC have introduced auto-logging procedures, whereby the fresh sections of the drill holes are interpreted from geophysical logs using algorithms defined for this purpose. Only the upper weathered and Tertiary sections of the hole are logged by the geologist.

Core logging is similarly governed by internal standards. Geological detail is entered directly into portable computers (Toughbooks) connected to Geobank, including sample data and photography. Prior to 2018, this work was carried out at drilling rigs, however, since 2018, the site employs a process called “Cool Runnings”, which involves basic recovery measurements at the rig, protecting the core with plastic split, boxing and transport to coal core to a site cool room. Picks of the geophysics are prepared by the geologist; the core is transported to an offsite laboratory cool room. Following this transfer to a lab, the geologist logs, samples, and photographs core, storing data directly into Geobank.

5.5.2 Downhole Geophysics

Boreholes prior to 1986 were not generally geophysically logged and between late 1980’s and early 1990’s geophysical logging was not routinely undertaken, and quality control on the geophysical logs for these holes is taken as not best practice. Accordingly, additional quality control is required on borehole results from this time.

Since the early 1990’s a policy to geophysically log all holes has been adopted and current exploration programs are targeting previous borehole locations to validate assumptions (seam depth/thicknesses etc). Wireline geophysical logging is now standard practice and has included typical standard suites of logging of holes by industry service providers.

These have included caliper, natural gamma, dual-density (long-, short-spaced density), multi-channel sonic (on wet holes, and verticality logs. Other tools used by BMC for specific purposes have included resistivity, acoustic and optic televiewers amongst others. Acoustic scanners have been deployed in resolving/detecting geotechnical data.

The standard suite is commonly used for seam correlation, sample and recovery reconciliation, and lithological interpretation. The log and LAS (log ASCII standard data) is stored into a Geobank database.

5.6 Sampling and Coal Quality Testwork

5.6.1 Sampling

Sampling of coal seams is undertaken by ply sampling or sampling of the internal lithological components of coal seams based on coal brightness, stone band and seam boundaries. Sampling is governed by internal documented standards and guidelines. The sampling guidelines encompass coal quality sampling, limit of oxidation sampling, geotechnical and gas sampling procedures.

Samples are drop-shattered, dry and wet tumbled prior to analysis to replicate the degradation of size due to coal handling. It is not common practice in the coal industry to split cores due to the mass requirements for the analysis of cores.

The sampling information is logged directly into Micromine's Geobank software. The software is set up with pre-defined vales (codes) to be entered and contains internal validation settings that prevent incorrect data entries. A chain of custody system is in place to provide checks on sample dispatch and receipt at laboratory.

Sampling of coal seams is undertaken by ply sampling or sampling of the internal lithological components of coal seams based on coal brightness, stone band and seam boundaries. Sampling is governed by internal documented standards and guidelines. The sampling guidelines encompass coal quality sampling, limit of oxidation sampling, geotechnical and gas sampling procedures.

The sampling information is logged directly into Geobank software. The software is set up with pre-defined vales (codes) to be entered and contains internal validation settings that prevent incorrect data entries. A chain of custody system is in place to provide checks on sample dispatch and receipt at laboratory.

Validation checks are undertaken on laboratory results prior to import into the Geobank database. These checks include raw, washability and product composite check results. The methods used include cross-plot of quality variables that have positive/inverse relationships (e.g. ash vs. calorific value) and mathematical checks (e.g., float-sink fractional masses adding up to 100%).

5.6.2 Quality of Assay Data and Laboratory tests

Samples are drop-shattered, dry and wet tumbled prior to analysis to replicate the degradation of size due to coal handling. It is not common practice in the coal industry to split cores due to the mass requirements for the analysis of cores.

Each of the Stanmore SMC operations have different pre-treatment and float sink density cut points. This is because the preparation plants at the mine sites are set up to produce different products (at Wards Well a potential product is simulated).

A contractual requirement of the laboratories utilised by BMC is that they have to be accredited by the National Association of Testing Authorities (NATA). One of the main NATA requirements that is assessed in 17025 is that all coal physical and chemical testing undertaken has to be to either an Australian or International standard. This includes all sample division, sizing and analysis methods. Appendix A – Australian and International Standards for Coal Quality Analysis; lists the pre-treatment and analysis methods undertaken and the associated Australian (AS) or International Standard (ISO).

As well as the NATA assessment and re-assessment audits, contracts with the laboratories utilised by BMC include the provision for laboratory audits to be held on a 6 monthly basis.

The testing laboratories used in the early drilling (1960's-1970's) included the company laboratory at Barney Point, Mackay and ACIRL laboratory in North Ryde, Sydney; both laboratories had NATA-accreditation. Recent drilling analysis has been carried out the NATA-accredited laboratories of ALS.

Validation checks are undertaken on laboratory results prior to import into the Geobank database. These checks include raw, washability and product composite check results. The methods used include cross-plot of quality variables that have positive/inverse relationships (e.g., ash vs calorific value) and mathematical checks (e.g., float-sink fractional masses adding up to 100%).

5.6.3 Verification of Sampling and Assaying

Historically, BMC have managed the progress of exploration data throughout the exploration process. All exploration data is rigorously validated prior to the status flag being changed finalised. BMC procedure *BMC_GS_TEC_035 Borehole planning, Validation, Finalisation* details the overall processes involved. Validations are built into the database. All boreholes must pass through rigorous stage gating prior to being flagged as final.

Throughout the analysis process, and before the data is imported into the master SQL geological database, various checks are undertaken both by the testing laboratory and BMC.

This is to ensure that:

- No samples are misplaced,
- Correct analysis is undertaken, and
- Results are within expected ranges.

Preliminary analytical results from the laboratory are checked by the BMC Principal Resource Geologist to ensure that they are correct. The checks that are undertaken include the following:

Raw Analysis Results;

- Mathematical Checks:
  - Proximate analysis data add to 100%
  - All % values are realistic and not above 100%
- Sizing Data (through Rosin-Rammler Graphs)
  - Dry and Wet Tumble
- Ash vs. Calculated Relative Density (from the float/sink density cut point);
- Ash vs. RD
- Ash vs. CV
- Ash fusion temperature vs. basicity index

Washability Analysis Results:

- Inverse mid-point RD vs. ash content
- Mathematical checks (fractional mass totals 100%)

Product Composite Analysis Results;

- Mathematical checks:
  - Proximate analysis data add to 100%
  - All % values are realistic and not above 100%
- Maximum Dilation vs. max fluidity (where appropriate),
- Hydrogen vs. carbon content,
- Ash vs. CV (where appropriate);
- Ash fusion temp vs. basicity index.

Once satisfied, the results are imported into the BMC master SQL database.

6 COAL QUALITY

6.1 Poitrel

6.1.1 Coal Quality Attributes

The coal at Poitrel is medium-volatile bituminous coal rank with average volatile matter (daf) % of 28.8 % and vitrinite reflectance of 1.12 % $R_o$max.

The raw ash content of the coal seams that contain Resources at Poitrel are low to medium ash coal seams; the Leichhardt seam components (excepting the thin L1 ply), have raw ash < 20 % (ad) whereas V1 seam is typically less than 15 % (ad) ash (Table 6.1). Raw coal ash contour plots are provided for the seams of interest in Appendix D – Raw Ash Contour Plots.

Volatile matter (ad) % is medium content; the higher volatile matter in the V1 seam is a function of lower ash content. Total sulphur content is low (<0.50 %). Crucible Selling Number (CSN), which is an indicator of coal fusibility, and hence coking potential, is low in the upper plies of the Leichhardt seam, and moderate in the L4 and V1 components (Table 6.1).

Table 6.1 Poitrel average raw coal quality

Ply/Seam	Average thickness (m)	Moisture % ad)	Ash % (ad)	Volatile matter % (ad)	Total sulphur % (ad)	CSN
L1	0.32	1.4	40.0	20.6	0.15	1.0
L2	1.61	1.8	14.9	22.1	0.36	1.3
L3	2.84	1.8	14.3	22.2	0.43	2.1
L4	0.60	1.7	16.9	22.9	0.49	6.1
L12	1.89	1.8	18.0	21.5	0.34	1.1
L13	4.76	1.8	15.8	21.9	0.40	1.7
L14	5.22	2.2	16.2	21.4	0.40	1.8
L4U	0.34	1.8	33.5	20.7	0.40	3.4
L4L	0.28	1.8	25.9	22.1	0.47	5.2
V1	1.58	1.7	14.6	25.6	0.47	6.8
V2	0.47	1.9	28.2	19.6	0.35	1.6
V3	0.59	1.9	33.6	19.6	0.27	1.3
V23	1.36	2.0	33.7	18.9	0.31	1.4
VL	1.58	2.2	36.5	18.4	0.28	1.0
VLL	0.41	2.7	50.1	16.2	0.31	1.0

6.1.2 Washability

LIMN simulations are carried out for prediction of product yield. The simulations are carried out for multiple scenarios and include simulations carried out at either fixed ash targets (Table 6.2) or fixed cut-point densities.

The fixed ash models reflect the products available for different seams and relevant size fractions. For example, the coarse-size fraction (50 x 16 mm) of the L3 seam is washed to produce PCI, and the finer fraction (16 x 0 mm) generates a coking product.

The fixed-point simulations include yield and ash modelled for the 50 x 16 mm and 16 x 0 mm fractions for densities of 1.30, 1.35, 1.45, 1.55, 1.65 and 1.75. These models produced provide the site with the flexibility to maximise yield (maximum PCI) or maximum coking split.

Table 6.2 Poitrel fixed ash washability LIMN simulations and average yield

Seam	Product	Size (mm)	Fixed Product Ash (Target)	Single Product	Split PCI, Coke	Average Yield (dry) %
L12	(Full PCI) PCI	50 - 0	9.5	Yes	-	73
L13	Low fluidity	16 - 0	8.2	-	Yes	55
L13	PCI	50 - 16	9.5	-	Yes	18
L13	(Full PCI) PCI	50 - 0	9.5	Yes	-	80
L3	Coke	16 - 0	8.3	-	Yes	59
L3	PCI	50 - 16	9.5	-	Yes	17
L4	Coke	50 - 0	8.7	Yes	-	70
V1	Coke	50 - 0	8.7	Yes		80

The LIMN modelled yields are dry-basis undiluted yields; on a wet basis the yields are factored from the dry yields to account for product moisture. Table 6.2 shows that the yields of PCI yields are high in the Leichhardt seam with moderate yields of coking coal, increasing down the sequence, with the highest coking yields in the Vermont seam (V1).

6.1.3 Clean Coal Quality

Testing of clean coal composites of coal seams is carried out for several composite types, as follows:

- Coking (16 x 0 mm),
- PCI (50 x 16 mm),
- “K8” (16 x 0 mm; F1.375),
- “KE” (50 x 16 mm; F1.375),
- “42” (coking 16 x 0 mm),
- “44” (coking 50 x 0 mm),

- "45" (PCI 50 x 16 mm),
- "46" (PCI 50 x 0 mm).

This information is used to provide information on product qualities. The average of select qualities to describe these products is presented in Table 6.3.

The coking coal is a mid-volatile, low ash coking coal, characterised as a semi-hard coking coal. The CSN increases down sequence, with moderate-high swells encountered in the lower parts of the Leichhardt seam and upper Vermont. Total sulphur and phosphorus contents are generally low.

The PCI product is a moderate ash, mid-volatile PCI with high energy and coke replacement ratio. The CSN of seams such as L4 and V1 is high for PCI, and these coals are Reserved for coke production. The high energy of the PCI coals is reflective of the coal rank and provides for a high replacement ratio.

Table 6.3 Poitrel average clean coal composite data

Coke 16 x 0 mm

Seam	Mad %	Ash (ad) %	VM (ad) %	Total S % (ad)	P % (ad)	CSN	CV (kg/cal) (ad)
L13	1.9	7.7	23.0	0.34	0.079	2.6	
L3	2.0	7.9	23.1	0.33	0.086	3.0	7,644
V1	1.3	8.0	24.8	0.45	0.125	8.0	7,785

Coke 50 x 0 mm

Seam	Mad %	Ash (ad) %	VM (ad) %	Total S % (ad)	P % (ad)	CSN	CV (kg/cal) (ad)
L3	2.2	8.4	22.6	0.41		2.8	
L4	1.8	7.8	24.3	0.39	0.054	6.4	7,668
V1	1.7	8.0	25.1	0.43	0.048	7.3	7,712

PCI 50 x 16 mm

Seam	Mad %	Ash (ad) %	VM (ad) %	Total S % (ad)	P % (ad)	CSN	CV (kg/cal) (ad)
L13	2.2	9.3	22.2	0.36	0.092	1.0	7,400
L3	2.1	10.3	22.0	0.33	0.111	0.9	7,309
V1	1.8	9.4	23.6	0.40	0.073	4.1	7,589

PCI 50 x 0 mm

Seam	Mad %	Ash (ad) %	VM (ad) %	Total S % (ad)	P % (ad)	CSN	CV (kg/cal) (ad)
L12	2.0	8.9	22.3	0.28	0.055	1.0	7,442

L13	2.1	8.8	22.5	0.40		2.5	7,531
L3	2.0	8.3	22.6	0.41		2.8	7,570
L4	2.2	7.8	23.7	0.44		7.0	7,700
V1	2.1	7.8	23.1	0.46	0.104	6.1	7,658

6.2 South Walker Creek

6.2.1 Coal Quality Attributes

The coal at South Walker Creek is low volatile bituminous coal rank with average volatile matter (daf) % of 17.2 % and mean maximum vitrinite reflectance of 1.8 % $R_o$max. The rank of the coal decreases northwards with volatile matter changing from 16 % (daf) to 21 % (daf) in the northernmost bores.

The Main Seam is characterised by raw ash in the mid- to high teens and low volatile matter (Table 6.4). The total sulphur content of the splits is low to moderate and the coal is soft to mill with a Hardgrove Grindability Index in the mid-80's. Calorific value of the coal is high, consistent with PCI coals of this rank.

The phosphorus content of the raw coal is moderate to high, and coincides with elevated fluorine in the coal, due to the occurrence of both elements in fluorapatite.

The Hynds seam consists of high ash coals that are not presently mined due to interbedding with stone and tuffaceous beds. The other raw coal properties are these seams are reflective of the high ash content e.g. low calorific value.

Table 6.4 Average raw coal quality - Main Seam

Seam	Moisture % (ad)	Ash % (ad)	Volatile matter % (ad)	Total sulphur % (ad)	Phos. % (ad)	HGI	Calorific Value (kcal/kg) (ad)
MT1	1.5	18.7	13.9	0.57	0.108	85	7,195
MT2	1.5	19.5	14.7	0.34	0.077	-	6,733
MT	1.5	13.8	13.3	0.63	0.070	87	6,661
MB	1.6	15.8	13.4	0.73	0.089	82	7,004
MB2	1.8	16.3	14.3	0.50	0.121	83	6,955
MF	1.5	33.6	12.0	0.42	0.022	72	5,329

6.2.2 Washability

South Walker Creek produces a single product (low volatile PCI) with a target product ash of 9.2 % (ar) and a high energy yield (>7000 kcal/kg gar). The coal has a generally low CSN ~1.5 and low sulphur content. The main concerns with the quality of the PCI product is the elevated fluorine content. In these coals, fluorine and phosphorous are closely related with positive relationships.

The cut-point densities that are adopted at the CHPP are governed by the feed ash of the coal. The LIMN models provide the flexibility to predict the coal at the four modelled cut-point densities. Review of historical washing data over a four-year period indicates that the coal is most often washed at cut-points of 1.40-1.45. The average PCI yield for site is ~75 % on a ROM moisture basis.

The washability characteristics of the Main seam coal are modelled through LIMN simulations across four cut-point densities. The average washed yield of coal is ~78% (wet); variability in the coal feed is managed by washing the coal at different densities.

The Hynds seam has not been thoroughly tested via any detailed washability assessment, and data is limits to float-sink yields from historical bore cores. There may be an opportunity for mining in the Hynds seam the far north of the deposit, where the ash content is lowest (CF1.40 theoretical yields average 40% with potential for a coking coal with a CSN of ~7).

6.2.3 Clean Coal Quality

The single SWC product is a low volatile PCI. Key qualities of the product include the low product ash, low volatile matter, high energy and coke replacement ratio. The Main Seam is washed to produce a low-volatile PCI with a high energy yield (>7000 kcal/kg gar). The coal has a generally low CSN ~1.5 and low total sulphur content.

A summary of clean coal composite data used in the geological model are summarised in the table below. The yield shown in this table is the yield (ad) derived from borecore analysis at CF1.60. The washed ash is favourable from the Main Seam, but high from floor band (MF) and the Hynds Seam.

At a lower cumulative float density (CF1.40), indicative coal quality for the Hynds Seam in the very northern part of the lease, shows low theoretical yields (~40%) of 10 % ash coking coal with an average CSN of 7, and volatile matter of 18 % (ad).

The main concerns with the quality of the PCI coal from SWC is the fluorine and phosphorus contents. In these coals, fluorine and phosphorous are closely related with positive relationships.

Table 6.5 Average clean coal composite data

Seam	Yield (ad) %	M (ad) %	Ash (ad) %	Volatile matter (ad) %	Total sulphur (ad) %	P (ad) %	F ppm
MT1	82	1.4	10.1	13.1	0.34	0.091	194
MT2	83	1.4	9.9	13.0	0.33	0.068	94.87
MT	86	1.4	8.4	12.8	0.31	0.068	138.39
MB	85	1.5	9.1	12.6	0.34	0.078	145.02
MB2	85	1.4	9.6	13.6	0.32	0.107	189.42
MF	59	1.5	13.4	12.5	0.36	0.022	20.00
HT	57	1.6	19.3	10.8	0.33	0.059	
HB	49	1.4	18.7	12.0	0.44	0.032	

6.3 Wards Well

6.3.1 Raw Coal Quality Attributes

The three target seams at Wards Well (GU0, GM0 and GL8) are generally medium to low volatile bituminous rank (ASTM) with a vitrinite reflectance of 1.08 – 1.49 %, increasing with each target seam and corresponding with an increase in depth of cover.

The three target coal seams have moderate raw ash contents ranging from the GM0 Seam (19.9 % ash) to the GL8 seam (28 % ash) with volatiles reducing with increasing rank. Total sulphur contents are low (<0.65 % for all seams) as summarised in Table 6.6.

Table 6.6 Wards Well average raw coal quality

Ply/Seam	Average thickness (m)	RD	Moisture % ad)	Ash % (ad)	Volatile matter % (ad)	Total sulphur % (ad)
GU0	3.99	1.48	1.8	24.2	22.0	0.65
GM0	6.43	1.46	1.3	19.9	20.2	0.48
GL8	5.99	1.54	1.6	28.0	17.4	0.45

6.3.2 Clean Coal Quality

The three target seams (GU0, GM0 and GL8) are likely to produce mid to low volatile premium hard coking coal products.

Statistical average theoretical yield and product ash are as follows:

- GU0: 68% at 11% ash
- GM0: 75% at 8.8% ash
- GL8: 56% at 8.4%

The potential products are comparable to benchmark HCC quality, with estimated product quality attributes as summarised by BMC in Table 6.7.

Table 6.7 Wards Well possible product quality attributes (BMC)

Parameter	Unit	GU0	GM0	GL8
Total moisture	% (ar)	10	10	10
Inherent moisture	% (ad)	1.2	1	1.1
Ash content	% (ad)	10.7	8.6	9.1
Volatile matter	% (ad)	24.5	20.4	18.9
Total sulphur	%	0.58	0.49	0.55
Phosphorus	%	0.01	0.03	0.05
Vitrinite content	%	65	52.9	67
R_oMax	%	1.16	1.34	1.49
Modified basicity index (MBI)		1.77	0.95	1.2

7 RESOURCE ESTIMATE

7.1 Data Validation

This Resource estimate weighs heavily on the data and procedures undertaken by BHP to ensure the veracity and integrity of data used in the geological models. However, checks of the data and procedures were undertaken by the Competent Person as outlined below.

The processes and procedures undertaken by BHP to validate raw data, import and validate data in a digital database were reviewed.

Procedures that were supplied and reviewed included:

- BHP Geoscience – Core logging technical guide, v1.0, dated April 2018,
- BHP Coal Geoscience – Chip logging technical guide, v1.0, dated April 2018,
- BHP Coal Geoscience - Geotechnical logging, sampling and testing technical guide, v1.0, dated April 2018,
- BHP Geoscience – Geophysical log interpretation technical guide, v1.0, dated April 2018,
- BHP Coal Geoscience – Coal quality sampling field technical guide, v1.0, dated April 2018,
- BMA, Coal quality bore core data validation work instruction, v3.0, Document no. PRD-REG-CQ-W003, dated April 2015.

The procedures outlined in the standards conform to standard industry practice, such as those described by Green (2015).

The following data checks were undertaken by the Competent Persons:

- Alignment of seam picks with lithology,
- Consistency of correlations,
- Check of sample alignment with coal seam boundaries,
- Comparison of seam thickness vs sampled thickness,
- Density and ash regression.

During these checks, rare sample overlaps and misalignment with lithological/seam boundaries and rare samples that included core loss in seams were identified. The checks did not yield anything that would have a material impact on the Resource estimates.

The methods used to construct the geological models was reviewed and is considered appropriate. The model process is outlined in model release documents supporting each geological model release. Documentation of the process is not always comprehensive, as the documentation often outlines updates from previous model releases. In addition, internal processes of peer review were examined and confirms that internal and external peer review was employed. These peer reviews did not highlight significant issues with the geological models and identify improvement opportunities.

The data used in the Resource estimate relies on the text files (Vulcan “mapfiles”) generated for the modelling process. Unreliable data has been excluded by means of “exclusion files” noting that the excluded data covers unreliable structure, raw and washed coal quality data.

To validate the use of raw coal quality data as appropriate points of observation, CHPP processing data and quality attributes were interrogated to examine feed ash and product yield for each coal seam. This process was undertaken to review the range of feed ashes and the respective yields for different washing strategies or target products and support the raw ash cut-off used in the Resource estimate.

The distribution of the different types of points of observation was examined in support of the Resource estimate by viewing holes by the type, extent of geophysical logging, and the decade when drilled.

7.2 Geological Modelling

7.2.1 Structural Data

The structural data used for building the geological structural model includes the drilling data contained within Vulcan ISIS drillhole databases, surveyed surfaces used in the geological model (roof or floor survey pickups in the operating assets), 3D-sesimic data and fault strings used to describe the toe and crest of fault/coal seam intersections.

The structural models used in this Resource assessment were provided by BHP and the details are summarised in Table 7.1. Each model was constructed in Maptek Vulcan software and were used to support BMC's divestment requirements and update JORC Resource estimates.

Borehole data for each site is stored within Micromine Geobank geological databases. Geological modelling does not directly source data from the Geobank database but from database exports that are uploaded into Vulcan ISIS databases. The ISIS databases use the borehole name as a database index which links header, survey and lithology data.

Survey data, such as survey roof, fault strings and seismic data are contained in Vulcan design files, which are referenced during the model build procedures.

Table 7.1 Structural models used in the Resource estimate

Mine / Project	Model Name	Release	Cell size (m)	Extent - Easting	Extent - Northing	Grid Datum
Poitrel	POI_0221	Feb-21	25	623,750 - 631,850	7,552,250 - 7,563,250	AGD84 AMG Z55
SWC	SWC	Feb-17	10	633,300 - 653,300	7,583,600 - 7,619,000	AGD84 AMG Z55
Wards Well	Wardswell_0920	Sep-20	25	580,000 - 610,000	7,590,000 - 7,640,000	AGD84 AMG Z55

Geological modelling is undertaken at both the ply and parent seam (merge unit) level with the modelled plies and splitting relationships defined in the horizon list (glob file).

In addition to the seams, the three main surfaces that are included in the geological models are the topography surface, the base of weathering and the base of Tertiary sediments.

The modelling procedures are documented in BHP Billiton (2021) and modelling steps are retained in scripts and specification files, which enables repetition of the modelling procedures.

The generic modelling process involves:

- Generation of “mapfiles”; Vulcan text files that record the location and attributes of stratigraphic units being modelled,
- Interpolation of stratigraphic units into new mapfiles that interpolates missing stratigraphic units in boreholes,
- Modelling of horizons, such as topography and weathering,
- Creation of grid models, applying faulting and clipping (masked) to models against seam limits and base of weathering.

Multiple grid sets are produced by BMC and include ply and parent seam grids, including unmasked grids, faulted grids, and masked grids (the “final” set being faulted grids masked to weathering and seam limits).

The Wards Well model involves the masking of structure grids around the interpreted extent of intruded coal seams and heat affected coal (coked). Manually produced polygons are generated halfway between coked holes and those which are not. The mask polygons set the seam thickness to zero even of the seam is only partially silled.

The structural models are subjected to internal peer review, including validation checks to provide levels of assurance of the model outputs. A “dossier” of the model outputs records all the levels of validations and checking undertaken, including a handover checklist and comparison of the new and former model through a reconciliation.

7.2.2 Coal Quality

Numerous coal quality parameters are included in the geological models produced in the Poitrel, SWC and Wards Well geological models. The coal quality data is stored in ISIS drillhole databases constructed from Geobank exports and from LIMN simulation spreadsheet compilations.

The coal qualities include those that describe raw coal, clean coal composite and LIMN-modelling yields at set cut-points and target ashes. In each of those datasets, compositing ply or full seam values (where required) is completed within Vulcan software with appropriate weighting variables; some gridded variables are calculated or are generated using a look up script.

The set of modelled coal quality variables is comprehensive and only a small subset of the variables is needed in this Resource estimate. The coal quality models have the same lateral extent as the structural models and were generated on either a 50 m cell size (Poitrel and SWC) or 25 m cell size (Wards Well). The gridding interpolator used is inverse distance, to the power of one.

Washability grids are produced for seams from LIMN modelling, which has been undertaken for most coal quality holes in the dataset. These include yield and product ash grids at fixed target ash, and six cut-point densities.

The set of coal products yielded by each seam, and the options available with different washing strategies are well understood at site, and this set of grids can be used to inform mine plans of product yields.

7.2.3 Moisture and Density Assumptions

Moisture analysis undertaken on the raw coal includes inherent moisture, also known as the analysis-moisture, as part of proximate analysis, and moisture holding capacity. The latter is often used to estimate the in-situ moisture content of coal.

BMC have used the formula from ACARP Study C10041 (Fletcher & Sanders, 2003) to model in-situ moisture from moisture holding capacity, which is:

Mis = 1.431 x MHC high + 0.348

Relative density has been determined on coal samples in the laboratory using Australian Standard AS1038.21.1.2-2013 (or precursor standards) and is the industry standard for true relative density determinations on coal. A regression of ash vs. laboratory density has been developed and inspection of raw data, scripts and resultant grids suggest that the regression has been used to estimate density from ash, where density has not been tested, and as use for a quality check of laboratory results.

The in-situ density (RDis) has been calculated from the analysed relative density (RDad), the inherent moisture (Mad) and the calculated in-situ moisture using the Preston-Sanders equation as below:

RDis = (RDad x (100 – Mad) / (100 + RDad x (Mis – Mad) – Mis)

In-situ RD is included in the gridded coal quality variables for all models (variable RI). The estimation methods of in situ moisture and density follow accepted industry standard.

7.3 Resource Estimation Criteria

7.3.1 Points of Observation

Points of observation provide information regarding the structure, thickness coal and/or quality of coal seams. Exploration drilling forms the main points of observation but can be supplemented by survey pick-ups of relevant surfaces, in-pit samples amongst others. The points if observation is complemented by interpretative data, such as seismic surveys, that provide information on the sub-surface continuity of coal and discontinuities such as faults and igneous intrusions.

For this Resource estimate, structural points of observation were derived for each seam from the raw mapfiles used to generate the geological model. These provide location data for the elevation and thickness of the coal seams. Evidence for the continuity of the seams is provided by survey pick-ups on the coal seam roofs, and the interpretation of the seismic data, which illustrates seam continuity where the processed seismic is of sufficient interpretative quality. In addition, the mined-out areas obviously provide firm evidence of the continuity of coal.

Exclusion of samples in the modelling process have included “coal type” sample designations that are not representative of the full seam, low coal recovery, twinned holes and holes deemed to be unreliable. The subset of boreholes used in the geological model

consists of some boreholes drilled before geophysical logging (pre-1990's) and geophysically logged holes (Poitrel and SWC).

7.3.2 Resource Inclusions and Limits

The lateral and vertical extents of the coal seams have been defined in the geological model for each seam. These include LOX line limits and parent/splits seam limits. This Resource estimate has not involved rebuilding of the geological models, and the seam extents defined in current model updates have been accepted herein.

Resource estimation typically involves the parent seam intervals and plies where the seams have split. A minimum mineable thickness of 0.3 m was adopted for Poitrel and SWC in line with the minimum mineable thickness used in reserving. Underground Resources at Wards Well are limited by a minimum parent seam thickness of 2.0 metres. It is recognised that the Vermont (V23) ply is currently being mined in some areas at Poitrel however more work is required (including DHSA) before the seam can be included in the estimate.

No raw ash limits were used to delineate coal Resources as the high ash seams in each deposit have been excluded from the estimate, however a minimum processing yield of 50% was applied at Wards Well.

The Resources have been restricted to areas of current tenure including EPC's and no offsets from tenement boundaries, LOX lines or faults has been applied. A summary of the seams included in the Resource estimates and the limits applied are summarised in Table 7.2 below.

Table 7.2 Seam inclusions and limits / cut-offs adopted for Resource estimation

Mine / Project	Seams Included	Min Thickness	Quality Limits
Poitrel	L12, L3, L4, V1	0.3	-
SWC	MT1, MT2, MT, MB, MB2, HB	0.3	-
Wards Well	GU0, GM0, GL8 (GL7 where split)	2.0	Min 50% yield

7.4 Resource Classification

7.4.1 Geostatistical Analysis

Coal Resource classification is a multivariate analytical problem and the Resource classifications assigned by the competent person need to encompass their confidence in a range of factors that affect the confidence in the Resource. The drill-hole spacing analysis (DHSA) technique provides quantitative measures of the precision with which quality and volume variables can be estimated.

The Resource classification follows the categories described by the JORC Code (2012 Edition). The classification has been undertaken by considering two aspects of the coal geology. These are the structural continuity of the coal, and the evidence supporting it in

terms of points of observation and interpretative data, and the continuity of key quality variables.

Geovariances has completed geostatistical analyses and DHSA for Poitrel (December 2015), SWC (August 2017) and Wards Well (March 2014). The geostatistical analysis outlined in these reports is used to inform the required drill hole spacings required to meet levels of confidence for classification of Resources into Measured, Indicated, and Inferred classes, based on the criteria of raw ash and thickness.

The practice for coal Resource classification was to derive global estimation precision of the estimates for the variable thickness and raw ash over a five-year period for Resource classification as follows:

- Measured is up to +/- 10 % error @ 95% confidence,
- Indicated is from +/- 10% to +/- 20% error @ 95% confidence,
- Inferred is from +/- 20% to +/- 50% error @ 95% confidence.

The borehole spacings used for the classification of Resources at each site is summarised in Table 7.3 below.

Table 7.3 Borehole spacings adopted for classification based on DHSA

Mine / Project	Seam	Measured	Indicated	Inferred
Poitrel	L12	550	1,050	2,200
	L3	550	1,050	2,200
	L4	300	600	1,500
	V1	450	800	1,500
South Walker Creek	MT1	500	1,000	2,200
	MT2	400	650	1,450
	MT	600	1,100	2,200
	MB2	800	1,500	2,900
	MB	500	1,000	1,900
	HB	250	550	1,300
Wards Well	GU0	900	1,600	3,200
	GM0	900	1,600	3,200
	GL8 / GL7	900	1,600	3,200
Nebo West	T50	-	-	650
Bee Creek	EL	250	500	1,150

Preston (2014) described the importance of considering both the structural and quality continuity of coal when considering Resource classification. This works recommends describing Resource classification as the minimum of “confidence” polygons around structural points of observation and polygons around coal quality points of observation. That is, Resource polygons of Measured classification should be supported by high levels of confidence in both structural and coal quality variables.

Since the DHSA for both thickness and ash for different Resource classifications are similar for Poitrel, then only polygons around coal quality points of observation have been considered for this Resource classification. This process is consistent with previous estimates.

7.5 Methods of Estimation

The Resources have been estimated using Maptek's Vulcan RSVUTE reserving utility. The variables selected for reporting were limited to moisture and raw coal quality variables, as the modelled product variables cover multiple sizes and product types. Checks of the digital Resource polygons were made to ensure no overlap of polygons, and that polygons were clockwise and closed.

The Resources supporting the current LOM pits for Poitrel and SWC are supported by economic studies (cost ranking, life of mine studies). Changes in economic conditions may change the extents of open cut coal mining, and as such, the Resources outside of the current pit limit are considered as open cut Resources or Resources that may be available for underground mining (auger/highwall mining) with accesses from open cut pit walls.

7.6 Resource Statement

Coal Resources for Poitrel, SWC and Wards Well were re-classified using a set of criteria specific to the deposit and exploration methodologies used, and which the Competent Persons believe provide a reliable representation of Measured, Indicated and Inferred levels of Resource confidence. Resource tonnes were corrected to an in-situ relative density and the estimates were internally audited and deemed to be reproducible.

Coal Resources have been independently estimated by Palaris using the most recent geological models provided by BHP and face positions as at 30th June 2022. Stanmore SMC coal Resources total 2,349 Mt (classified as 864 Mt Measured, 1,127 Mt Indicated and 355 Mt Inferred) as summarised in Table 7.4.

Table 7.4 SMC Resources as at 30th June 2022 (Mt, 100%-basis)

Mine / Project	Measured Resources	Indicated Resources	Measured + Indicated	Inferred Resources	Total Resources
Poitrel	59	45	104	47	152
SWC	258	303	561	123	684
Wards Well	547	769	1,316	101	1,417
Bee Creek	-	9	9	13	23
Nebo West	-	-	0	71	71
TOTAL	**864**	**1,127**	**1,990**	**355**	**2,346**

7.6.1 Poitrel

An FY22 estimate of Poitrel Coal Resources is provided in Table 7.5 with mass weighted raw coal quality variables for each seam. The Poitrel Resource totals 152 Mt and is classified as 59 Mt Measured, 45 Mt Indicated and 47 Mt Inferred.

Table 7.5 Poitrel Resources with raw quality variables (Mt, 100%-basis)

Seam	Class	Resource (Mt)	Thick (m)	Ash (%)	RD (in-situ)	VM (%)	Phos (%)	TS (%)
L12	Measured	15.7	1.76	18.8	1.46	22.4	0.082	0.31
	Indicated	11	1.84	19.5	1.47	22.4	0.086	0.30
	Inferred	16	1.96	19.3	1.47	22.3	0.073	0.31
	Total	**43**	**1.86**	**19.1**	**1.47**	**22.4**	**0.079**	**0.31**
L3	Measured	21.0	2.44	14.7	1.41	22.4	0.069	0.39
	Indicated	14	2.46	14.6	1.40	22.6	0.072	0.37
	Inferred	15	2.41	14.0	1.40	22.6	0.087	0.38
	Total	**50**	**2.44**	**14.5**	**1.40**	**22.5**	**0.076**	**0.38**
L4	Measured	1.3	0.62	19.3	1.43	22.4	0.064	0.42
	Indicated	3	0.62	20.9	1.45	22.2	0.050	0.36
	Inferred	3	0.63	23.0	1.47	21.7	0.041	0.36
	Total	**7**	**0.63**	**21.6**	**1.45**	**22.0**	**0.049**	**0.37**
V1	Measured	21	1.52	14.9	1.40	25.6	0.061	0.40
	Indicated	17	1.54	14.4	1.40	25.1	0.082	0.41
	Inferred	13	1.58	14.7	1.40	24.9	0.082	0.39
	Total	**51**	**1.54**	**14.7**	**1.40**	**25.3**	**0.073**	**0.40**
	Grand Total	**152**		**16.2**	**1.42**	**23.4**	**0.075**	**0.37**

7.6.2 SWC

An FY22 estimate of SWC Coal Resources is provided in Table 7.6 with mass weighted raw coal quality variables for each seam. The South Walker creek Resource totals 684 Mt and is classified as 258 Mt Measured, 303 Mt Indicated and 123 Mt Inferred.

Table 7.6 SWC Resources with raw quality variables (Mt, 100%-basis)

Seam	Class	Resource (Mt)	Thick (m)	Ash (%)	RD IS	VM (%)	Phos (%)	TS (%)
MT1	Measured	17.9	2.62	20.1	1.48	14.1	0.115	0.60
	Indicated	27	2.58	22.1	1.50	14.2	0.126	0.64
	Inferred	23	1.77	25.8	1.54	14.1	0.117	0.59
	Total	**68**	**2.32**	**22.8**	**1.51**	**14.1**	**0.120**	**0.61**
MT2	Measured	7.2	2.55	27.7	1.54	14.1	0.074	0.43
	Indicated	5	2.30	28.2	1.55	13.9	0.072	0.41
	Inferred	13	2.07	29.6	1.54	13.6	0.075	0.40
	Total	**25**	**2.25**	**28.8**	**1.54**	**13.8**	**0.074**	**0.41**
MT	Measured	6.0	5.41	18.4	1.47	13.3	0.082	0.80
	Total	6	5.41	18.4	1.47	13.3	0.082	0.80
MB	Measured	30.0	5.24	16.4	1.45	13.9	0.093	0.54
	Indicated	33	5.49	17.4	1.46	13.8	0.114	0.36
	Inferred	25	4.33	16.4	1.43	14.4	0.090	0.35
	Total	**88**	**5.08**	**16.8**	**1.45**	**14.0**	**0.100**	**0.42**
MB2	Measured	196.6	6.72	17.2	1.45	14.1	0.125	0.49
	Indicated	238	6.69	17.5	1.46	14.7	0.120	0.55
	Inferred	48	5.59	18.3	1.45	14.4	0.129	0.50
	Total	**482**	**6.59**	**17.4**	**1.45**	**14.4**	**0.123**	**0.52**
HB	Inferred	15	2.66	29.5	1.57	13.5	0.064	0.40
	Total	**15**	**2.66**	**29.5**	**1.57**	**13.5**	**0.064**	**0.40**
	Grand Total	**684**		**18.6**	**1.47**	**14.3**	**0.116**	**0.51**

7.6.3 Wards Well

An FY22 estimate of Wards Well Coal Resources is provided in Table 7.7 with mass weighted raw coal quality variables for each seam. The Wards Well Resource totals 1,417 Mt and is classified as 547 Mt Measured, 769 Mt Indicated and 101 Mt Inferred.

Table 7.7 Wards Well Resources with raw quality variables (Mt, 100%-basis)

Seam	Class	Resource (Mt)	Thick (m)	Ash (%)	RD IS	VM (%)	TS (%)
GU0	Measured	85.8	3.91	24.1	1.46	21.8	0.58
	Indicated	141	4.14	25.5	1.48	21.6	0.63
	Inferred	34	3.97	24.1	1.47	21.6	0.63
	Total	**262**	**4.04**	**24.9**	**1.47**	**21.6**	**0.61**
GM0	Measured	248.6	6.38	20.5	1.45	20.2	0.44
	Indicated	344	6.80	19.3	1.44	19.6	0.45
	Inferred	39	7.16	19.5	1.44	19.6	0.43
	Total	**632**	**6.65**	**19.8**	**1.44**	**19.8**	**0.45**
GL7	Measured	13.0	3.32	13.2	1.38	20.3	0.49
	Indicated	27	3.68	14.7	1.39	18.9	0.48
	Inferred	18	3.49	14.9	1.40	18.7	0.48
	Total	**59**	**3.54**	**14.4**	**1.39**	**19.2**	**0.48**
GL8	Measured	199.5	6.31	26.6	1.51	17.9	0.45
	Indicated	256	6.10	26.2	1.51	17.6	0.45
	Inferred	9	6.59	26.8	1.51	16.6	0.43
	Total	**465**	**6.20**	**26.4**	**1.51**	**17.7**	**0.45**
	Grand Total	**1417**		**22.7**	**1.47**	**19.4**	**0.48**

7.7 Comparison with Previous Estimates

Coal Resources have been compared to the previous estimate undertaken by BMC as at 30th June 2021 (prior to their divestment of the assets). FY22 coal Resources have increased 4% relative the previous estimate, with a material increase in the Measured classification of Resources (210% increase) with a decrease of 25% in both the Indicated and Inferred Resource categories.

The reclassification was undertaken to incorporate additional exploration and Resource information. A comparison between the FY22 and the previous BHP estimate is provided in Table 7.8 below.

Table 7.8 SMC Resources relative to previous estimate (BHP, FY21)

Estimate	Mine / Project	Measured Resources	Indicated Resources	Measured + Indicated	Inferred Resources	Total Resources
Palaris (2022)	Poitrel	59	45	104	47	152
	SWC	258	303	561	123	684
	Wards Well	547	769	1316	101	1,417
	Bee Creek	-	9	9	13	23
	Nebo West	-	-	0	71	71
	TOTAL	**864**	**1,127**	**1,990**	**355**	**2,346**
BMC (2021)	Poitrel	42	49	91	59	150
	SWC	237	273	510	179	689
	Wards Well	-	1164	1164	149	1313
	Bee Creek	-	9	9	13	23
	Nebo West	-	-	0	71	71
	TOTAL	**279**	**1,495**	**1,774**	**471**	**2,245**
Difference (FY22 vs. FY21)	Poitrel	17	-4	13	-12	2
	SWC	21	30	51	-56	-5
	Wards Well	547	-395	152	-48	104
	Bee Creek		0	0	0	0
	Nebo West			0	0	0
	Difference (Mt)	**585**	**-368**	**216**	**-116**	**101**
	Difference (% change)	**210%**	**-25%**	**12%**	**-25%**	**4%**

7.7.1 Poitrel

The previous estimate of Resources was undertaken by BMC (BMC Competent Persons Report, FY21). There is no material difference in the total Resource estimate (+1%) however the Resource classification has been revised.

The Resource classification plans presented in BMC (2021) are dated 2019, indicating that the Resources reported were updated by depletion using the Resource polygons from 2019, and had not been updated with drilling undertaken over the last 2-3 years.

This Resource estimate has used points of observation from the 2021 (POI_0221) geological model and the Resource classification polygons have been updated accordingly. The rationalisation of the Resource classification polygons may be slightly different than the BMC classification at the discretion of the Competent Persons. These factors result in a

larger proportion of Measured Resources (40% increase) and lesser proportions of Indicated Resources (-8%) and Inferred Resources (-20%).

7.7.2 South Walker Creek

The SWC total Resource estimate differs from the previous (BMC, FY21) estimate of BMC by -5 Mt (-1 %), slightly less than the FY22 mining depletion (8 Mt).

The main difference to the BMC FY21 estimate is in the Resource classification. This updated has a higher portion of Measured Resources (+9%) and Indicated Resources (+11%), and a lower portion of Inferred Resources (-31%) than the previous classification. The main difference between this estimate and the previous is due to alternate classification of Resources in the MB2 seam in the northern part of the deposit and use of alternate point of observation criteria.

7.7.3 Wards Well

The Wards Well total Resource estimate differs from the previous estimate (BMC, FY21) by 104 Mt representing an increase of 8%. While the footprint hasn't materially changed, the total Resource may be slightly larger due to no offsets being applied around LOX lines and tenement boundaries.

The Coal Resources were reclassified as part of the FY22 estimate. This reclassification allows Measured Resources to be stated whereas previously there were not reported, likely due to BHP's internal reporting guidelines. The reclassification has resulted in Measured Resources of 547 Mt being stated in FY22 (previously zero). There is a corresponding decrease of 395 Mt of Indicated Resources (-34%) and 48 Mt Inferred Resources (-32%) relative to the FY21 estimate.

8 RESERVE ESTIMATE

8.1 Resource Status

Coal Resources underlying this Reserve estimate are outlined in the Chapter 7 of this report. The FY22 Resource classification has been updated relative to the previous estimates (BHP, 2021). The reclassification was undertaken to incorporate additional exploration and Resource information.

8.2 Level of Studies

Poitrel and SWC are operating mines and both have significant operational history. Table 8.1 represents Palaris' evaluation of the study status of the various considerations of the open cut operations.

Table 8.1 Study level for Poitrel and SWC

Modifying Factors	Minimum Pre-Feasibility Study	Minimum Feasibility Study
Mining	☐	☑
Metallurgy	☐	☑
Economic	☐	☑
Marketing	☐	☑
Legal	☐	☑
Environmental	☐	☑
Social	☐	☑
Governmental	☐	☑
Native title and cultural heritage	☐	☑

SMC's three non-operating deposits are Wards Well, Bee Creek and Nebo West. Resources are declared for these deposits, but as recent feasibility studies have not been completed, Reserves are not declared.

8.3 Modifying Factors and Assumptions

8.3.1 Poitrel

Mining Method

The geology and topography are such that the strip-mining technique has been adopted as the mining method. Initial mining operations commenced on the sub-crop of the Vermont 1 seam in 2006 using fleets of excavators and trucks as the primary overburden removal equipment to uncover coal in 60 m wide strips orientated along the strike of the seam. Mining has since progressed along strike and down-dip. Overburden stripping operations are primarily Cast and Dozer Excavate (CDX) operations, with overburden progressively

backfilled into already mined strips. Cast and dozer push account for 30% of the prime waste movement on average, with the remaining overburden and interburden removed by excavators.

Mining Limits

The open cut mine design takes the following criteria into account:

- Isaac River levee inside toe – 40m offset,
- Alignment with geological structure,
- LOX line,
- Geotechnical recommendations,
- Geology – fault structures,
- Economic limits.

Equipment Selection

Major earth moving equipment used in the LOM plan is outlined in Table 8.2 below.

Table 8.2 Major earth moving equipment

Equipment Type	Number
Excavators	2 x CAT 6060 1 x CAT 6040 1 x HITACHI 5600
Trucks	23-26 x CAT 793F
Loaders	2 x CAT 994
Stripping Dozers	7-8 x CAT D11

Product Yield and Quality

The Red Mountain CHPP consists of the ROM dump hopper and crusher, the coal processing plant, product stockpile and train load-out facilities. ROM coal is transported by rear dump trucks to the Red Mountain CHPP ROM pad where it is either directly fed into the CHPP via hopper or stockpiled for later processing. Raw coal is crushed to -50 mm and distributed to coarse and fines circuits by desliming screens.

In the coarse circuit, dense medium cyclones separate coal and the higher density non-coal by passing the material through a dense medium via centrifugal force. Fine coal is cleaned through either classifying cyclones, froth flotation or reflux classifiers. Coarse rejects are hauled back to the mining pits for disposal with fine rejects thickened in tailings cells before being encapsulated in overburden dumps.

Working Sections

The working sections are comprised of the main Leichardt and Vermont seam plies and are shown in Table 8.3 below. The L1, L2 and L3 plies are mined together and form both

coking and PCI coal products, with the L4 and V1 plies mined individually and form a coking coal product.

Table 8.3 Working sections

Working Section	Plies
L12	L1
	L2
L3	L3
L4	L4
V1	V1

Yield Assumptions

Dilution washability data was used for generating diluted working section washability data sets. LIMN simulations are used to derive the product yields.

Product Type

Marketable Reserves are estimated from ROM Reserves using the 8.3 % ash and 9.3 % ash coking and PCI products, respectively. The coking coal product is expected to yield between 55% to 67% based on modelling, with an average of 61 % over LOM. The PCI product is expected to yield between 33 % to 44 % based on modelling, with an average of 38% over LOM. The Coking and PCI products appear to have lower yields as the L3 ply is processed to both a Coking and PCI product. Overall yield is expected to range between 64% and 78%, with an average of 70%. The product split is 62 % coking and 38 % PCI. Coking and PCI product specifications are detailed in Table 8.4 below.

Table 8.4 Poitrel product specifications

Quality Parameter	Coking Coal	PCI
Total Moisture (% as received)	11.0	9.0
Ash (% ad)	8.3	9.3
Phosphorus (% ad)	0.065	0.080
Volatile Matter (% ad)	24.0	22.9
Calorific Value (Gross ad)	N/A	7,529
Sulphur (% ad)	0.40	0.35

There is no impact on the metallurgical modifying factors by deleterious elements.

Loss, Dilution and Moisture Assumptions

The following global variables are utilised in the SPRY model:

- Standard moisture ROM 7.0%
- Minimum coal thickness recoverable 0.2 m

The average in situ moisture is 3.9%.

Loss and dilution assumptions are detailed in Table 8.5 below.

Table 8.5 Loss and dilution assumptions

Seam	Roof Loss (m)	Floor Loss (m)	Edge Loss (m)	Roof Dilution (m)	Floor Dilution (m)	Edge Dilution (m)
L12	0.10		0.5			0.02
L3		0.05*			0.07*	
L4		0.05	0.5		0.07	
V1	0.10	0.05	0.5	0.00	0.07	0.02

* Zero if L4 is present.

The following assumptions were used in Reserves calculations:

- ROM Reserves – 7.0%
- Coking product – 11.0%
- PCI product – 9.0%

Geotechnical

Open cut designs take into consideration geotechnical conditions and recommendations. Geotechnical Pit Layouts (GPL) are used to guide pit design geometry of long term mining Reserves supporting the LOM plan and JORC Reserve estimates. GPL's are assessed by a Registered Professional Engineer of Queensland (RPEQ) accredited geotechnical engineers to ensure an appropriate Factor of Safety (typically >= 1.2) is achieved for highwall, end wall and low wall designs. These designs consider:

- Floor dip,
- Yarrabee Tuff,
- Faults,
- Batter stability,
- Waste dump height assessment.

Typical slope parameters are detailed in Table 8.6.

Table 8.6 Excavated slope design

Area / Pit Component	Minimum Bench Width (m)	Batter Angle (deg)	Maximum Batter Height (m)
Main Pit (Highwall) - Tertiary	10	45	15
Main Pit (Highwall) - Weathered	10	65	30
Main Pit (Highwall) - Fresh	10	70	60
Main Pit (Highwall) – Fault Zone	10	45	45-60

Stripping Ratio

The ROM strip ratio is expected to range, on an annual basis, between 8.9 - 11.2 bcm/t, with a LOM average of 10.0 bcm/t.

Economic Viability

Palaris produced a fully costed financial model and mine plan during the due diligence process. Operating costs were calculated based on a bottom-up build using data gleaned during the due diligence process, from Palaris databases and benchmarked against historical mine performance. The financial model considers all sustaining capital to undertake the mining schedule as well as royalties and levies. Capital estimates were calculated based on data gleaned during the due diligence process and from Palaris and Stanmore insight. Sensitivities were conducted on several parameters to test economic viability, including:

- Operating costs,
- Coal price,
- CHPP yield,
- Foreign exchange rate,
- Capital costs,
- ROM production,
- Closure costs.

Poitrel is most sensitive to export coal price, CHPP yield and operating costs. Stripping ratio increases towards the end of the mine life which results in lower cash margins, however Poitrel remains economic at the end of the Reserve LOM. On a DCF basis all years are operating cash flow positive.

Market Assessment

A market assessment was conducted by M Resources for BMC coals, having regard to quality, marketing arrangements and strategy. In relation to the quality of BMC coals, it was found that Poitrel produces consistent, high-quality products. They continue to be available from strategic east coast Australian ports making the coals highly marketable in

a wide range of geographies and in essentially all market conditions. BMC has been able to demonstrate a track record of shipments at stable quality to all major metallurgical coal importing markets, and an ability to adapt to changing market conditions, such as the import ban of Australian coal to China.

M Resources' market assessment combined independent external forecasts with in-house research and direct market feedback. M Resources has identified the addressable market for BMC coals is the seaborne metallurgical coal market, and that from 2021 to 2035 this market is expected to increase from some 290 Mt in 2021 to approximately 375 Mt in 2035. Importantly, the seaborne PCI market, as a subset of the metallurgical coal market, is forecast to demonstrate a demand increase of 20 Mt per annum over the same period. PCI is important to the economic operation of a blast furnace as it increases productivity through displacement of coke, and PCI has an important function in maintaining unit carbon emissions per tonne of hot metal as low as possible with existing technology.

The forecast net seaborne demand increase for metallurgical coal is mostly driven by deployment of blast furnace-based steel production through India and Southeast Asia, as steel consumption patterns grow towards average regional levels. Increased seaborne demand for metallurgical coal takes into account a peak and decline in Chinese steel production, as well as increasing share of electric arc-based steel derived from scrap in China.

M Resources estimated the realised price for Poitrel's coking and PCI products, providing a price relativity of 89 % to the Hard Coking Coal Index (HCC64 mid vol) and 95 % to the Low Volatile PCI Index. The price forecast is commercially sensitive and is not disclosed.

Risks

Palaris has considered the potential influences of factors that may introduce risk into the successful conversion of Resources into Reserves. They are as follows:

- Lower confidence of fault modelling as mining progresses down dip,
- Decline in long term forecast coal price could result in higher stripping ratio extents of Poitrel becoming cash flow negative.

8.3.2 SWC

Mining Method

The geology and topography are such that the strip-mining technique has been adopted as the mining method. Initial mining operations commenced on the sub-crop of the MB seam in 1996 using fleets of excavators, trucks and dozers as the primary overburden removal equipment to uncover coal in 55 m wide strips orientated along the strike of the seam. Mining has since progressed along strike and down-dip and two draglines have been deployed. Overburden stripping operations are primarily dragline, cast and excavator and truck, with overburden progressively backfilled into already mined strips. Draglines account for 25% of the prime was movement on average, with the remaining overburden and interburden removed by excavators.

Mining Limits

The open cut mine design takes the following criteria into account:

- Alignment with geological structure,
- LOX line,
- Geotechnical recommendations,
- Geology – fault structures,
- Mining Lease boundaries.

The maximum seam dip encountered is 17%.

Equipment Selection

Major earth moving equipment used in the LOM plan is outlined in Table 8.7 below.

Table 8.7 Major earth moving equipment

Equipment Type	Number
Draglines	2 x Marion 8050
Excavators	3 x HITACHI 3600 4 x HITACHI 5600
Trucks	20-24 x KOMATSU 830E 6-8 x CAT789D
Loaders	1 x CAT 994 1 x KOMATSU 1200
Stripping Dozers	4-8 x CAT D11

Product Yield and Quality

The South Walker Creek CHPP consists of the ROM dump hopper and crusher, the coal processing plant, product stockpile and train load-out facilities. ROM coal is transported by rear dump trucks to the South Walker Creek CHPP ROM pad where it stockpiled and fed into the CHPP via front-end loader and hopper. Raw coal is crushed to -50 mm and distributed to coarse and fines circuits by desliming screens. In the coarse circuit, dense medium cyclones separate coal and the higher density non-coal by passing the material through a dense medium via centrifugal force. Fine coal is cleaned through either classifying cyclones, froth flotation or spirals. Coarse rejects are hauled back to the mining pits for disposal with fine rejects thickened before being discharged into tailings disposal dams.

Working Sections

The working sections are comprised of the main MT1, MT2, MT, MB and MB2 seams and are shown in Table 8.8 below. All seams are processed to form a single PCI coal product.

Table 8.8 Working sections

Working Section	Seams
MT1	MT1
MT2	MT2
MT	**MT**
MB	MB
MB2	MB2

Yield Assumptions

Dilution washability data was used for generating diluted working section washability data sets. LIMN simulations are used to derive the product yields.

Product Type

Marketable Reserves are estimated from ROM Reserves using the 9.2% ash PCI product. The PCI coal product is expected to yield between 74% to 81% based on modelling, with an average of 78% over LOM. The product split is 100% PCI. PCI product specification is detailed in Table 8.9 below.

Table 8.9 Product specifications

Quality Parameter	PCI
Total Moisture (% as received)	9.6
Ash (% ad)	9.2
Phosphorus (% ad)	0.110
Volatile Matter (% ad)	13.6
Calorific Value (Gross ad)	7,734
Sulphur (% ad)	0.35

Loss, Dilution and Moisture Assumptions

The following global variables are utilised in the SPRY model:

- Standard moisture ad 1.5%
- Standard moisture in situ 4.0%
- Standard moisture ROM 6.0%
- Minimum coal thickness recoverable 0.05 m
- Maximum non separable parting thickness 0.44 m

Loss and dilution assumptions are detailed in Table 8.10 below.

Table 8.10 Loss and dilution assumptions

Seam	Roof Loss (m)	Floor Loss (m)	Edge Loss (m)	Roof Dilution (m)	Floor Dilution (m)	Edge Dilution (m)
MT1	0.19	0.14	1.43	0.1	0.1	0.24
MT2	0.19	0.14	1.43	0.1	0.1	0.24
MT	0.19	0.14	1.43	0.1	0.1	0.24
MB	0.19	0.14	1.43	0.1	0.1	0.24
MB2	0.19	0.14	1.43	0.1	0.1	0.24

Moisture basis

The following assumptions were used in Reserves calculations:

- ROM Reserves – 6.0%
- PCI product – 9.6%

Geotechnical

Open cut designs take into consideration geotechnical conditions and recommendations. Geotechnical Pit Layouts (GPL) are used to guide pit design geometry of long term mining Reserves supporting the LOM plan and JORC Reserve estimates. GPL's are assessed by a Registered Professional Engineer of Queensland (RPEQ) accredited geotechnical engineers to ensure an appropriate Factor of Safety (typically >= 1.2) is achieved for highwall, end wall and low wall designs. These designs consider:

- Floor dip
- Faults
- Batter stability
- Waste dump height assessment

Typical slope parameters are detailed in Table 8.11 below.

Table 8.11 Excavated slope design

Area / Pit Component	Minimum Bench Width (m)	Batter Angle (deg)	Maximum Batter Height (m)
Main Pit (Highwall) - Tertiary	10-15	45-65	15
Main Pit (Highwall) - Weathered	10	65	30
Main Pit (Highwall) - Fresh	10	65-70	60

Stripping Ratio

The ROM strip ratio is expected to range, on an annual basis, between 7.3-8.8 bcm/t, with a LOM average of 7.9 bcm/t.

Economic Viability

Palaris produced a fully costs financial model and mine plan during the due diligence process. Operating costs were calculated based on a bottom-up build using data gleaned during the due diligence process, from Palaris databases and benchmarked against historical mine performance. The financial model considers all sustaining capital to undertake the mining schedule as well as royalties and levies. Capital estimates were calculated based on data gleaned during the due diligence process and from Palaris and Stanmore insight. Sensitivities were conducted on several parameters to test economic viability, including:

- Operating costs,
- Coal price,
- CHPP yield,
- Foreign exchange rate,
- Capital costs,
- ROM production,
- Closure costs.

South Walker Creek is most sensitive to export coal price, CHPP yield and operating costs. Stripping ratio increases towards the end of the mine life which results in lower cash margins however South Walker Creek remains economic at the end of the Reserve LOM. On a DCF basis all years are operating cash flow positive.

Market Assessment

A market assessment was conducted by M Resources for BMC coals, having regard to quality, marketing arrangements and strategy. In relation to the quality of BMC coals, it was found that South Walker Creek produces a consistent, high quality product. This product is available from strategic east coast Australian ports making the coals highly marketable in a wide range of geographies and in essentially all market conditions. BMC has been able to demonstrate a track record of shipments at stable quality to all major metallurgical coal importing markets, and an ability to adapt to changing market conditions, such as the import ban of Australian coal to China.

M Resources' market assessment combined independent external forecasts with in-house research and direct market feedback. M Resources has identified the addressable market for BMC coals is the seaborne metallurgical coal market, and that from 2021 to 2035 this market is expected to increase from some 290 Mt in 2021 to approximately 375 Mt in 2035. Importantly, the seaborne PCI market, as a subset of the metallurgical coal market, is forecast to demonstrate a demand increase of 20 Mt per annum over the same period. PCI is important to the economic operation of a blast furnace as it increases productivity through displacement of coke, and PCI has an important function in maintaining unit carbon emissions per tonne of hot metal as low as possible with existing technology.

The forecast net seaborne demand increase for metallurgical coal is mostly driven by deployment of blast furnace based steel production through India and South East Asia, as

steel consumption patterns grow towards average regional levels. Increased seaborne demand for metallurgical coal takes into account a peak and decline in Chinese steel production, as well as increasing share of electric arc based steel derived from scrap in China.

M Resources also estimated the realised price for South Walker Creek PCI products noting a price relativity of 100% of the Low Volatile PCI Index.

8.4 Classification of Reserves

8.4.1 Poitrel

Coal Reserves have been classified into Proven and Probable categories by intersecting the planned mining blocks from the LOM plan with the Measured and Indicated Resource polygons respectively. The Reserve was then assessed to determine if the application of any Modifying Factors would result in subsequent reclassification.

The LOM pit shell was determined by assigning revenues to all Resource categories including Measured, Indicated and Inferred Resource, and unclassified coal. Within the economic pit shell only Measured and Indicated Resource categories were included for Reserves reporting. The amount of Inferred Resource and unclassified coal within the mine plan is 6.4 Mt. Excluding the Inferred Resource and unclassified coal the Reserve mine life and Reserves remain unchanged. An appropriate drilling program is planned to maintain the Resource confidence levels as mining operations progress.

Figure 8.2 shows a period progress plot for the planned Reserves, indicating a 10-year mine life, based on the current Resource and Reserve knowledge.

Of the coal scheduled in the open cut LOM plan, 54% is classified as Proved Reserve, 34% is classified as Probable Reserve and 12% was unclassified. Timing of mining the Reserve categories is shown in Figure 8.1.

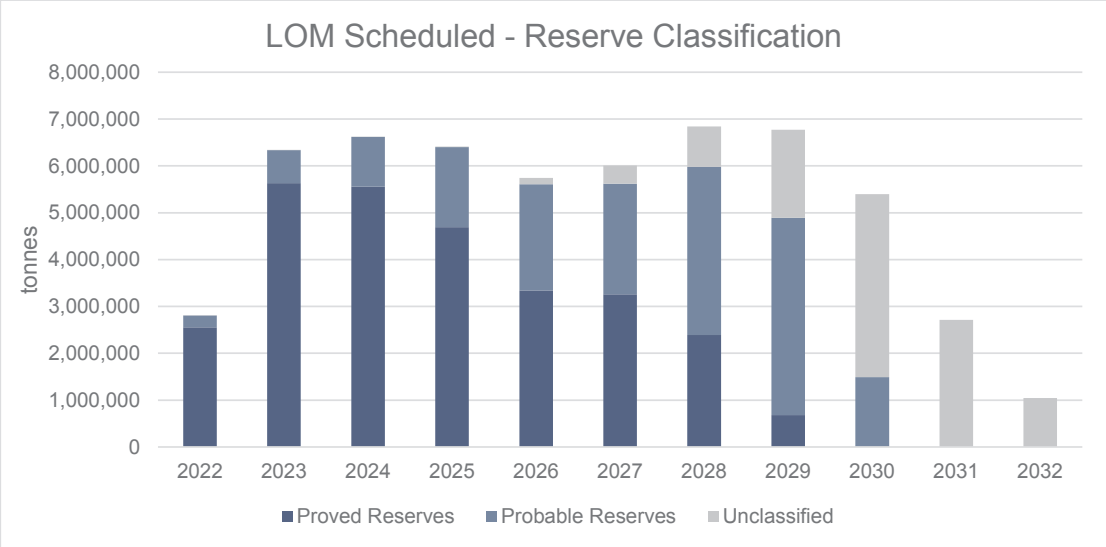

Figure 8.1 Poitrel LOM Schedule – Reserve Classification

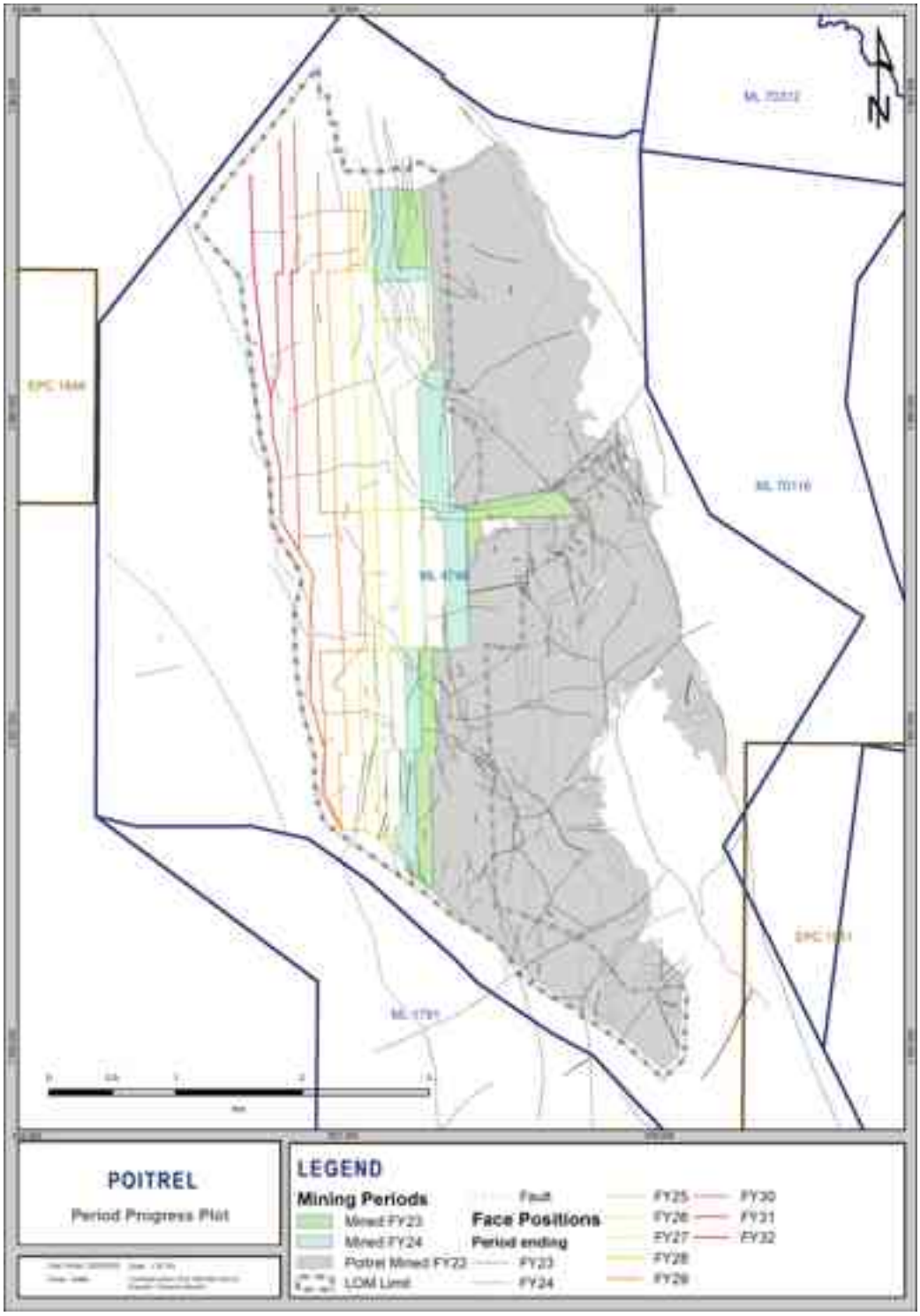

Figure 8.2 Poitrel LOM Schedule – Period Progress Plot

8.4.2 SWC

The Reserves have been classified into Proven and Probable categories by intersecting the planned mining blocks from the LOM plan with the Measured and Indicated Resource polygons, respectively. The Reserve was then assessed to determine if the application of any Modifying Factors would result in subsequent reclassification.

The LOM pit shell was determined by assigning revenues to all Resource categories including Measured, Indicated and Inferred Resource, and unclassified coal. Within the economic pit shell only Measured and Indicated Resource categories were included for Reserves reporting.

Of the coal scheduled in the open cut LOM plan, 81% is classified as Proved Reserve, 10% is classified as Probable Reserve and 9% was unclassified. Unclassified includes a mining area in the north where nil surface rights exist.

The amount of Inferred Resource and unclassified coal within the mine plan is 4 Mt and 15 Mt, respectively. An appropriate drilling program is planned to maintain the Resource confidence levels as mining operations progress. The period progress plots showing the predominant areas of mining on a per annum basis are presented in the figure 8.4 and 8.5 below.

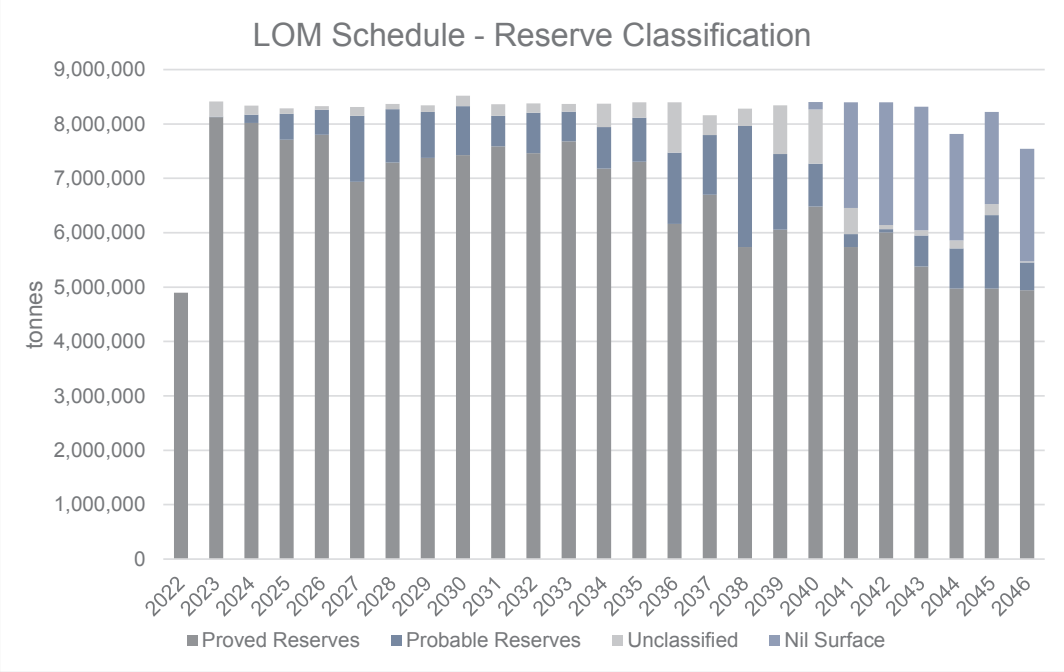

Figure 8.3 LOM Schedule - Reserve Classification

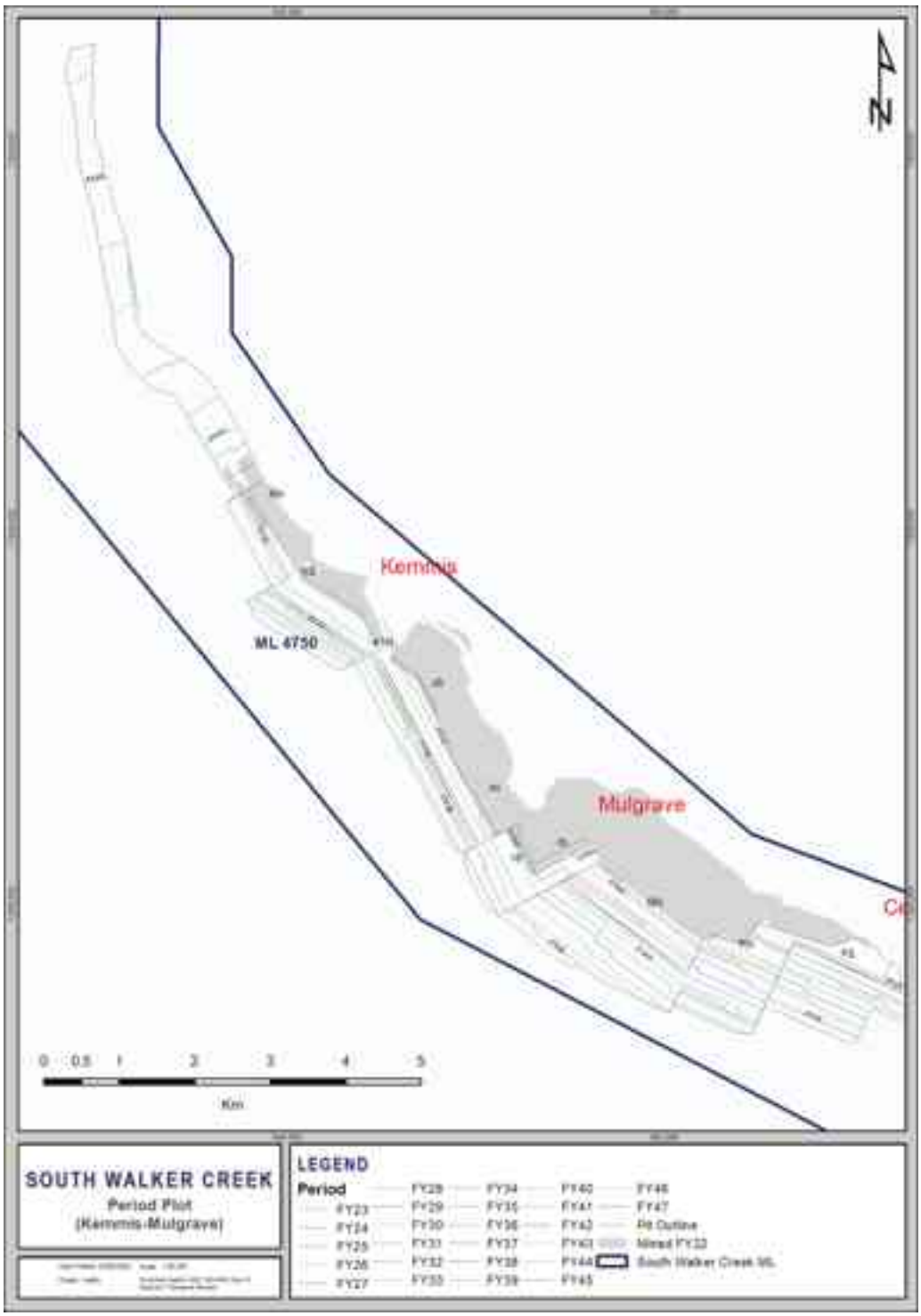

Figure 8.4 – Period Progress Plot – Northern

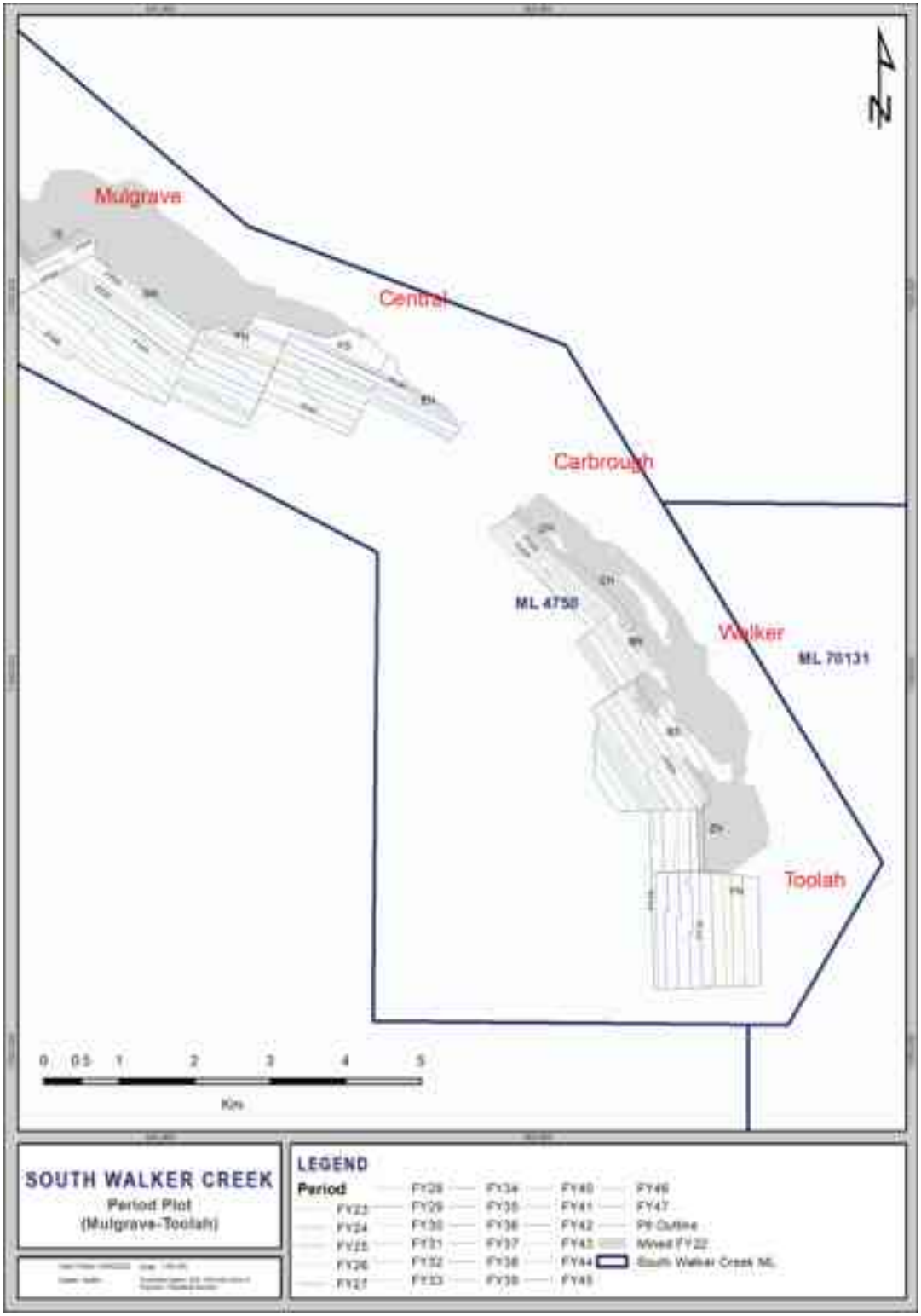

Figure 8.5 – Period Progress Plot – Southern

8.5 Reserve Statement

Coal Reserves have been estimated for the operating assets of Poitrel and SWC with face positions at 30th June 2022 and reflecting the updated Reserve categorisation that are underpinned by reclassified coal Resources. ROM Reserves total 231 Mt and are categorised as 194 Mt Proved and 37 Mt Probable as summarised in Table 8.12 below.

Table 8.12 SMC Reserves (ROM as at 30th June 2022 (Mt, 100%-basis)

Mine	Proved Reserves (ROM)	Probable Reserves (ROM)	TOTAL
Poitrel	28	18	46
SWC	166	20	186
TOTAL	**194**	**37**	**231**

Note: Poitrel ROM Reserves stated at 7% moisture basis, SWC ROM Reserves stated at 6% moisture basis. Numbers are subject to rounding

Marketable Reserves have been stated for Poitrel and SWC with a combined total of 177 Mt (150 Mt Proved and 27 Mt Probable) as summarised in Table 8.13. Marketable Reserves include 20 Mt of hard coking coal and 157 Mt of low and mid volatile PCI product.

Table 8.13 SMC Marketable Reserves as at 30th June 2022 (Mt, 100%-basis)

Mine	Proved Marketable Reserves	Probable Marketable Reserves	TOTAL
Poitrel	20	12	**32**
SWC	130	15	**145**
TOTAL	**150**	**27**	**177**

Note: Poitrel Marketable Reserves reported at 9-11% product moisture, SWC Marketable Reserves reported at 9.6% product moisture. Numbers are subject to rounding

8.5.1 Poitrel

There is a high level of confidence in Coal Reserve and Marketable Coal Reserve, due to recent and ongoing mining operations and 69 % of the Coal Resource being classified as Measured and Indicated. All Reserves are contained within ML 4749.

Poitrel ROM Reserves total 46 Mt and are classified as 28 Mt Proved and 18 Mt Probable. A breakdown of ROM Reserves by seam is provided in Table 8.14.

Table 8.14 Poitrel open cut ROM Reserve estimate

Seam - Ply	Proved ROM (Mt)	Probable ROM (Mt)	Total ROM (Mt)
Leichardt 12	8	5	13
Leichardt 3	12	6	18
Leichardt 4	1	2	3
Vermont 1	7	5	12
Total	**28**	**18**	**46**

Note: Poitrel ROM Reserves reported at 7% moisture. Numbers are subject to rounding

Poitrel Marketable Reserves total 32 Mt and are classified as 20 Mt Proved and 12 Mt Probable. A breakdown of ROM Reserves by seam and product is provided in Table 8.15.

Table 8.15 Poitrel open cut Marketable Reserve estimate by seam

Seam - Ply	Product Description	Proved Marketable (Mt)	Probable Marketable (Mt)	Total Marketable (Mt)
Leichardt 12	PCI (9.3% Ash, 9% Mprod - avg)	5	3	8
Leichardt 3	PCI (9.3% Ash, 9% Mprod - avg) Coking (8.3% Ash, 11% Mprod - avg)	9	5	14
Leichardt 4	Coking (8.3% Ash, 11% Mprod - avg)	1	1	2
Vermont 1	Coking (8.3% Ash, 11% Mprod - avg)	5	3	8
Total		**20**	**12**	**32**

Note: Reserve numbers are subject to rounding

Marketable Reserves are comprised of 20 Mt coking product and 12 Mt PCI (Table 8.16).

Table 8.16 Poitrel Marketable Reserve estimate by product

Product Type	Proved Prod (Mt)	Probable Prod (Mt)	Total Prod (Mt)
Coking (8.3% Ash, 11% Mprod - avg)	12	8	20
PCI (9.3% Ash, 9% Mprod - avg)	8	4	12
Total	**20**	**12**	**32**

Note: Reserve numbers are subject to rounding

8.5.2 SWC

There is a high level of confidence in Coal Reserves and Marketable Coal Reserves, due to recent and ongoing mining operations and 82 % of the Coal Resource being classified as Measured and Indicated. All Reserves are contained within ML 4750.

South Walker Creek ROM Reserves total 186 Mt and are classified as 166 Mt Proved and 20 Mt Probable. A significant proportion of the ROM Reserves (68 %) is within the MB2 Seam. A breakdown of SWC ROM Reserves by seam is provided in Table 8.17.

Table 8.17 SWC Reserve (ROM) estimate by seam

Seam - Ply	Proved ROM (Mt)	Probable ROM (Mt)	Total ROM (Mt)
MT1	15	6	21
MT2	6	2	8
MT	4	0	4
MB	23	3	26
MB2	118	9	127
Total	**166**	**20**	**186**

Note: SWC ROM Reserves reported at 6% moisture

SWC Marketable Reserves total 145 Mt and are categorised as 130 Mt Proved and 15 Mt Probable (Table 8.18).

Table 8.18 SWC Marketable Reserve estimate by seam

Seam - Ply	Product Description	Proved Marketable (Mt)	Probable Marketable (Mt)	Total Marketable (Mt)
MT1	PCI (9.2% Ash)	11	5	16
MT2	PCI (9.2% Ash)	4	1	5
MT	PCI (9.2% Ash)	3	0	3
MB	PCI (9.2% Ash)	18	2	20
MB2	PCI (9.2% Ash)	94	7	101
Total	**PCI (9.2% Ash)**	**130**	**15**	**145**

Note: SWC Marketable Reserves reported at 9.6% product moisture

The Marketable Reserve seam contributions above are combined for a single low volatile PCI product with 9.2% average ash content (Table 8.19).

Table 8.19 SWC Marketable Reserve estimate by product

Product Type	Proved Prod (Mt)	Probable Prod (Mt)	Total Prod (Mt)
PCI (9.2% Ash)	130	15	145
Total	130	15	145

Note: SWC Marketable Reserves reported at 9.6% product moisture

8.6 Comparison with Previous Estimates

Coal Reserves have been compared to the previous BMC estimate as at 30th June 2021 (prior to their divestment of the assets). ROM Reserves have increased 35 % and Marketable Reserves 22 % relative the previous estimate with a material increase in the Proved ROM Reserve category (75% increase).

A comparison between the FY22 and the previous BHP estimate is provided in Table 8.20

Table 8.20 SMC Reserves relative to previous estimate (BHP, FY21)

Estimate	Mine / Project	Proved Reserves (ROM)	Probable Reserves (ROM)	Total Reserves (ROM)	Total Marketable Reserves
Palaris (2022)	Poitrel	28	18	46	32
	SWC	166	20	186	145
	TOTAL	**194**	**37**	**231**	177
BMC (2021)	Poitrel	24	24	48	39
	SWC	87	36	123	98
	TOTAL	**111**	**60**	**171**	**137**
Difference (FY22 vs. FY21)	Poitrel	4	-6	-2	-7
	SWC	79	-16	63	47
	Difference (Mt)	83	-23	60	40
	Difference (% change)	**75%**	**-38%**	**35%**	**29%**

8.6.1 Poitrel

A reconciliation between BMC's 30 June 2021 Coal Reserve estimate and the 30 June 2022 Palaris Coal Reserve estimate are presented in Table 8.21 and Table 8.22 below.

The difference in the ROM and Marketable Reserves are due to:

- Different ROM moisture basis,
- Changes to Resource classification driven by additional drilling,
- Lower yield due to updated modelling,
- Mining depletion during FY22.

Table 8.21 Poitrel ROM Reserve reconciliation

	Estimate Date	Proved ROM (Mt)	Probable ROM (Mt)	Total ROM (Mt)
Opening Value (BMC)	30 June 2021	24	24	48
ROM moisture adjustment 4% to 7%		+1	+1	+2
Resource re-classification impact on Reserves	30 June 2022	+8	-7	+1
Depletion	30 June 2021 – 30 June 2022	-5	0	-5
Closing Value (Palaris)	30 June 2022	28	18	46

Note: Reserve numbers are subject to rounding

Table 8.22 Poitrel Marketable Reserve reconciliation

	Estimate Date	Proved Prod (Mt)	Probable Prod (Mt)	Total (Mt)
Opening Value (BMC)	30 June 2021	20	19	39
Moisture, Updated lower yield Modelling and Resource re-classification impacts on Reserves		+3	-7	-4
Depletion	30 June 2021 – 30 June 2022	-3		-3
Closing Value (Palaris)	30 June 2022	20	12	32

Note: Reserve numbers are subject to rounding

8.6.2 SWC

A reconciliation between the 30 June 2022 Coal Reserve estimate and the 30 June 2021 BMC Coal Reserve estimate are presented in Table 8.23 and Table 8.24 below:

The material difference in ROM and Marketable Reserves is the inclusion of the Toolah and MRA 2C pits at SWC (previously excluded by BHP). There are reasonable grounds to expect approvals for mining these areas therefore these mining areas are included in the Reserve estimate. There are also changes to the proportions of Proved and Probable Reserves due to the reclassification of underlying Resources.

Table 8.23 SWC ROM Reserve reconciliation

	Estimate Date	Proved ROM (Mt)	Probable ROM (Mt)	Total ROM (Mt)
Opening Value (BMC)	30 June 2021	87	36	123
MRA 2C and Toolah		+41	+7	+48
Rom moisture adjustment		+2	+1	+3
Resource re-classification impact on Reserves		+42	-22	+20
Depletion		-6	-2	-8
Closing Value (Palaris)	30 June 22	+166	+20	186

Note: Reserve numbers are subject to rounding

Table 8.24 SWC Marketable Reserve reconciliation

	Estimate Date	Proved (Mt)	Probable (Mt)	Total (Mt)
Opening Value (BMC)	30 June 2021	69	29	98
MRA 2C and Toolah		+32	+5	+37
Moisture, Resource re-classification impacts on Reserves		+34	-18	+16
Depletion	30 June 2021 - 30 June 2022	-5	-1	-6
Closing Value (Palaris)	30 June 2022	130	15	144

Appendix A Table 1 Checklist for Estimation & Reporting of Resources & Reserves

SECTION 1 - SAMPLING TECHNIQUES AND DATA

Criteria	JORC Code explanation	Commentary
Sampling techniques	Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used Aspects of the determination of mineralisation that are Material to the Public Report	Exploration drill cores provide the main method for obtaining samples of coal and stone for analysis. Documentation of sampling methods undertaken in early drilling (1960's-1980's) could not be in located through searches of Government databases (noting that much of the scanned exploration reports are digitally corrupt). Sampling methods for drilling undertaken since the 2000's is documented in a BHP exploration standard - coal quality sampling field guide. Representivity of sampling of the coal seams is achieved by sampling the whole coal seam and reconciling sampled intervals to wireline geophysical logs (where surveyed). Sampling of geophysical properties of the stratigraphic sequence includes downhole wireline geophysical logging, which has been undertaken on drilling since the mid-1990's. This has included combination sondes (caliper, gamma, dual density), multi-channel sonic (wet holes), and verticality. Acoustic scanner tools have been run on geotechnical holes. Calibration of geophysical tools is undertaken by the wireline logging providers using calibration holes and calibration standards. Prior to commencing logging at site, a calibration hole is logged and data presented to site personnel for validation. LOX line drillholes (chip-holes) are sampled to determine oxidation limits.
Drilling techniques	Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc)	Early drilling (1960's to 1980's) used Mayhew 1000 rotary drilling rigs, with average hole diameter of 115 mm. Air, water or mud were used for cuttings return dependent on ground conditions. Cores taken during this drilling included NMLC (51 mm) or HMLC (63.5 mm) size. Drilling in the 1990's to current has included HQ3, PQ and 4" core for coal quality and geotechnical analysis, and 200mm cores for sizing and detailed washability. Chip holes at site have been drilled using blade bits, polycrystalline diamond and hammer. Air, water injection and water/mud have been used as drilling media. The cored holes have mostly been drilled using diamond bits. Triple-tube and conventional coring have been employed in sample recovery.
Drill sample recovery	Method of recording and assessing core and chip sample recoveries and results assessed Measures taken to maximise sample recovery and ensure representative nature of the samples Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material	Core recoveries are recorded/logged by the geologist and during reconciliation of the lithological logged thicknesses to geophysical-interpreted intervals. These data are recorded in core recovery tables for each coring run in Geobank software. Core is logged in splits to ensure correct measurement of core and accounting for core losses. Fine-grained diamond drill bits are used to enhance core recovery. Methods described recording of core losses and gains are provided in company standards for core logging.

Criteria	JORC Code explanation	Commentary
Logging	Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography The total length and percentage of the relevant intersections logged	Lithological logging has been undertaken by geologists on exploration drillholes. Early drilling was logged on paper records in full English prose. Coal seams were logged using coal brightness lithotypes (e.g. clarain). Chip holes were logged in by imperial foot measurements. Core-logging from 1990's has employed coding lithologies into data entry sheets or directly into field computers. In 2018, BHP introduced a procedure called "Cool Runnings" that involves logging of cores in core boxes at a cool room located at an offsite coal laboratory. Logging is undertaken with reference to geophysical logs, to define the seams and sampling intervals and is recorded to the nearest centimetre. Chip-logging (since 2018) is undertaken by geologist at rigs to the nearest metre until the base of weathering and Tertiary, and is then "auto logged", which involves the use of algorithms to derive lithologies from wireline logs. All core is photographed, and the photographs stored in the Geobank database. Dedicated geotechnical holes are drilled for the purposes of providing samples for geomechanical samples. Features that impact geotechnical conditions in the pit, such as faults, are also recorded in standard core holes.
Sub-sampling techniques and sample preparation	If core, whether cut or sawn and whether quarter, half or all cores taken If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry For all sample types, the nature, quality and appropriateness of the sample preparation technique Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling Whether sample sizes are appropriate to the grain size of the material being sampled	Cores are sampled according to site specific seam and ply systems. Coal samples are not split so that coal sample mass is maximised for the required analysis. Complete coal seams are routinely sampled as part of the exploration activities. Coal preparation at the laboratories involves use of rotary sample dividers to split samples into Reserve and sample portions in equal quantities. This follows AS4264.1. Large diameter cores (200 mm) have been drilled to obtain sufficient sample for sizing analysis where the top-size is 50 mm. Sample preparation includes drop-shatter, dry and wet tumbling to simulate coal-handling, prior to analysis.
Quality of assay data and laboratory tests	The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established	Analysis of cores from the early phases of drilling was undertaken at ACIRL laboratories and the former TDM Barney Point laboratory. Laboratory reports from this era show that the labs had NATA (National Association of Testing Authorities) accreditation. Laboratories utilised by BMC are contractually required to be NATA accredited. A contractual requirement of the laboratories utilised by BMC is that they must be accredited by (NATA). To achieve NATA-accreditation, a coal testing laboratory is assessed against ISO/IEC 17025 "General requirements for the competence of testing and calibration laboratories". BMC conducts audits on external laboratories on a six-monthly basis, which include management and technical aspects of the analytical processes. All coal quality laboratory tests are performed in duplicate using National and International Standards. These standards describe precision for repeatability and reproducibility. BMC request annual round robins to be undertaken, and the results provide a proficiency test for the laboratories. BMC Audits of laboratories include a review of the calibration records, as required by NATA accreditation.

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	The verification of significant intersections by either independent or alternative company personnel The use of twinned holes Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols Discuss any adjustment to assay data	The thickness of coal seam intervals is interpreted by internal geologists from geophysical logs. Twinned holes are not undertaken, as this is not common practice in the coal industry. However, some locations of earlier drilling have been redrilled to improve the accuracy of Resource knowledge. Primary sampling data and assay data is stored in the Geobank database. Data is verified prior to entry into the database including no samples missing, correct analysis undertaken and results within expect range. The laboratory produces cross-plots to check, and potentially re-analyse samples where they may fall outside of expected ranges. Data received from the laboratory undergoes validation checks of raw, washability and product composite results. These include checks that results are within expected ranges, cross-plots of related variables (e.g., ash and relative density) and mathematical checks (e.g. fractional mass adds up to 100%). There is no alteration of assay results except for reporting of variables to different moisture basis, as per standard change of basis equations.
Location of data points	Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control.	All borehole collars and geophysical survey locations are recorded and stored in a Geobank database with notation of the survey method (even if unknown). Survey methods of the early phases of drilling (1960's-1980's) is not documented; however, the locations of drillholes are recorded with distances along traverse-lines with reference to landmarks. The locations of the holes are recorded on Company maps in Government reports. The location of more recent drilling is determined by Differential GPS, which has less than decimetre accuracy in elevation. Exploration surveys are undertaken by accredited mine surveyors. The projected geographic grid system used for the location of drilling data is Australian Mapping Grid, AMG84, Zone 55. LIDAR surveys are undertaken on the active mine areas and have sub-decimetre accuracy. The accuracy of the original topography (pre-mining) is not documented.

Criteria	JORC Code explanation	Commentary
Data spacing and distribution	Data spacing for reporting of Exploration Results Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied Whether sample compositing has been applied	The spacing of holes yielding structure and coal quality information is as follows: **Poitrel** The spacing of structural holes is as follows: ▪ < 75 m apart over current mining areas and up to ~400 m west of the coal extraction limits (as at end June 2022) ▪ <150 m apart across most of the remaining open cut Reserves area and < 500 m apart across the whole of ML 4749 and ML 1791. The spacing of holes yielding coal quality information is as follows: ▪ <300 m apart over current mining areas and up to ~800 m west of the coal extraction limits (as at end June 2022) ▪ < 800 m apart over the remaining open cut Reserve and the whole of ML 4749 and ML 1791 **South Walker Creek** The spacing of structural holes is as follows: ▪ < 100 m apart over current mining areas (as at end June 2021) and over one-half of the proposed life of mine plan ▪ <200 m apart across most of the remaining open cut Reserves area and < 400 m apart across the remainder of ML4750 The spacing of holes yielding coal quality information is as follows: ▪ <250 m apart over current mining areas and over ~75% of the proposed life of mine plan limits ▪ < 500 m apart over the most of ML4750 and < 1,000m apart over the whole of the tenement **Wards Well** Wards Well has a variable distribution of drilling. The south of ML1790 has <300-450 m spacing with coal quality holes at 300-600m on an offset grid. Northern ML1790 has coal quality holes at 800 – 1km spacing. ML4752 has tight borehole spacing near the western subcrop and a spacing of 800m – 1km elsewhere. Where ply sampling has occurred, sample results are mathematically composited to understand coal quality variables across the whole seam interval. This is done using compositing functions in the Vulcan software. Compositing of samples in the laboratory occur where ply samples are composited in full seam or working section composites for whole of seam analysis, such as float-sink and product composite analysis.
Orientation of data in relation to geological structure	Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material	The coal seams dip at shallow angles. As such, the coal seams are intersected at right angles by vertical drilling intersecting the full thickness of coal, except where faulting occurs. Verticality surveys are undertaken on geophysically logged holes, providing accurate downhole coal locations (exploration holes without verticality surveys are assumed to be vertical).
Sample security	The measures taken to ensure sample security	Sample dispatch is accompanied by a chain of custody form that is filled out and emailed to the laboratory prior to sample dispatch. Samples dispatched between laboratories are tracked. Sample are stored in a cold room to restrict deterioration of coking properties.

Criteria	JORC Code explanation	Commentary
Audits or reviews	The results of any audits or reviews of sampling techniques and data	No audits and reviews of sampling technique and data were undertaken

SECTION 2 - REPORTING OF EXPLORATION RESULTS

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area	The Poitrel deposit tenure consists of mining leases and exploration licences. Tenure held the Poitrel mine include: **Title / Name / Expiry Date / Area (ha)** EPC 1646 / Poitrel West / 3/11/2023 / 318.5 ML 1791 / Winchester / 31/07/2041 / 843.9 ML 4749 / Poitrel / 31/07/2041 / 3360 ML 70312 / Millennium East / 31/12/2034 / 290.9 In addition, Poitrel mine includes tenure that is jointly held by Stanmore SMC Pty Ltd (50%) and BHP Mitsubishi Alliance JV (50%) **Title / Name / Expiry Date / Area (ha)** EPC 1951 / Red Mountain / 18/06/2025 / 955.5 ML 70116 / Red Mountain / 31/12/2031 / 754 ML 4749 is the main mining licence for the Poitrel mine. The mine has operated since 2006, and there are no known impediments for continued operation in the area. The SWC deposit tenure consists of mining leases and exploration licences. Tenure held by Stanmore SMC for the mine include: - **Title / Name / Expiry Date / Area (ha)** ML4750 / Kemmis-Walker / 31/07/2020* / 11390 ML70131 / Tootoolah / 31/07/2020* / 3788.8 EPC1647 / Kemmis Creek Extended / 28/10/2025 / 1272 EPC2071 / Mulgrave / 12/10/2025 / 1590 EPC2109 / Kemmis North / 21/03/2023 / 954 * renewal lodged ML4750 is the main mining licence for the SWC mine. The mine has operated since 1996, and there are no known impediments for continued operation in the area Wards Well consists of four granted MLs covering 8,112 ha while MDL 3048 was recently granted for infrastructure retention/ Title / Name / Expiry Date / Area (ha) ML 1790 / Wards Well / 31/07/2041 / 4392 ML 4752 / Lancewood / 31/07/2041 / 2363 ML 70443 / Wards Well East / 31/05/2038 / 867.6 ML 70495 / Wards Well South East / 31/05/2038 / 489.6 MDL 3048 / Wards Well Infrastructure / 31/08/2026 / 2134.2

Criteria	JORC Code explanation	Commentary
Exploration by other parties	Acknowledgment and appraisal of exploration by other parties	**Poitrel:** Significant exploration was undertaken by Thiess Dampier Mitsui Pty Ltd across the large Authority to Prospect 3C, which was granted 1964. This included chip and cored holes drilled along traverse lines. This drilling and subsequent studies lead to the granting of Mining Lease 366, later to be replaced by ML4749. MGC Resources Australia carried out 2D (dynamite) seismic surveys for Authority to Prospect 364P, a petroleum tenement for exploration for coal seam gas. One survey line (MGC93-4) transects the middle of Poitrel and is of poor quality **SWC:** Significant exploration was undertaken by Thiess Dampier Mitsui Pty Ltd across the large Authority to Prospect 3C, which was granted 1964. This included chip and cored holes drilled along traverse lines. This drilling and subsequent studies lead to the granting of Mining Lease 356, later to be replaced by ML4750. 2D seismic lines have been carried out in adjacent areas for coal seam gas exploration.
Geology	Deposit type, geological setting and style of mineralisation	**Poitrel:** The Poitrel mine is located in the Nebo Synclinorium, a structural subdivision of the Permian-Triassic Bowen Basin. The coal-bearing sequence of interest is the Rangal Coal Measures, and the target coal seams include the ~5 m thick Leichhardt seam and the ~1.6 m thick upper Vermont seam, which occurs approximately 25 m below the Leichhardt seam. The mineable deposit occurs between regional thrust faults (New Chum in the east, and Isaac Fault in the west). These faults delimit the area of open cut mining. Within the mining area, north-south reverse faults and east-west normal faults cause local disruption to seam continuity. Seam splitting is locally developed in the basal plies within the Leichhardt seam and includes splitting in the far north and southwestern parts of the deposit. The Vermont seam is also present in ML1791, which occurs south of the Isaac River. Only local, erosional remnants of the Leichhardt seam occur in this ML. **SWC:** SWC is located in the Nebo Synclinorium, a structural subdivision of the Permian-Triassic Bowen Basin. The coal-bearing sequence of interest is the Rangal Coal Measures, and the target coal seams include the Main Seam, and its component splits. This seam is equivalent of the Leichhardt seam and has a cumulative coal thickness of 5 to 13 m. The Hynds Seam occurs ~40 m the Main Seam and consists of an average 3.7m of banded coal. The Rangal Coal Measures crop out along the 40 km ML4750. Faults with a largely NE/SW to NNE/SSW orientation are present along the subcrop and are mostly <10m throw. Igneous intrusions have been intersected in <1% of the holes drilled at site. The Main Seam is mostly split into its thick split component in the southern part of the deposit, while elsewhere, the seam is mostly represented as the MB2 seam. **Wards Well:** The Wards Well project is located on the relatively undisturbed western limb of the northern Bowen Basin, on the Collinsville Shelf. At Wards Well, the target coal seams present are contained within the Moranbah Coal Measures of the Upper Permian Blackwater Group. Deep Tertiary sediments results in deep subcrop for the MCM at depths typically between 150 and 200 metres. The main target seams subcrop beneath the Tertiary strata and dip eastwards at ~ 8 degrees. Three seams are potentially mineable by underground methods: the Goonyella Upper (3.2 – 5.4m thick), Goonyella Middle (4.5 – 8.5m thick) and Goonyella Lower (5.5 – 7.5m thick).

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td>Drill hole Information</td><td>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:
Easting and northing of the drill hole collar
Elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar
Dip and azimuth of the hole
Down hole length and interception depth
Hole length</td><td>Poitrel
A summary of the number of holes by purpose is presented below. Of the 5,703 holes drilled for structure, 1717 are blast holes that have been geophysically logged. The details of all of these holes have not been included in this report.
<table><tr><th>Purpose</th><th>No of holes</th></tr><tr><td>Structure</td><td>5703</td></tr><tr><td>Coal Quality</td><td>766</td></tr><tr><td>Geotechnical</td><td>36</td></tr><tr><td>LOX</td><td>277</td></tr><tr><td>Other</td><td>37</td></tr><tr><td>Total</td><td>6819</td></tr></table>It is significant to note that 24 % of the drilling data was collected prior to the 1990’s prior to the regular geophysical logging of drillholes. The older data is supported by newer (more reliable) information, and it is considered that their inclusion in the geological model does not impact in the veracity of this Resource assessment
South Walker Creek
A summary of the number of holes drilled to the end of FY21 by purpose is presented below. This number of holes is greater than the number of the holes used in the model, as the model, built in 2018, does not include the most recent drilling. The details of all of these holes have not been included in this report.
<table><tr><th>Purpose</th><th>No of holes</th></tr><tr><td>Structure</td><td>2946</td></tr><tr><td>Coal Quality</td><td>2981</td></tr><tr><td>Geotechnical</td><td>119</td></tr><tr><td>LOX</td><td>750</td></tr><tr><td>Other</td><td>36</td></tr><tr><td>Total</td><td>6832</td></tr></table>13% of the drilling data was collected prior to the 1990’s prior to the regular geophysical logging of drillholes.
Wards Well
The Wards Well project is reasonably well explored; the exploration data for the whole project includes 617 holes have been completed at the project, including 358 structure holes, 299 cored holes and five surface to in seam lateral holes.</td></tr>
<tr><td>Data aggregation methods</td><td>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated
Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low-grade results, the procedure</td><td>The target of the mine site are coal seams for the production of PCI and coking coals. Coal analytical data collected across coal seams at site are composited using appropriate weighting parameters for compositing. For example, weighting raw coal quality variables by mass (density x thickness).</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
	used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail The assumptions used for any reporting of metal equivalent values should be clearly stated	
Relationship between mineralisation widths and intercept lengths	These relationships are particularly important in the reporting of Exploration Results If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known')	The coal seams dip at shallow angles. As such, the coal seams are intersected at right angles by vertical drilling intersecting the full thickness of coal, except where faulting occurs. Verticality surveys are undertaken on geophysically logged holes, providing accurate downhole coal locations (exploration holes without verticality surveys are assumed to be vertical).
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views	Cross-section, isopach maps, and raw coal ash plots are included in the full version of the JORC report.
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced avoiding misleading reporting of Exploration Results	The thickness and average quality of all seams is described in this report. This includes seam splits of the Leichhardt seam and seams below the upper Vermont, which are not included in the Resource assessment.

Criteria	JORC Code explanation	Commentary
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances	**Poitrel** In 2005 five 2D-Mini-SOSIE east-west lines were surveyed and showed the continuity of the coal seams across the mining area and highlighted the complexity of the New Chum Fault zone, and the Isaac Fault to the west. 3D seismic surveys were undertaken in 2017 and 2019 across the remaining life of mine areas for the deposit. These defined many faults with mostly high confidence of interpretation. **South Walker Creek** Seismic surveys have been undertaken in adjacent tenements, close to the boundary of ML4750. These data provide evidence for the continuity of coal but have not been used in this assessment. Phosphorus and fluorine are deleterious elements in the product coal and are tested in raw and product samples. **Wards Well** Drilling is complemented by seismic survey coverage in an attempt to delineate faults that may impact an underground operation. 2D seismic surveys were completed in 2011 and 2017 however Tertiary basalt flows proved a challenge for reliable imaging of the underlying coal seams. In 2018, a 3D seismic survey covering 11.9 km was undertaken in the northern Lancewood area.
Further work	The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling) Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive	**Poitrel** As the project has been recently acquired by Stanmore, future exploration work plans are currently being developed. Potential extensions for testing by further exploration exist in areas down-dip and adjacent to the current planned open cut mine. Resource in ML1791 are undeveloped and require further study to delineate limits for potential future mining. **South Walker Creek** As the project has been recently divested, future exploration work plans have not yet been developed. Further exploration of areas down-dip of open cut coal Resources will be required to better the classification of underground Resources. Opportunity exists for further exploration in ML4751 (Bee Creek) and MDL235 (Nebo West).

SECTION 3 - ESTIMATION AND REPORTING OF MINERAL RESOURCES

Criteria	JORC Code explanation	Commentary
Database integrity	Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes Data validation procedures used	Data is directly input into a digital geological database that restricts errors through inbuilt validation rules. Logging and sampling data is entered directly into this database at collection points. Information on the limitation of transcription errors of pre-1980's data is not available; however, the data has been encoded and stored into Geobank, and would be subject to the data-entry validation rules.
Site visits	Comment on any site visits undertaken by the Competent Person and the outcome of those visits If no site visits have been undertaken indicate why this is the case	The Competent Persons visited the sites in July 2021 as part of a due diligence team. The site visit involved a tour of the pits and the CHPP.
Geological interpretation	Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit Nature of the data used and of any assumptions made The effect, if any, of alternative interpretations on Mineral Resource estimation The use of geology in guiding and controlling Mineral Resource estimation The factors affecting continuity both of grade and geology	The confidence in the geological interpretation of the contained coal seams is high. This level of confidence in the geology is reflected in: ▪ The coal seams have been mined at the deposits for 16-26 years ▪ correlation of coal seams is assisted by geophysical logs and The lithological characteristics of the coal seams ▪ 3D and 2D seismic has been integrated into the geological model and demonstrates continuity of faults ▪ Fault locations are supported by seismic surveys, face mapping and borehole intersections ▪ Adjacent mines have worked the same coal measures
Dimensions	The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.	**Poitrel** Isopach maps are presented in this report showing the dimensions of contained Coal Resources. ▪ L12, L3 and V1 Resources in ML4749 cover an approximate area of 7 km (north-south) by 3 km (east-west). ▪ L4 Resources cover an approximate area of 4.5 km (north-south) by 2.5 km (east-west). ▪ In ML1791, V1 Resources cover an approximate area of 3 km (north-west - south-east) by 1.5 km (south-west – north-east). Depth of cover to the V1 seam Resources (the deepest seam), ranges from 10 m at subcrop to 150 m down-dip of the open cut **South Walker Creek** Resources in the Main Seam occur from the southern boundary to the northern boundary of ML4750. The subcrop length in ML4750 of the Main Seam is 42 km length. At the widest point of the leasehold, the Main Seam extends for 5.2 km from subcrop to the edge of the lease boundary. In the narrow very northern part of the lease, the subcrop to lease boundary distance is ~580 m. Resources contained in the Hynds seam are confined to the northern part of the deposit, where it extends over two distinct areas, 3.2 and 2.4 km length. **Wards Well** The target coal measures subcrop beneath Tertiary-age basalts and sediments at depths typically between 150 and 200 metres. The main target seams subcrop beneath the Tertiary strata and dip eastwards at ~ 8 degrees. The three target seams (GU0, GM0 and GL8) all occur

Criteria	JORC Code explanation	Commentary
		along the entire project area with a strike length of ~17.5 km. Each of the three target seams has been intruded or heat affected (coked) in different positions, particularly in the northern (Lancewood) area of the deposit. The seams reach depths of 490 – 690 metres in the eastern down-dip areas of the project.
Estimation and modelling techniques	The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data The assumptions made regarding recovery of by-products Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation) In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed Any assumptions behind modelling of selective mining units Any assumptions about correlation between variables Description of how the geological interpretation was used to control the Resource estimates Discussion of basis for using or not using grade cutting or capping The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	The geological models and the Resource estimate were undertaken in Maptek Vulcan software. The Resource includes modelled surfaces for topography, base of weathering and base of Tertiary. The Resource modelled includes the models of the structure of each coal seam, and raw, washed and clean coal properties. All three geological models have been constructed on a ply basis with any working section aggregations undertaken during the reserving process. The interpolators used include triangulation for structure, and inverse distance for coal quality modelling. These interpolators are appropriate for the variables modelled. BMC produced a dossier of model checks and validation for release of new resource models, done by peer review. The range of checks undertaken by the peer reviewer are considered relevant and appropriate for the release of a new geological model. Phosphorus and sulphur are modelled as part of the suite of clean coal properties modelled. They have been modelled by grid modelling using the inverse distance interpolator. While they are deleterious elements in the PCI and /or coking coal products, the concentration of these elements is not sufficiently high to be of concern and limit the Resource. Many appropriate PCI and coking coal variables are modelled in the same way and inform the mine plan of potential products and possible utilisation concerns. None of these variables have been used to cut-off Resources. For SWC, phosphorus and fluorine are modelled as part of the suite of clean coal properties modelled. They have been modelled by grid modelling using the inverse distance interpolator. While the levels of the P and F are relatively high, they have not impeded sale of the coal and are not considered factors that delimit the Resource. Appropriate PCI coal variables are modelled in the same way and inform the mine plan of potential products and possible utilisation concerns. None of these variables have been used to cut-off Resources.
Moisture	Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content	Coal Resource tonnes have been estimated to an in-situ moisture (Mis) basis. This is Australian coal industry standard practice. The in-situ moisture used here has been estimated from moisture holding capacity (MHC) tests undertaken on raw coal samples. The estimation method uses the formula from ACARP Study C10041 (Fletcher & Sanders, 2003) to model in-situ moisture from moisture holding capacity, which is: ***Mis = 1.431 x MHC high + 0.348***

Criteria	JORC Code explanation	Commentary
Cut-off parameters	The basis of the adopted cut-off grade(s) or quality parameters applied	No raw ash cut-off has been applied for Poitrel and SWC during Resource estimation. Previous cut-offs used by BCM in their 2021 estimate (maximum 35% raw ash) have no bearing on the Resources defined herein, as the Resource areas are delineated by thickness criteria, within which, ash content is lower than 35%. Coal seams that are predominantly higher than 35% ash (such as the MF seam and HT seams at SWC) have not been reported as Resources. At Wards Well, a coal processing yield of minimum 50% has been applied consistent with previous estimates.
Mining factors or assumptions	Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made	The lateral and vertical extents of the coal seams have been defined in the geological model for each seam. These include LOX line limits and parent/splits seam limits. Poitrel and SWC are operating open cut mines. A minimum coal seam thickness of 0.3 m for open cut Resource has been used, consistent with the reserving limits. Resources have been estimated inside and outside of the LOM open cut pit extents. Outside of these extents, coal seams may be extracted by either extension of pit limits (due to changing economic circumstances or may be available for auger or forms of underground mining. Stripping ratios have not been used to define open cut Resources. Wards Well is considered a greenfields underground mining project with longwall mining potential in three seams. Underground Resources at Wards Well are limited by a minimum parent seam thickness of 2.0 metres with no maximum depth limit. Coal Resources have been restricted to areas of current tenure and no offsets from tenement boundaries, LOX lines or faults has been applied.

Criteria	JORC Code explanation	Commentary
Metallurgical factors or assumptions	The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made	**Poitrel** The seams mined at Poitrel are sized to produce PCI and/or coking coal, depending on the seams that are mined. The washability and the products from each seam are well understood from 16 years of processing history and the extensive analytical testing that has been undertaken on the coals. Yield and ash grids from LIMN simulations have been produced at target ash contents, and at a range of cut-point densities. A minimum yield cut-off from these grids has not been applied as the site has the flexibility to blend low and high yield coals to manage the variability in washability. **South Walker Creek** The seams mined at SWC are washed to produce PCI coal. The washability characteristics from each seam are well understood from 26 years of processing history and the extensive analytical testing that has been undertaken on the coals. Yield and ash grids from LIMN simulations have been produced a range of cut-point densities. A minimum yield cut-off from these grids has not been applied as the site has the flexibility to blend low and high yield coals to manage the variability in washability. **Wards Well** The three target seams at Wards Well (GU0, GM0 and GL8) are generally medium to low volatile bituminous rank (ASTM) with a vitrinite reflectance of 1.08 – 1.49%. The three target coal seams have moderate raw ash contents ranging from the GM0 Seam (19.9 % ash) to the GL8 seam (28 % ash). The three target seams (GU0, GM0 and GL8) are likely to produce mid to low-volatile premium hard coking coal products.
Environmental factors or assumptions	Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made	No environmental factors or assumptions have been made with respect to the Resource estimate. The operating mines are subject of an Environmental Authority and are supported by an EIS that was approved prior to mine development.

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td>Bulk density</td><td>Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples
The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.
Discuss assumptions for bulk density estimates used in the evaluation process of the different materials</td><td>The in-situ density (RD_{is}) has been calculated from the analysed relative density (RD_{ad}) (tested in the laboratory), the inherent moisture (M_{ad}) and the calculated in-situ moisture using the Preston-Sanders equation as below:
$RD_{is} = (RD_{ad} \times (100 - M_{ad}) / (100 + RD_{ad} \times (M_{is} - M_{ad}) - M_{is})$
The estimation methods of in situ moisture and density follow accepted industry standard.</td></tr>
<tr><td>Classification</td><td>The basis for the classification of the Mineral Resources into varying confidence categories
Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data)
Whether the result appropriately reflects the Competent Person’s view of the deposit</td><td>The classification of Resources is based on geostatistical analysis of drill hole spacing (DHSA). This analysis was carried out for all three assets and included analysis of thickness and ash variables. Since the results for both ash and thickness have very similar DHSA results, and those Resources should be supported by both structural and coal quality points of observation, Resource classification polygons were only generated around boreholes considered as coal quality points of observation. The Resource polygons were trimmed to mine extraction limits for each seam, and to tenure limits. Isolated polygons around single points of observation were omitted
Poitrel
<table>
<tr><th>Seam</th><th>Measured (+/-10%)</th><th>Indicated (+/-20%)</th><th>Inferred (+/-50%)</th></tr>
<tr><td>L12</td><td>525</td><td>1025</td><td>2300</td></tr>
<tr><td>L3</td><td>550</td><td>1025</td><td>2175</td></tr>
<tr><td>L4</td><td>325</td><td>625</td><td>1500</td></tr>
<tr><td>V1</td><td>450</td><td>775</td><td>1525</td></tr>
</table>
South Walker Creek
<table>
<tr><th>Seam</th><th>Measured (+/-10%)</th><th>Indicated (+/-20%)</th><th>Inferred (+/-50%)</th></tr>
<tr><td>MT1</td><td>500</td><td>1,000</td><td>2,200</td></tr>
<tr><td>MT2</td><td>400</td><td>650</td><td>1,450</td></tr>
<tr><td>MT</td><td>600</td><td>1,100</td><td>2,200</td></tr>
<tr><td>MB</td><td>500</td><td>1,000</td><td>1,900</td></tr>
<tr><td>MB2</td><td>800</td><td>1,500</td><td>2,900</td></tr>
<tr><td>HB</td><td>250</td><td>550</td><td>1,300</td></tr>
</table>
Wards Well
<table>
<tr><th>Seam</th><th>Measured (+/-10%)</th><th>Indicated (+/-20%)</th><th>Inferred (+/-50%)</th></tr>
<tr><td>GU0</td><td>900</td><td>1,600</td><td>3,200</td></tr>
</table></td></tr>
</table>

Criteria	JORC Code explanation	Commentary
		GM0 900 1,600 3,200 GL8 / GL7 900 1,600 3,200
Audits or reviews	The results of any audits or reviews of Mineral Resource estimates	A technical due diligence session relating to this Resource and Reserve estimate was held in October 2022 with Palaris, Stanmore and GEAR attending. A formal audit has not been undertaken.
Discussion of relative accuracy/ confidence	Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the Resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used These statements of relative accuracy and confidence of the estimate should be compared with production data, where available	The DHSA analysis provides the following degrees of confidence, considering the spacings used: ▪ Measured is up to +/- 10 % error @ 95% confidence ▪ Indicated is from +/- 10% to +/- 20% error @ 95% confidence ▪ Inferred is from +/- 20% to +/- 50% error @ 95% confidence
Database integrity	Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes Data validation procedures used	Data is directly input into a digital geological database that restricts errors through inbuilt validation rules. Logging and sampling data is entered directly into this database at collection points. Information on the limitation of transcription errors of pre-1980's data is not available; however, the data has been encoded and stored into Geobank, and would be subject to the data-entry validation rules.

SECTION 4 - ESTIMATION AND REPORTING OF ORE RESERVES

Criteria	JORC Code Explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve. Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.	Resources are based on the geological models constructed by BHP on behalf of BMC, and the Resource classification polygons and estimate of coal Resources were prepared by Dr William Bamberry and Mr Brad Willis of Palaris Australia Pty Ltd. The estimate is reported as at 30 June 2022. The Reserves are included in, and not additional to, the JORC Resources as reported by Palaris Australia Pty Ltd.
Site visits	Comment on any site visits undertaken by the Competent Person and the outcome of those visits. If no site visits have been undertaken indicate why this is the case.	Mr John Pala has not visited the Poitrel and South Walker Creek mines however a site visits were completed by the Palaris technical team in 2021 as part of the due diligence process.
Study status	The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves. The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.	**Poitrel** Open Cut mining has been undertaken at Poitrel since 2006. Palaris assess the project to have completed the following areas of study to a Feasibility level: Mining, Metallurgy, Economic, Marketing, Legal, Environmental, Social, Governmental, Native Title and Cultural Heritage. The Reserve estimation is based on a SPRY scheduling model for the purposes of due diligence on Poitrel. This model incorporates the current Poitrel open cut pit shell designs. Results from the model were used for independent economic viability testing. Mining of the open cut Reserves is considered technically achievable and economically viable. **South Walker Creek** Open Cut mining has been undertaken at South Walker Creek since 1996. Palaris assess the project to have completed the following areas of study to a Feasibility level: Mining, Metallurgy, Economic, Marketing, Legal, Environmental, Social, Governmental, Native Title and Cultural Heritage. The Reserve estimation is based on a SPRY scheduling model developed by Precision Mining Pty Ltd for the purposes of due diligence on South Walker Creek. This model incorporates the current South Walker Creek open cut pit shell designs. Results from the model were used for independent economic viability testing. Mining of the open cut Reserves is considered technically achievable and economically viable.

Criteria	JORC Code Explanation	Commentary
Cut-off parameters	The basis of the cut-off grade(s) or quality parameters applied.	**Poitrel** There is no specific cut off grades applied. The final target products are defined as 8.3% ash coking coal product and a 9.3% ash PCI coal product. A detailed mine layout in conjunction with a DCF model has been used to assess the economic extents of the pit. **South Walker Creek** There is no specific cut off grades applied. The final target product is defined as 9.2% ash PCI coal product. A detailed mine layout in conjunction with a DCF model has been used to assess the economic extents of the pit.

Criteria	JORC Code Explanation	Commentary
Mining factors or assumptions	The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design). The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc. The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc.), grade control and pre-production drilling. The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate). The mining dilution factors used. The mining recovery factors used. Any minimum mining widths used. The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion. The infrastructure requirements of the selected mining methods.	**Poitrel** Open cut mining operations use a conventional strip mining method, using a combination of excavator, dozer push and cast blast. Access is via constructed haul roads and low wall ramps. The open cut mine is designed in consideration of the localised geology and geotechnical conditions, with geotechnical design parameters tabulated below:

Pit Component	Minimum Bench Width m)	Batter Angle (deg)	Maximum Batter Height (m)
Main Pit (Highwall) - Tertiary	10	45	15
Main Pit (Highwall) - Weathered	10	65	30
Main Pit (Highwall) - Fresh	10	70	60
Main Pit (Highwall) – Fault Zone	10	45	45-60

Allowances for loss and dilution were made when estimating ROM Coal Reserves:

Ply	Roof Loss (m)	Floor Loss (m)	Edge Loss (m)	Roof Dil. (m)	Floor Dil. (m)	Edge Dil. (m)
L12	0.10		0.5			0.02
L3		0.05			0.07	
L4		0.05	0.5		0.07	
V1	0.10	0.05	0.5	0.00	0.07	0.02

Minimum recoverable coal thickness of 0.2 m

All unclassified Resources were removed from the Reserve. Of the coal scheduled in the open cut LOM plan, 54% was classified as Proved Reserve, 34% was classified as Probable Reserve and 12% was unclassified. The timing of these unclassified Reserves is towards the end of LOM and it is expected future drilling programs will further define the Resources.

Infrastructure at Poitrel includes mine water dams, access road, haulage roads, ROM stockpile area, CHPP, product stockpile area, train load out, offices and workshops and levees.

Criteria	JORC Code Explanation	Commentary
Mining factors or assumptions	The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design). The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc. The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc.), grade control and pre-production drilling. The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate). The mining dilution factors used. The mining recovery factors used. Any minimum mining widths used. The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion. The infrastructure requirements of the selected mining methods.	**South Walker Creek** Open cut mining operations use a conventional strip mining method, using a combination of dragline, excavator, dozer push and cast blast. Access is via constructed haul roads and low wall ramps. The open cut mine is designed in consideration of the localised geology and geotechnical conditions, with geotechnical design parameters tabulated below:

Pit Component	Minimum Bench Width (m)	Batter Angle (deg)	Maximum Batter Height (m)
Main Pit (Highwall) - Tertiary	10-15	45-65	15
Main Pit (Highwall) - Weathered	10	65	30
Main Pit (Highwall) - Fresh	10	65-70	60

Allowances for loss and dilution were made when estimating ROM Coal Reserves:

Ply	Roof Loss (m)	Flr Loss (m)	Edge Loss (m)	Roof Dil. (m)	Floor Dil. (m)	Edge Dil. (m)
MT1	0.19	0.14	1.43	0.1	0.1	0.24
MT2	0.19	0.14	1.43	0.1	0.1	0.24
MT	0.19	0.14	1.43	0.1	0.1	0.24
MB	0.19	0.14	1.43	0.1	0.1	0.24
MB2	0.19	0.14	1.43	0.1	0.1	0.24

Minimum coal thickness recoverable 0.05 m

Maximum non separable parting thickness 0.44 m.

All unclassified Resources were removed from the Reserve. Of the coal scheduled in the open cut LOM plan, 81% is classified as Proved Reserve, 10% is classified as Probable Reserve and 9% was unclassified. Unclassified includes a mining area in the north where nil surface rights exist. The timing of these unclassified Reserves is towards the end of LOM and it is expected future drilling programs will further define the Resources and there will be opportunity to gain the surface rights.

Infrastructure at South Walker Creek includes mine water dams, access road, haulage roads, ROM stockpile area, CHPP, product stockpile area, train load out, offices and workshops and creek diversions.

Criteria	JORC Code Explanation	Commentary
Metallurgical factors or assumptions	The metallurgical process proposed and the appropriateness of that process to the style of mineralisation. Whether the metallurgical process is well-tested technology or novel in nature. The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied. Any assumptions or allowances made for deleterious elements. The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole. For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?	**Poitrel** ROM Coal from the open cut operation is planned to be washed to produce coking and PCI coal products at the Red Mountain CHPP. In-situ coal tonnages are calculated on an average 3.9% (in situ) moisture for the coal portion. An assumed 7% ROM moisture, 11% coking product moisture and 9% PCI product moisture was used for the calculation of Coal Reserves and Marketable Reserves. Marketable Reserves are estimated from ROM Reserves using the 8.3% ash and 9.3% ash coking and PCI products, respectively. The coking coal product is expected to yield between 55% to 67% based on modelling, with an average of 61% over LOM. The PCI product us expected to yield between 33% to 44% based on modelling, with an average of 38% over LOM. The Coking and PCI products appear to have lower yields as the L3 ply is processed to both a Coking and PCI product. Overall yield is expected to range between 64% and 78%, with an average of 70%. The product split is 62% coking and 38% PCI. Coking and PCI product specifications are detailed in the main body of the report. A full coal quality model was used to develop practical yields using LIMN simulations and reconciliation of the mine parameters with BMC performance and Palaris databases. **South Walker Creek** ROM Coal from the open cut operation is planned to be washed to produce PCI coal products at the South Walker Creek CHPP. In-situ coal tonnages are based on assumed 4.0% (in situ) moisture for the coal portion. An assumed 6% ROM moisture and 9.6% PCI product moisture was used for the calculation of Coal Reserves and Marketable Reserves. The PCI coal product is expected to yield between 74% to 81% based on modelling, with an average of 78% over LOM. A full coal quality model was used to develop practical yields through the use of LIMN simulations and reconciliation of the mine parameters with BMC performance and Palaris databases.

Criteria	JORC Code Explanation	Commentary
Environmental	The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.	**Poitrel** The tenements at Poitrel comprise Mining Lease's 1791, 4749, 70312 and 70116 and Exploration Permit Coal 1646 and 1951. An EIS was completed in 2005. Poitrel has the required Environmental Authority (EA) (EPML00963013) to undertake mining and processing operations. Overburden material is capped and rehabilitated as per the EA requirements. Stanmore assesses and monitors environmental and approval risks on an ongoing basis for their current mines and this is assumed to transfer to Poitrel. **South Walker Creek** The tenements at South Walker Creek comprise Mining Lease's ML4750, ML 4751 and ML70131, Mineral Development Licence MDL235 and Exploration Permit Coal EPC1647, EPC2071 and EPC2109. South Walker Creek has the required Environmental Authorities (EA) (EPML001712313) to undertake mining and processing operations. Overburden material is capped and rehabilitated as per the EA requirements. SMC assesses and monitors environmental and approval risks on an ongoing basis for their current mines and this is assumed to transfer to South Walker Creek.
Infrastructure	The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided or accessed.	**Poitrel** Key infrastructure already exists at Poitrel including CHPP for coal processing, means of disposing of rejects and tailings, rail spur and balloon loop and train load out facility, internal haulage roads, water supply, power and communications. The workforce is accommodated at the nearby Coppabella camp. **South Walker Creek** Key infrastructure already exists at South Walker Creek including CHPP for coal processing, means of disposing of rejects and tailings, rail spur and balloon loop and train load out facility, internal haulage roads, water supply, power and communications. The workforce is accommodated at the nearby Nebo camp.
Costs	The derivation of, or assumptions made, regarding projected capital costs in the study. The methodology used to estimate operating costs. Allowances made for the content of deleterious elements. The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products. The source of exchange rates used in the study. Derivation of transportation charges. The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc. The allowances made for royalties payable, both Government and private.	Palaris prepared a fully costed, first principles, financial model during the due diligence process in order to estimate operating costs and to determine the operating mines are economically viable. Exchange rates were based on Consensus Economics (October 2021) foreign exchange forecast. Capital and operating cost estimates were prepared from information gleaned during the due diligence process and from Palaris' databases and are considered appropriate and viable. The financial model considers all project and sustaining capital required to undertake the mining schedule as well as royalties and levies. A revised State Government Royalty came into effect on 1 July 2022 and is payable at the rate of: ▪ 7% for equal to or less than $100/t selling price (A$) ▪ 12.5% between $100 and $150/t ▪ 15% between $150 and $175/t ▪ 20% between $175 and $225/t ▪ 30% between $225 and $300/t ▪ 40% above $400/t

Criteria	JORC Code Explanation	Commentary
Revenue factors	The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc. The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.	**Poitrel** A marketing report was undertaken by M Resources, who estimated the realised price for Poitrel's coking and PCI products relative to the Low Volatile Hard Coking Coal Index and Low Volatile PCI Index, respectively. Consensus Economics (October 2021) macroeconomic inputs were used for purposes of undertaking the economic viability test. **South Walker Creek** M Resources also estimated the realised price for South Walker Creek PCI products, providing a price relativity to the Low Volatile PCI Index. Consensus Economics (October 2021) macroeconomic inputs were used for purposes of undertaking the economic viability test.
Market assessment	The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future. A customer and competitor analysis along with the identification of likely market windows for the product. Price and volume forecasts and the basis for these forecasts. For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.	A market assessment was conducted by M Resources on the Stanmore SMC assets, having regard to quality, marketing arrangements and strategy. In relation to the quality of Stanmore SMC coals, both Poitrel and South Walker Creek produce consistent, high quality metallurgical products. The products are available from strategic east coast Australian ports making the coals highly marketable in a wide range of geographies and in essentially all market conditions. BMC has been able to demonstrate a track record of shipments at stable quality to all major metallurgical coal importing markets, and an ability to adapt to changing market conditions, such as the import ban of Australian coal to China. M Resources' market assessment combined independent external forecasts with in-house research and direct market feedback. M Resources has identified the addressable market for BMC coals is the seaborne metallurgical coal market, and that from 2021 to 2035 this market is expected to increase from some 290 Mt in 2021 to approximately 375 Mt in 2035. Importantly, the seaborne PCI market, as a subset of the metallurgical coal market, is forecast to demonstrate a demand increase of 20 Mt per annum over the same period. PCI is important to the economic operation of a blast furnace as it increases productivity through displacement of coke, and PCI has an important function in maintaining unit carbon emissions per tonne of hot metal as low as possible with existing technology. The forecast net seaborne demand increase for metallurgical coal is mostly driven by deployment of blast furnace based steel production through India and South East Asia, as steel consumption patterns grow towards average regional levels. Increased seaborne demand for metallurgical coal takes into account a peak and decline in Chinese steel production, as well as increasing share of electric arc based steel derived from scrap in China.

Criteria	JORC Code Explanation	Commentary
Economic	The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc. NPV ranges and sensitivity to variations in the significant assumptions and inputs.	Palaris has undertaken mine design and scheduling for the purposes of due diligence and evaluated them in the Palaris first principles DCF model. Mining costs were built-up on a first principles basis informed by an assessment of cost elements such as mining contracts, Enterprise Agreements, OEM supplied fuel burn and maintenance costs for major equipment, energy and water costs. All modelling was conducted on a real basis using a discount rate of 8%. Depreciation of capital is on a double declining balance method. Analysis shows a positive NPV for the LOM. South Walker Creek and Poitrel's NPV is not disclosed due to its commercially sensitive nature. Sensitivities were conducted on several parameters to test economic viability, which included: • Operating costs • Coal price • CHPP yield • Foreign exchange rate • Capital costs • ROM production • Closure costs South Walker Creek and Poitrel are most sensitive to export coal price, CHPP yield and operating costs. However, all years of the mine life show a positive operating cash flow.
Social	The status of agreements with key stakeholders and matters leading to social licence to operate.	Nil agreements outstanding.
Other	To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves: Any identified material naturally occurring risks. The status of material legal agreements and marketing arrangements. The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.	**Poitrel** There are no identified naturally occurring material risks that have a material impact on the Reserve. **South Walker Creek** There are no identified naturally occurring material risks that have a material impact on the Reserve. The status of Mineral Tenements is outlined in Section 3 Tenure. A twenty-one year renewal application was lodged on 28th January 2020 for ML4750, ML4751 and ML70131, with these Mining Leases continuing without interruption whilst the application is assessed by the regulator. There are no expected impediments to renewal. Approvals are required for two mining areas, MRA 2C and Toolah Pits. It is Palaris view there are reasonable grounds to expect approvals for mining and therefore it is reasonable to include these mining areas in the Reserve estimate. All other approvals for mining are in place.

Criteria	JORC Code Explanation	Commentary
Classification	The basis for the classification of the Ore Reserves into varying confidence categories. Whether the result appropriately reflects the Competent Person's view of the deposit. The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).	Mineral Resource to Ore Reserve conversion: • Mining domains within Measured Resource have been converted to Proved Reserves • Mining domains within Indicated Resource have been converted to Probable Reserves • Mining domains within Inferred Resources have not been converted to Reserves **Poitrel** The Reserve estimate consists of 54% Proved, 35% Probable and 11% unclassified. This appropriately reflects the view of the Competent Person regarding the confidence levels for Poitrel Reserves. **South Walker Creek** The Reserve estimate consists of 86% Proved, 11% Probable and 3% unclassified. This appropriately reflects the view of the Competent Person regarding the confidence levels for South Walker Creek Reserves.
Audits or reviews	The results of any audits or reviews of Ore Reserve estimates.	A technical due diligence session relating to this Resource and Reserve estimate was held in October 2022 with Palaris, Stanmore and GEAR attending. A formal audit has not been undertaken.
Discussion of relative accuracy/ confidence	Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate. The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage. It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	The confidence level determined in Resources was estimated by Dr William Bamberry and Brad Willis, the Competent Person signatory for Resources. Distances from boreholes used in Resource classification are derived from geostatistical drill hole spacing analyses. John Pala considers the Resource categories are appropriate for the Reserve classification. This meant it was possible to directly transfer Measured Resources into Proved Reserves and Indicated Resources into Probable Reserves for all areas with sufficient Reserves confidence. As with most mines the pit extents are heavily reliant on forecast coal prices and foreign exchange. Material negative changes in these forecasts are likely to reduce mining extents. As South Walker Creek and Poitrel are operating mines there is a high level of confidence in ability to achieve the modifying factors, productivities and operating costs detailed in the DCF model and utilised for this Reserve statement.

Appendix B Resource Classification Maps

SECTION 1 - POITREL RESOURCE CLASSIFICATION

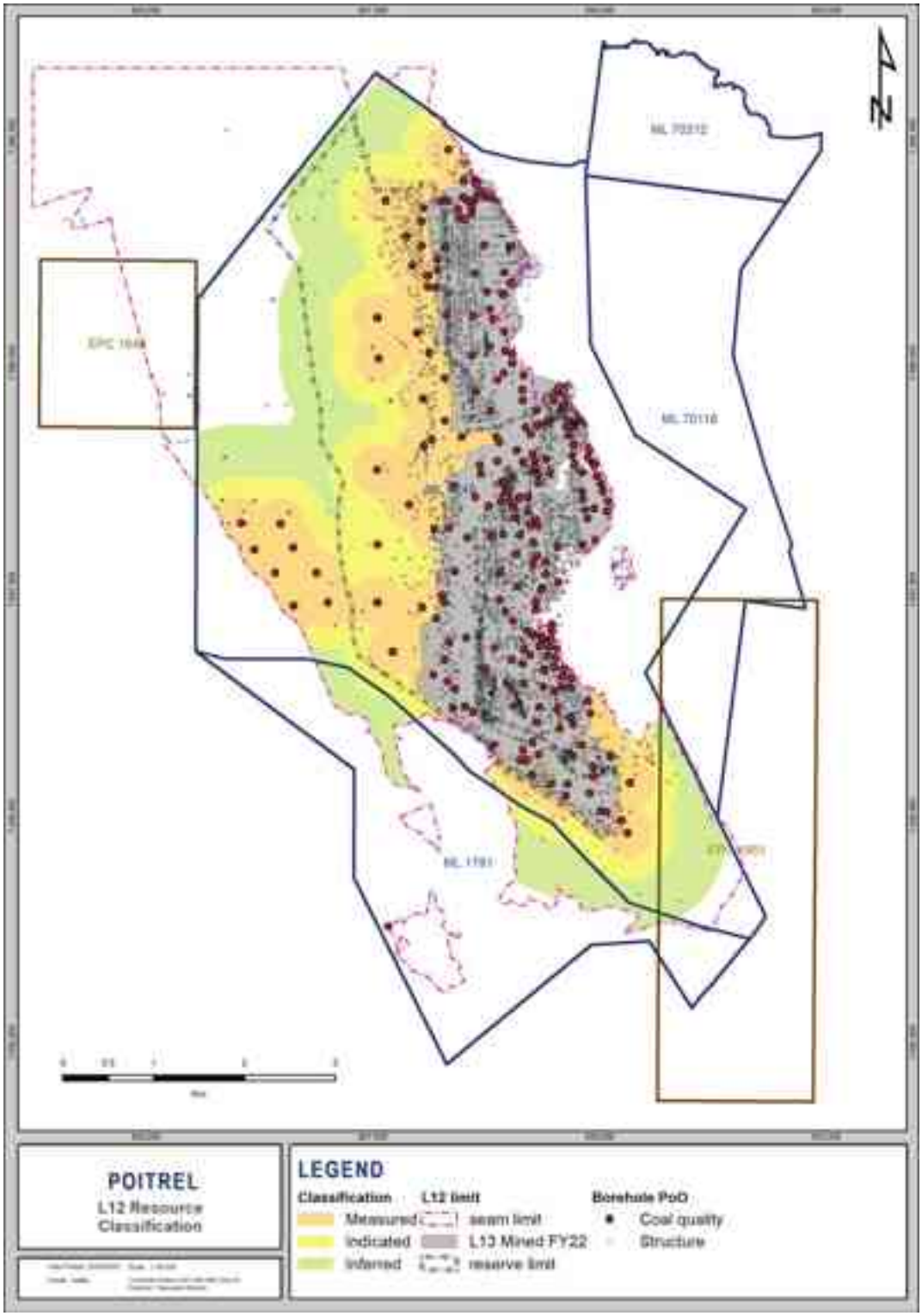

Figure B1 Resource classification L12

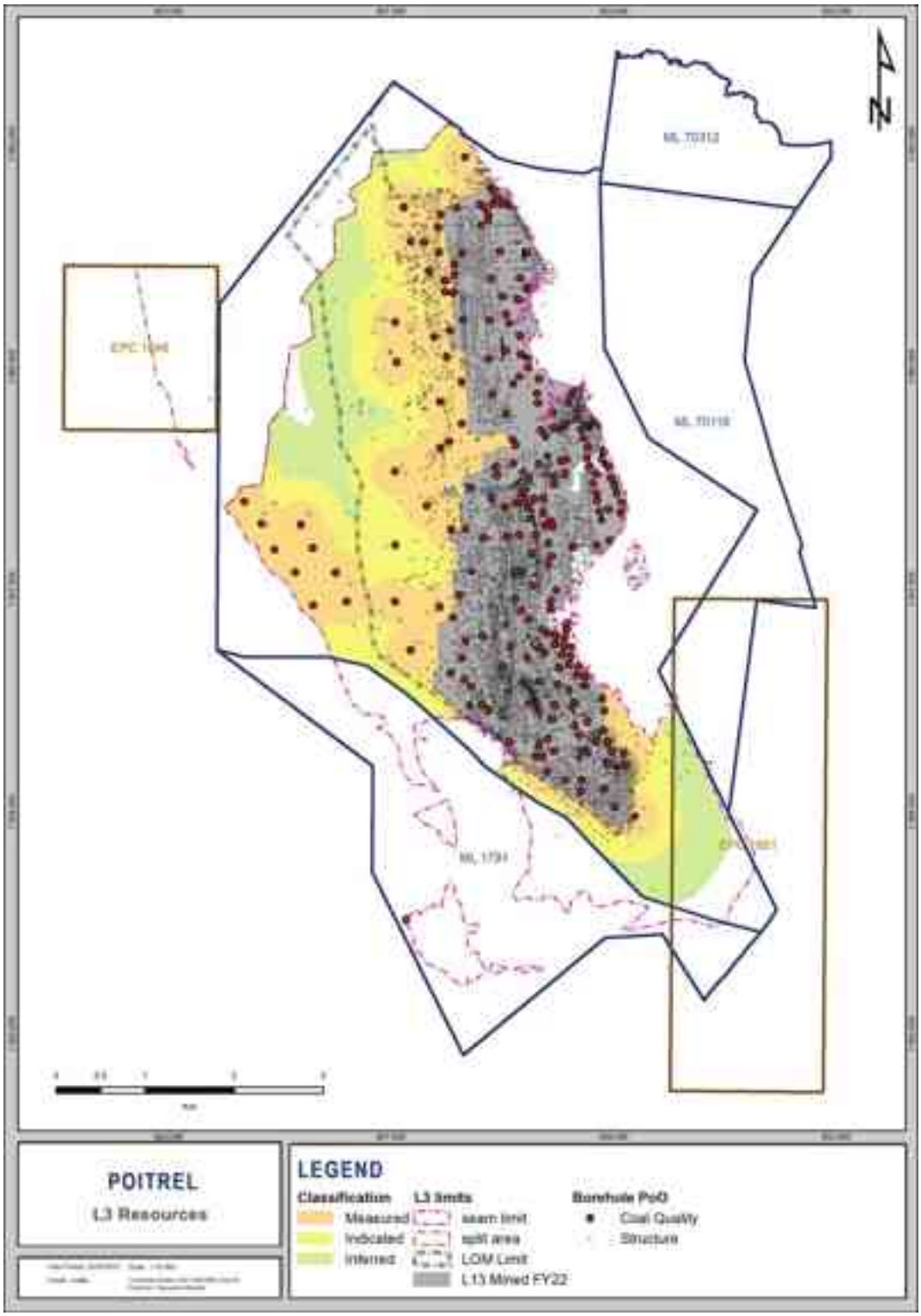

Figure B2 Resource classification L3

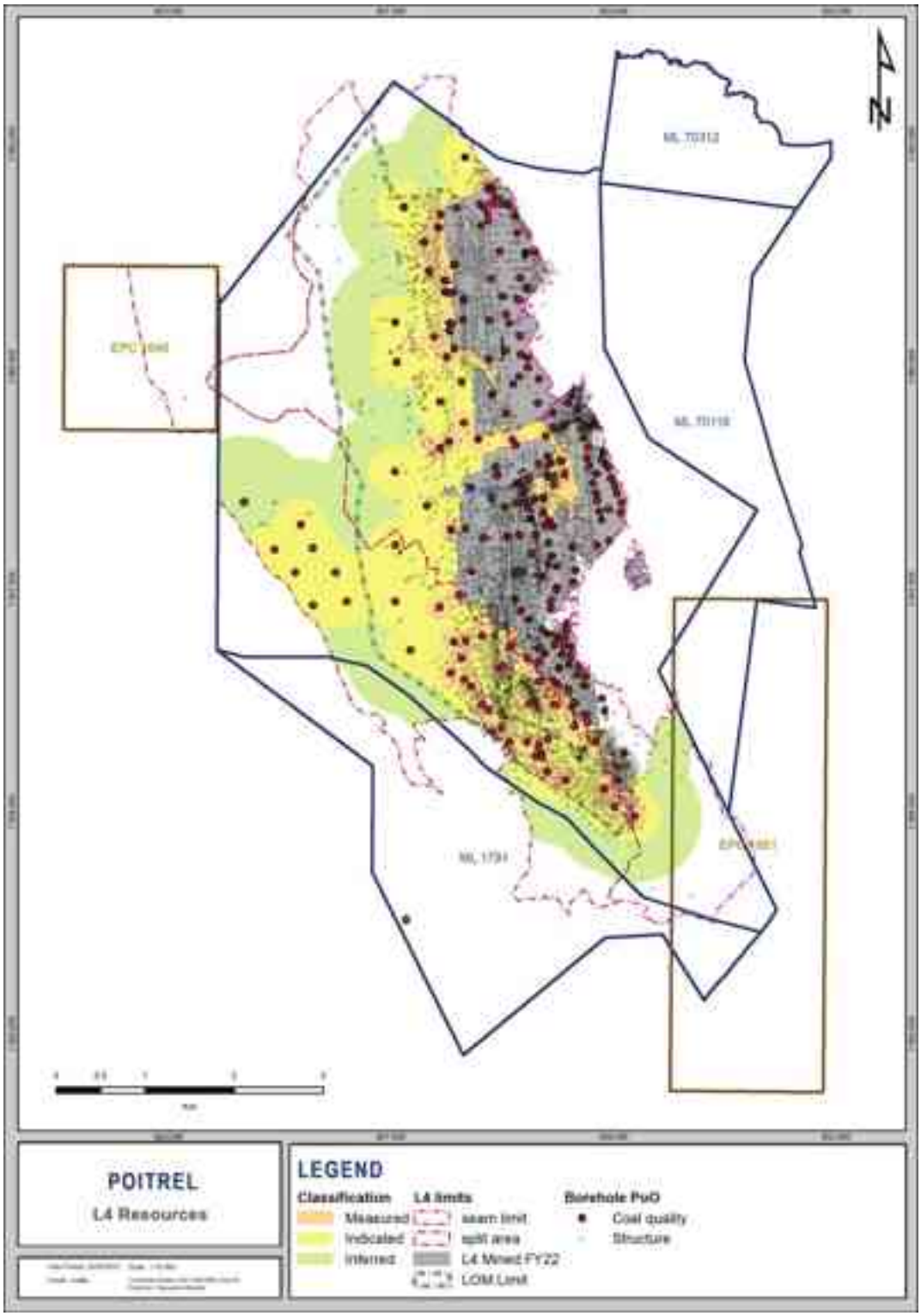

Figure B3 Resource classification L4

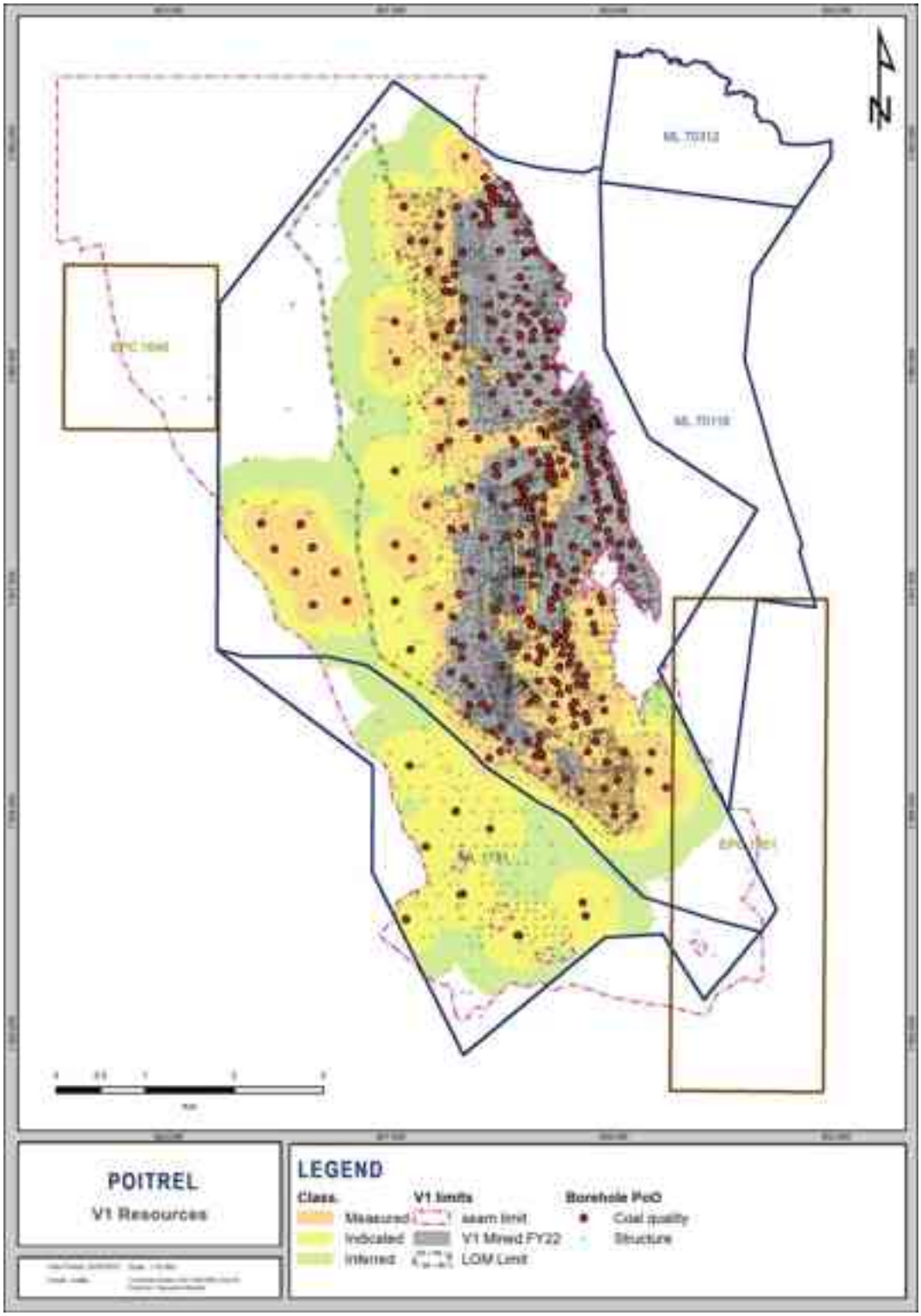

Figure B4 Resource classification V1

SECTION 2 - SOUTH WALKER CREEK RESOURCE CLASSIFICATION

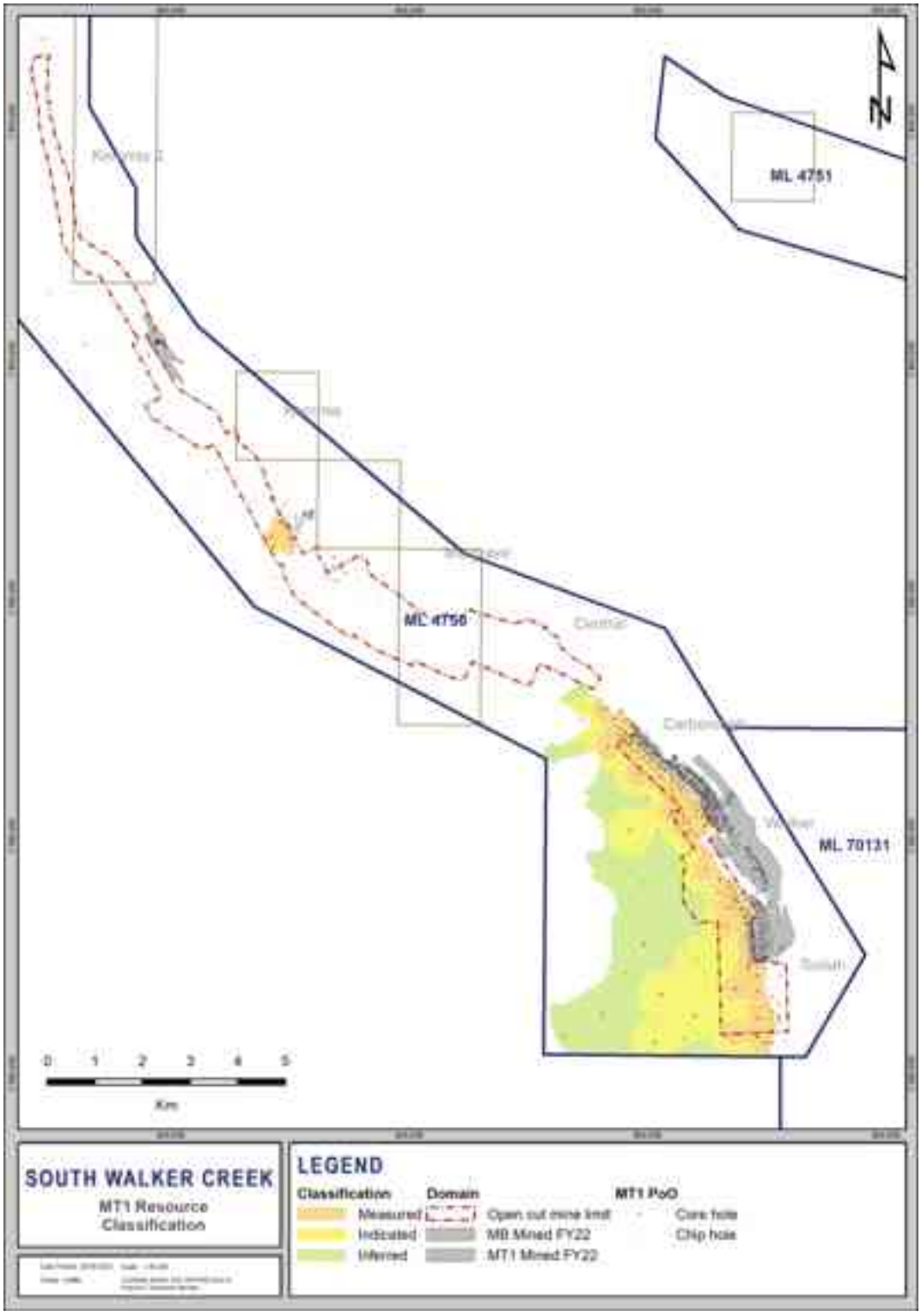

Figure B5 Resource classification MT1

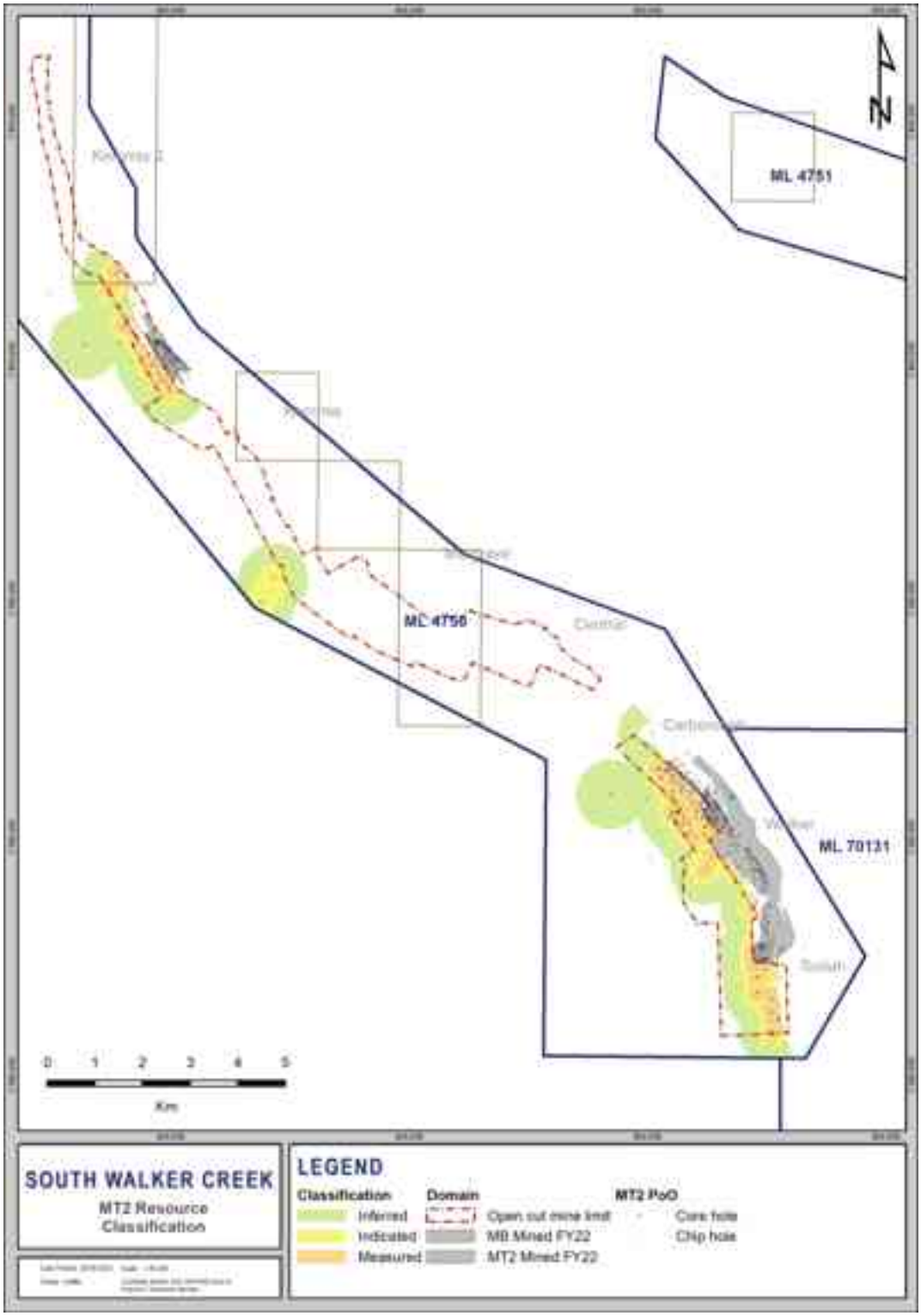

Figure B6 Resource classification MT2

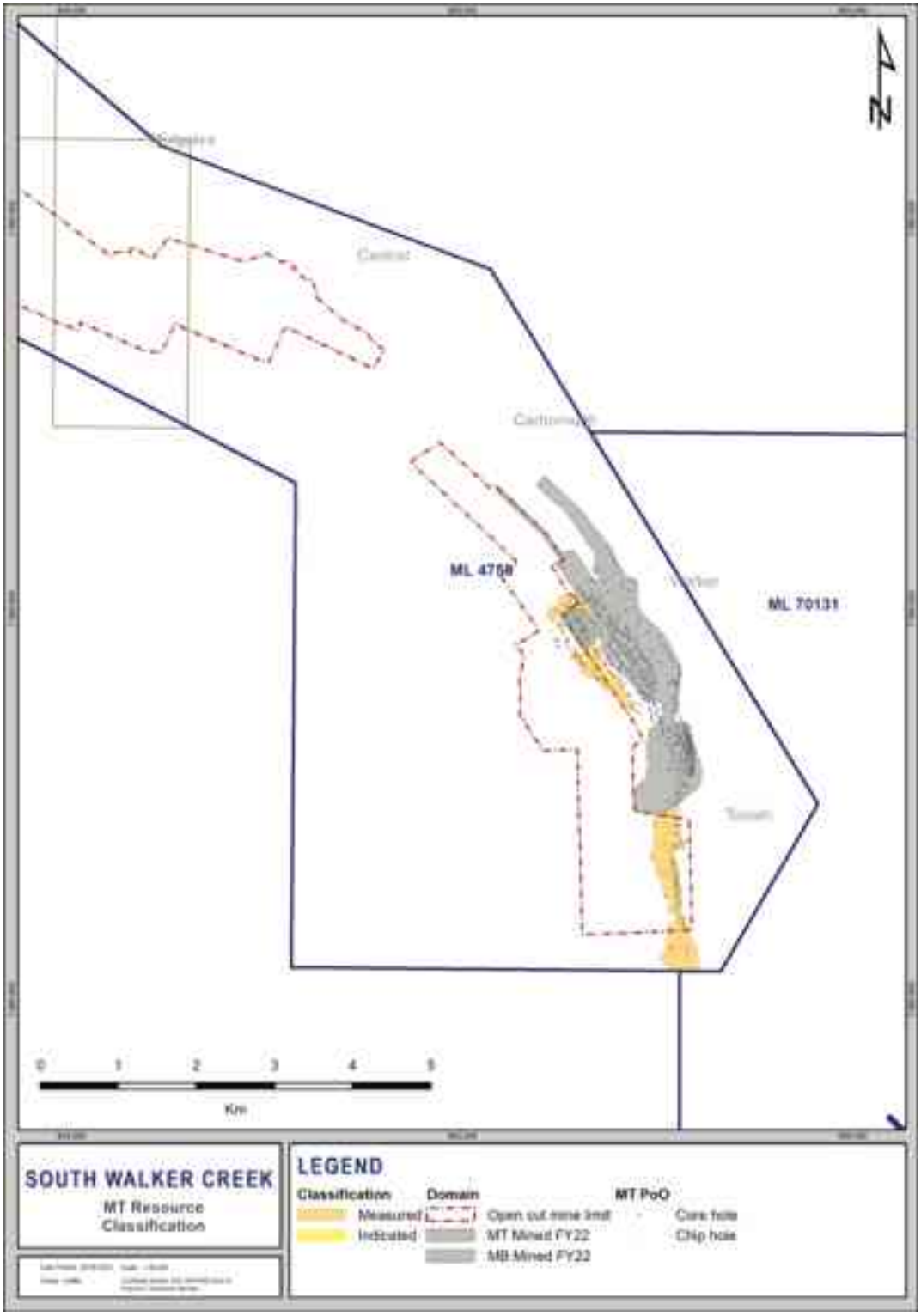

Figure B7 Resource classification MT

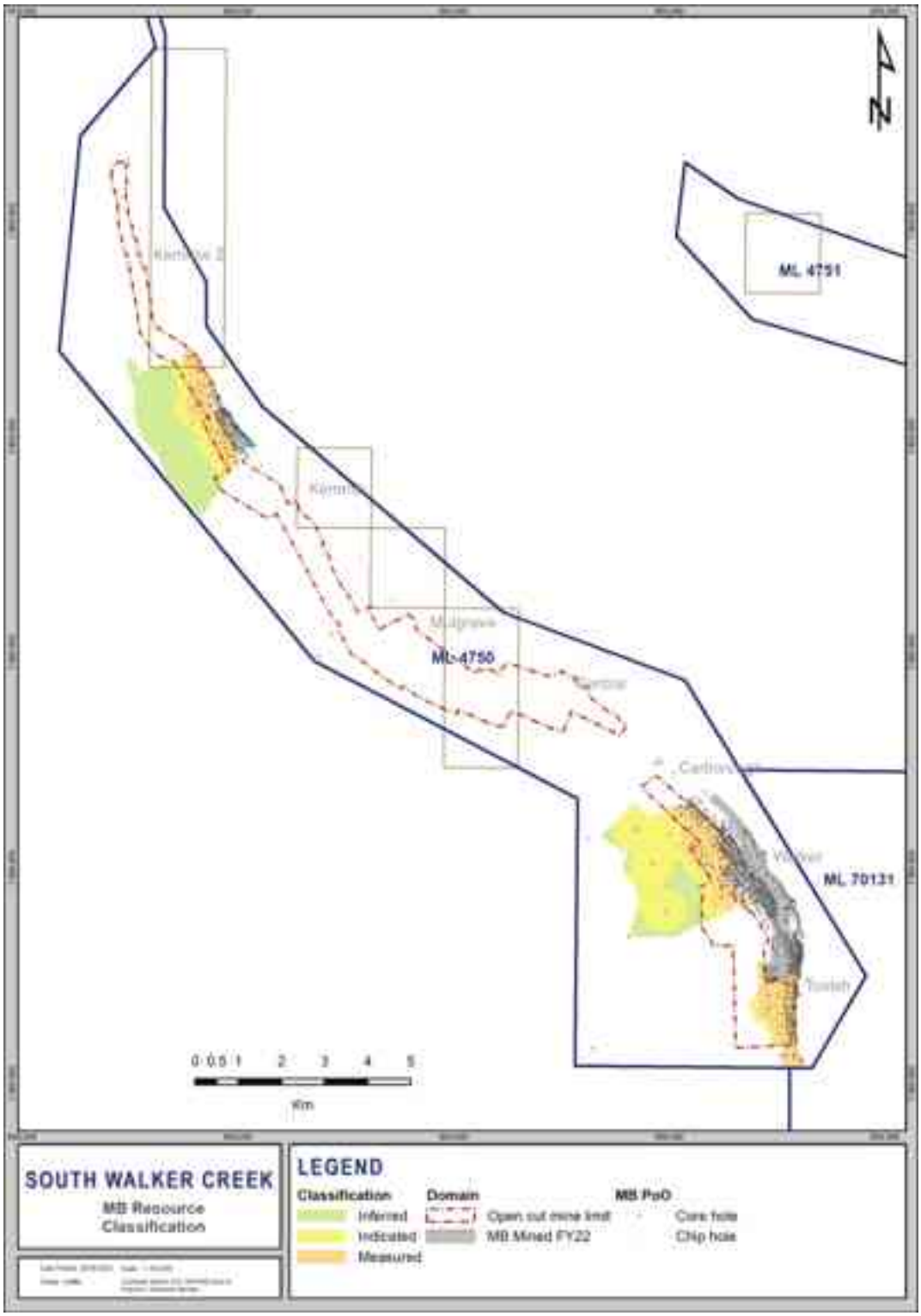

Figure B8 Resource classification MB

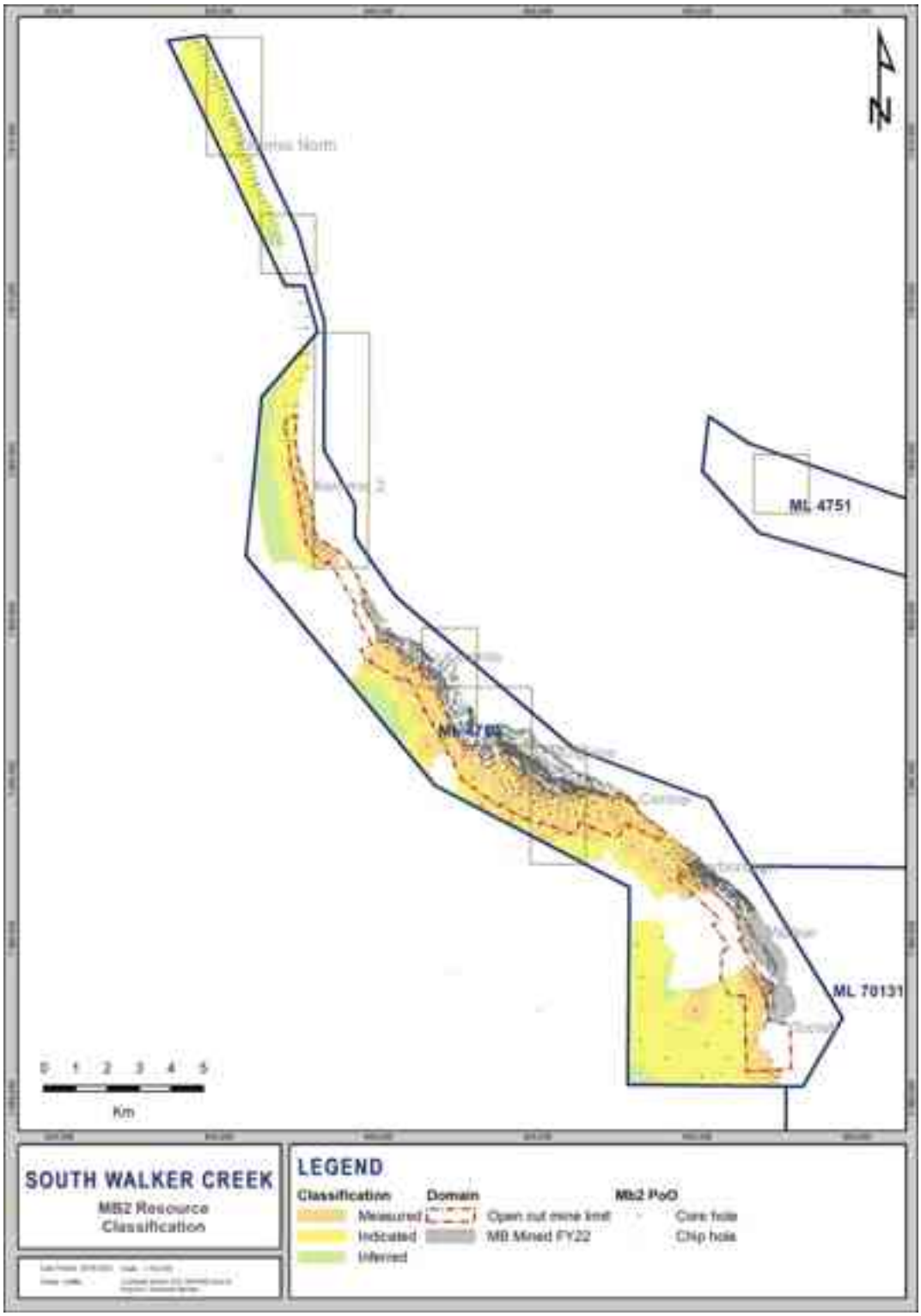

Figure B9 Resource classification MB2

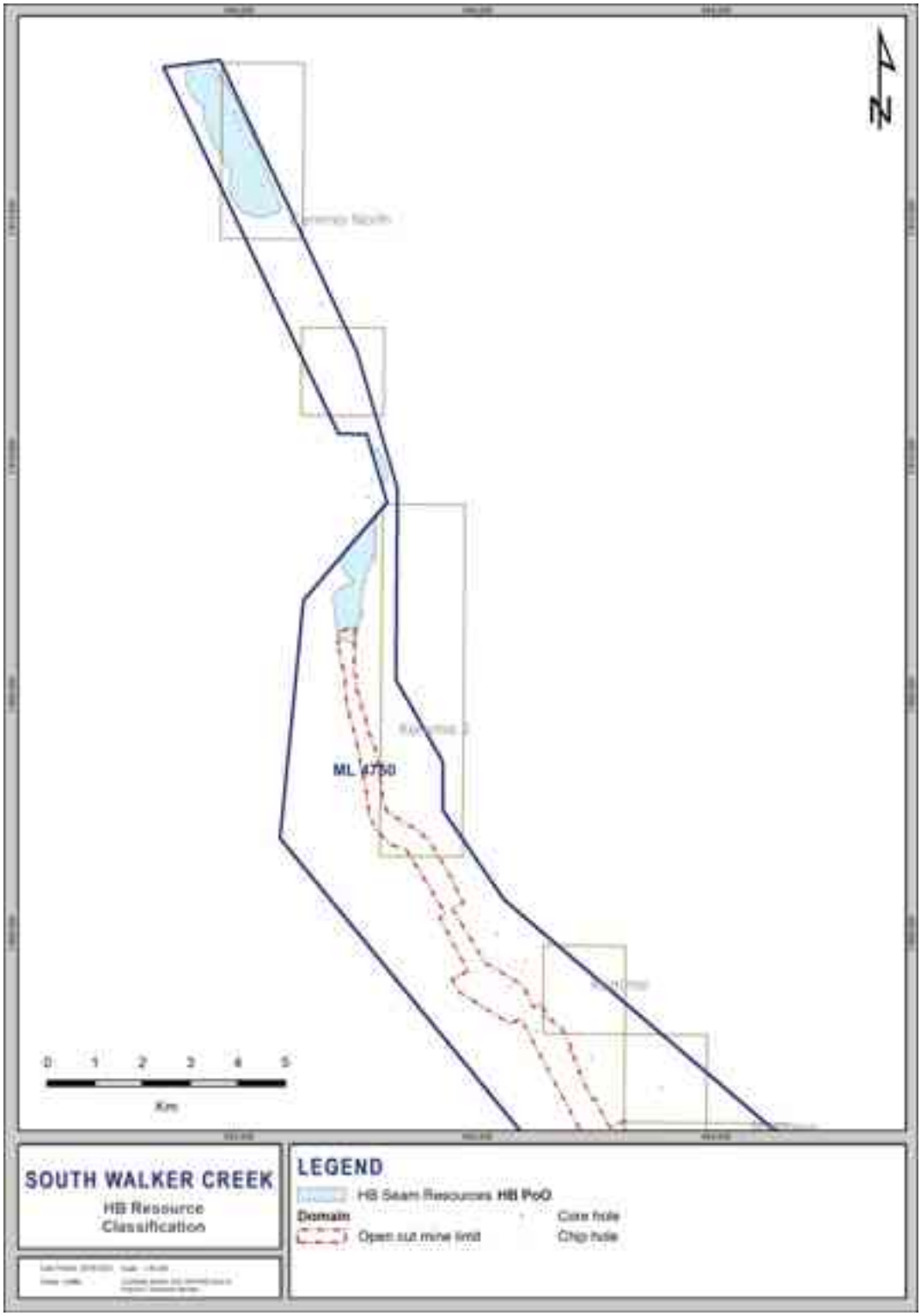

Figure B10 Resource classification HB

SECTION 3 - WARDS WELL RESOURCE CLASSIFICATION

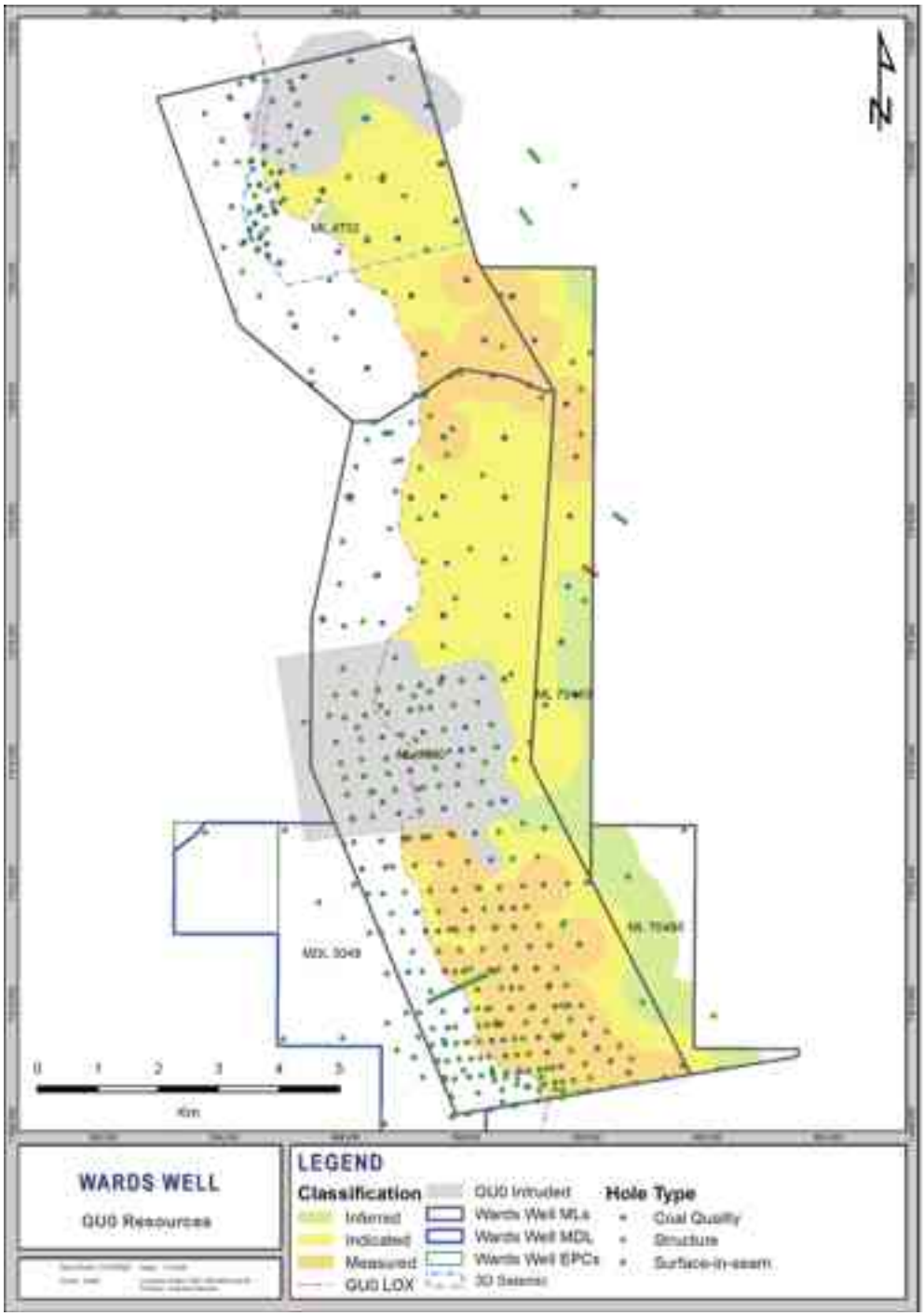

Figure B11 Resource classification GU0

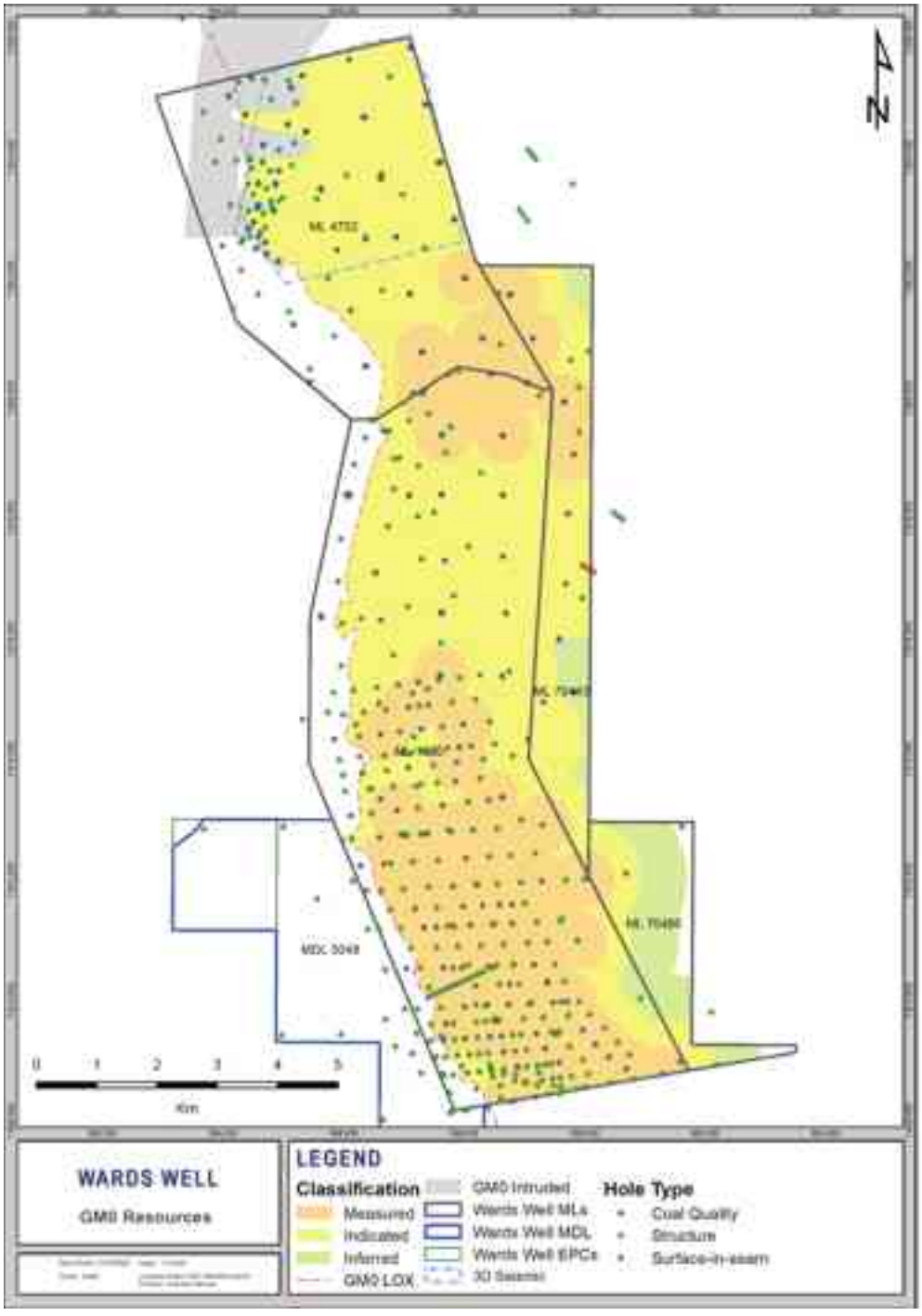

Figure B12 Resource classification GM0

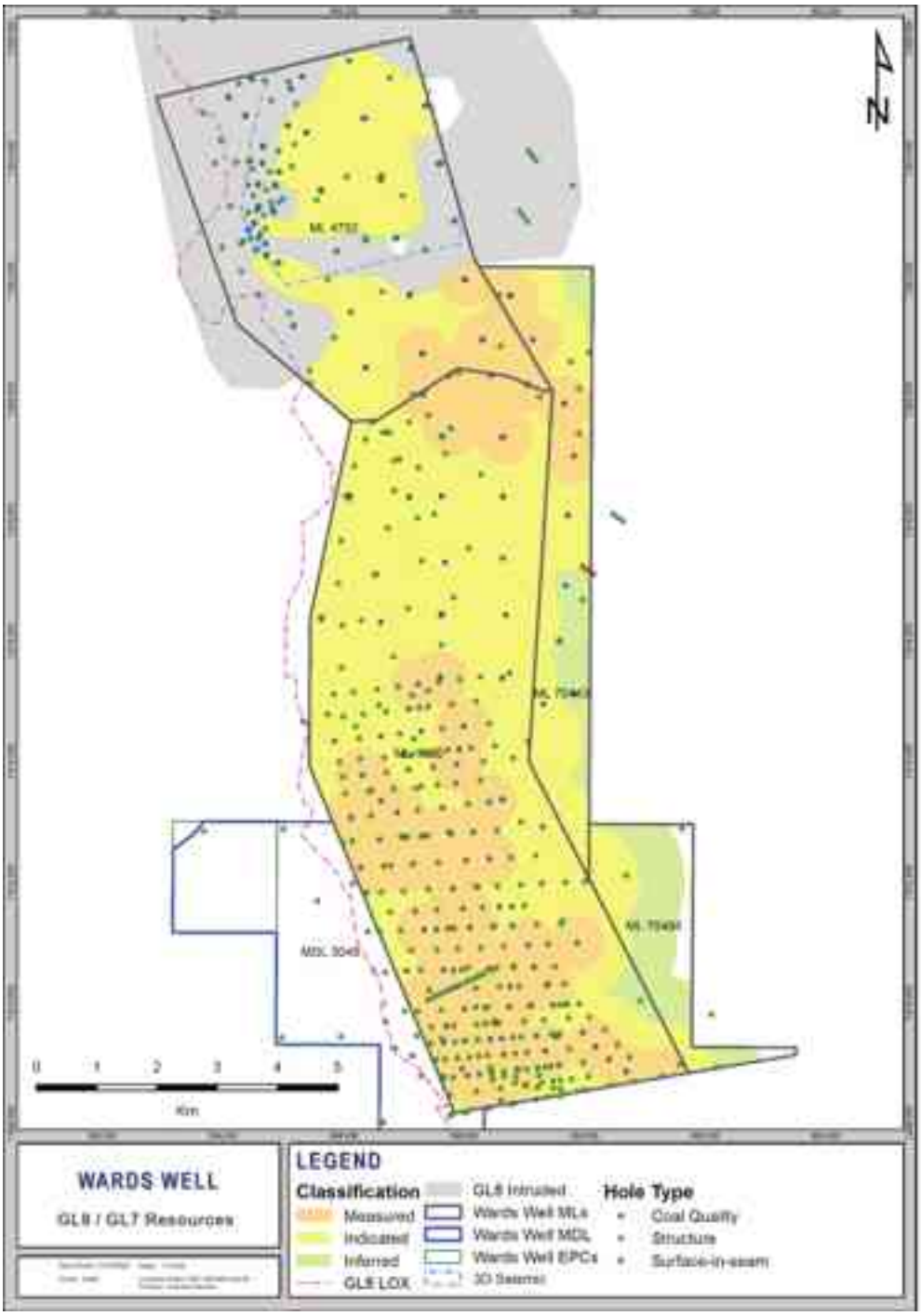

Figure B13 Resource classification GL8 / GL7

Appendix C Reserve Classifications Maps

SECTION 1 - POITREL RESERVE CLASSIFICATION

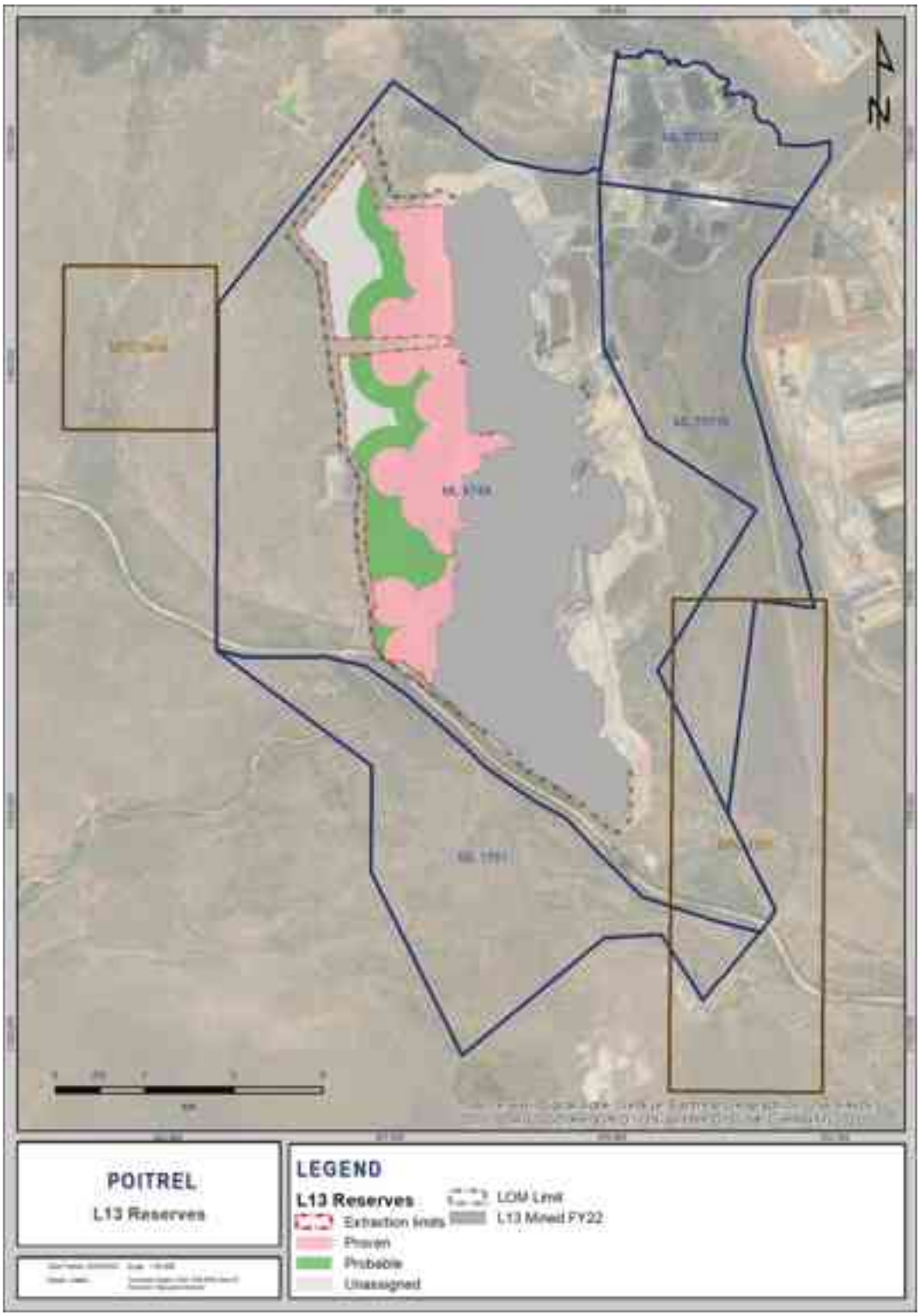

Figure C1 Reserve categories - L13 Seam

Figure C2 Reserve categories - L4 Seam

Figure C3 Reserve categories - V1 Seam

SECTION 2 – SOUTH WALKER CREEK RESERVE CLASSIFICATION

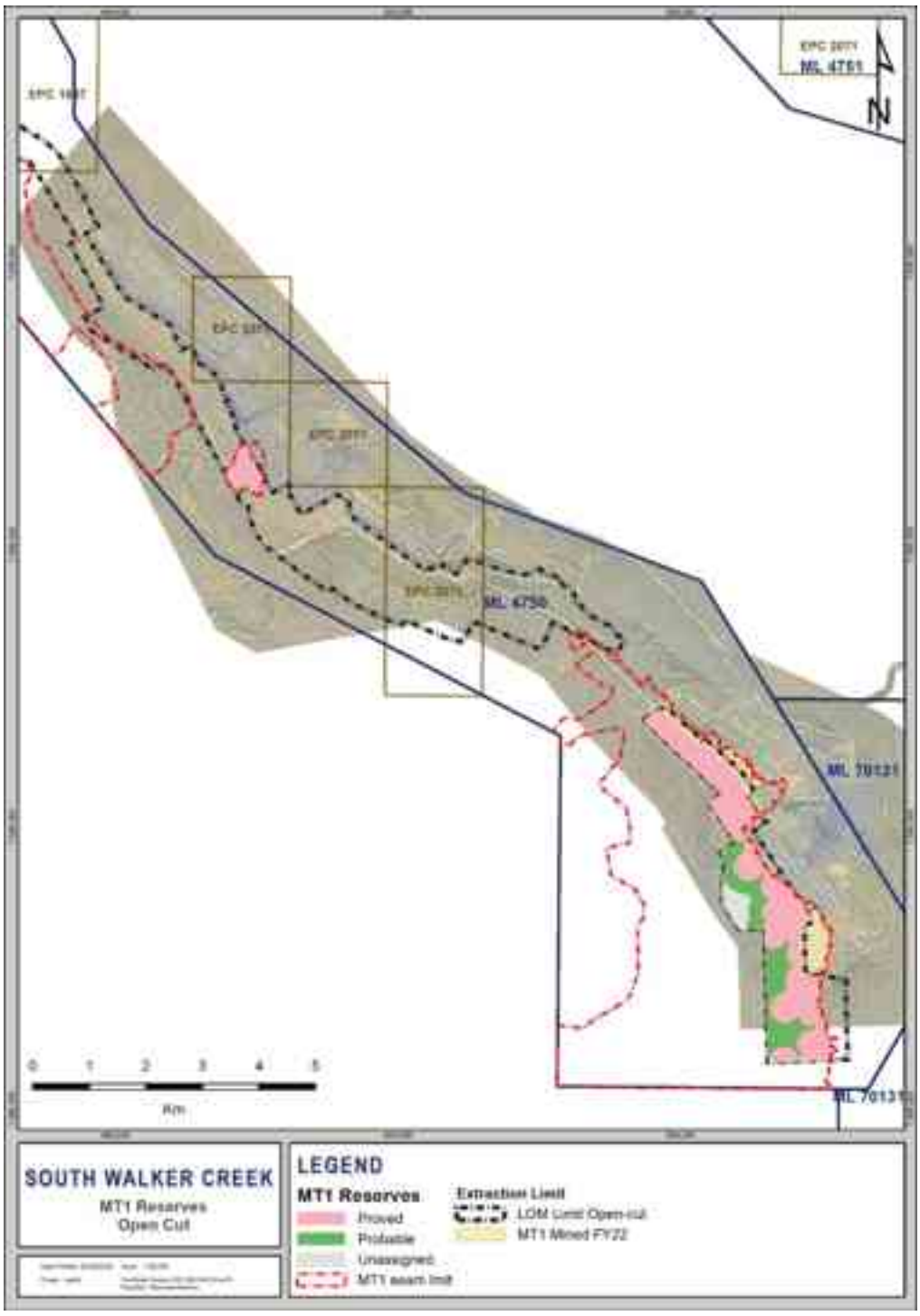

Figure C4 Reserve Categories – MT1 Seam

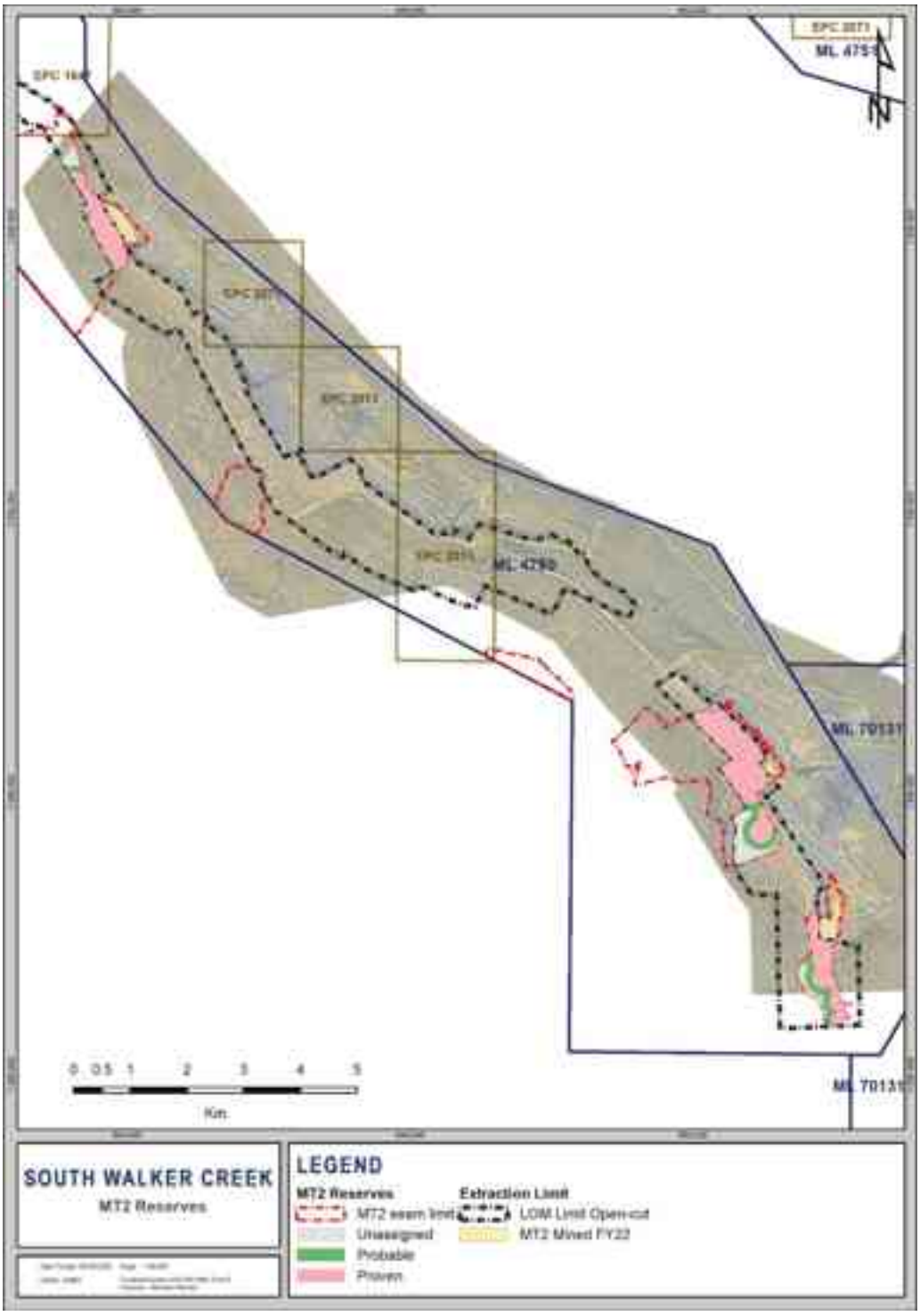

Figure C5 Reserve Categories – MT2 Seam

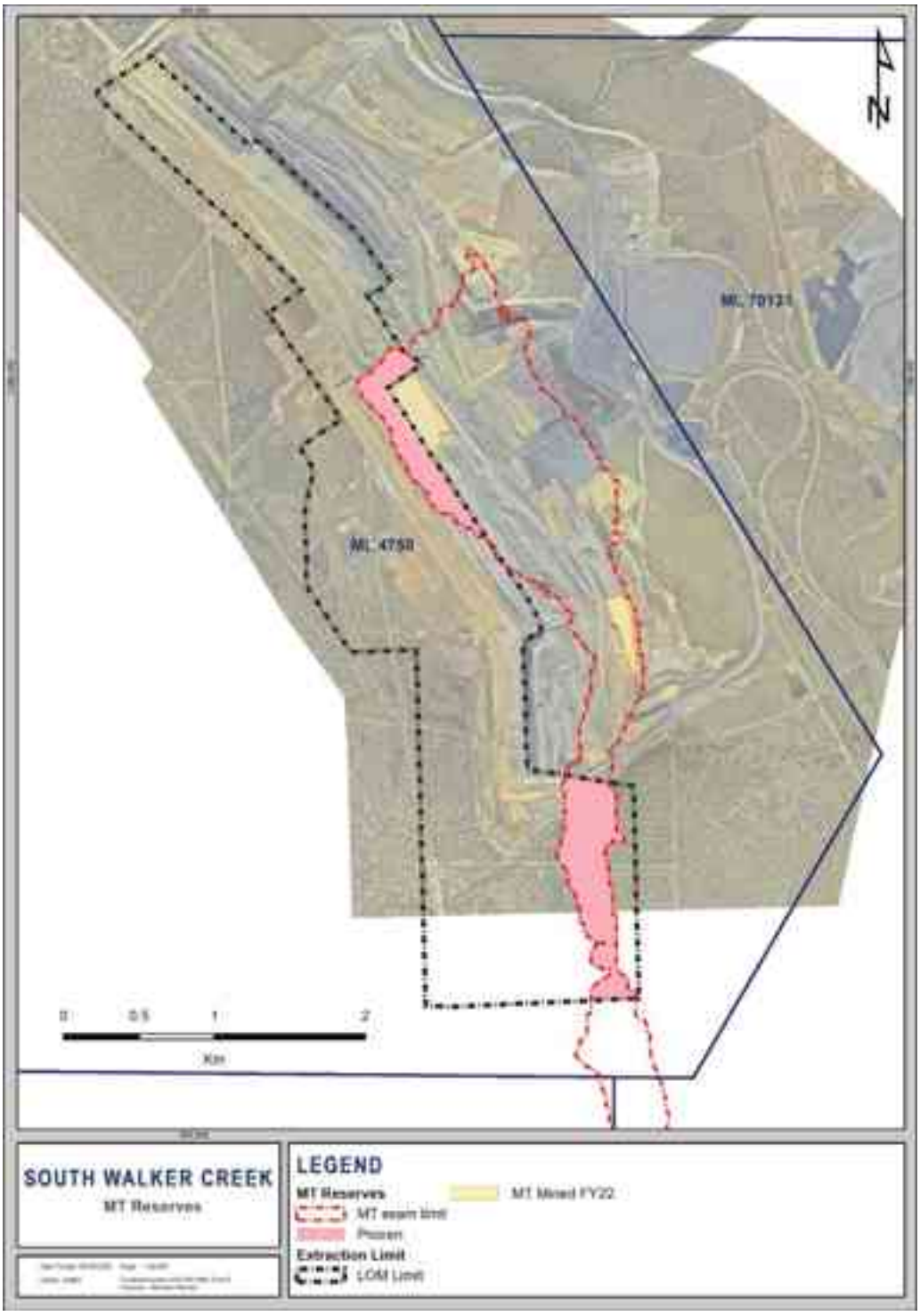

Figure C6 Reserve Categories - MT Seam

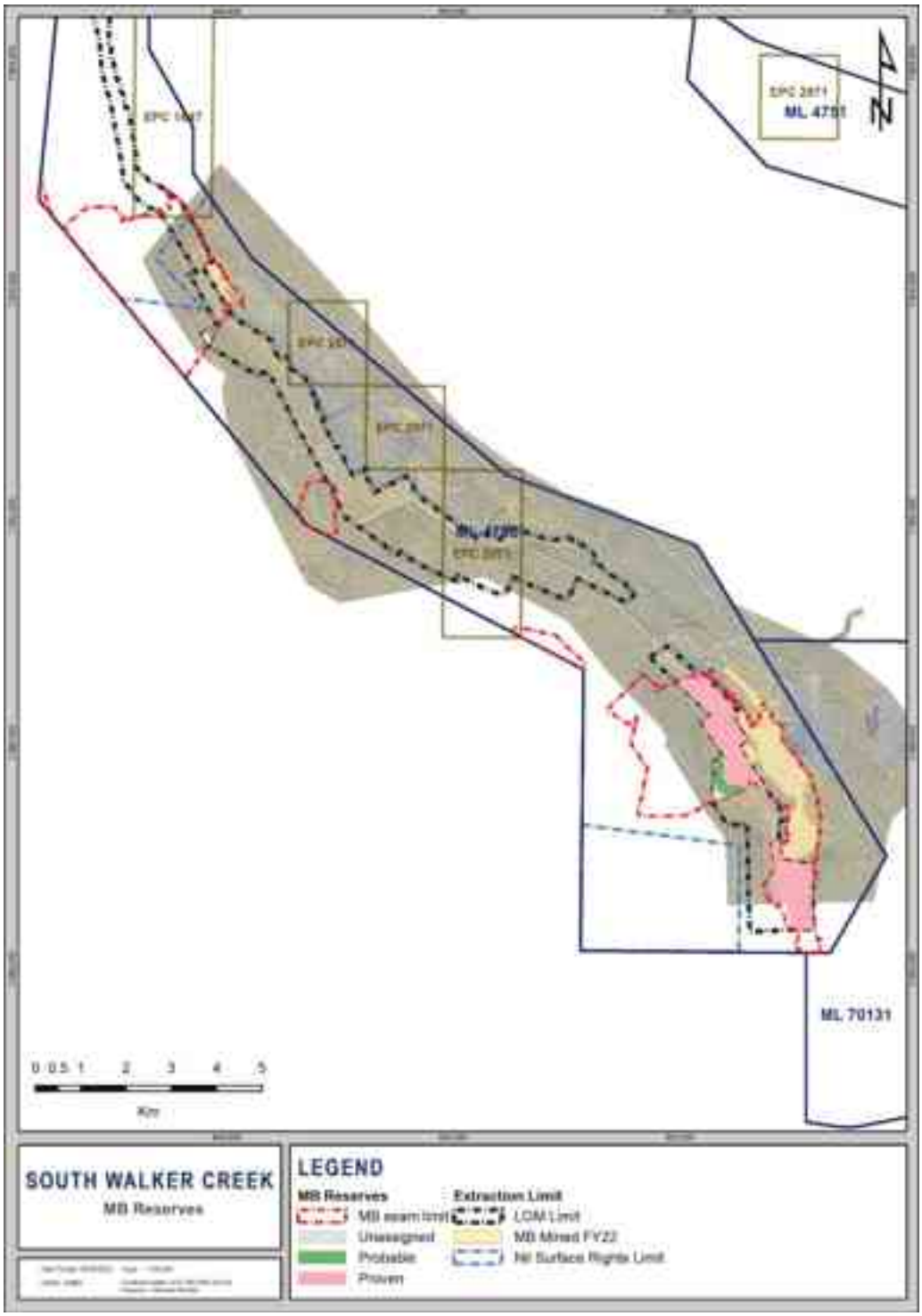

Figure C7 Reserve Categories – MB Seam

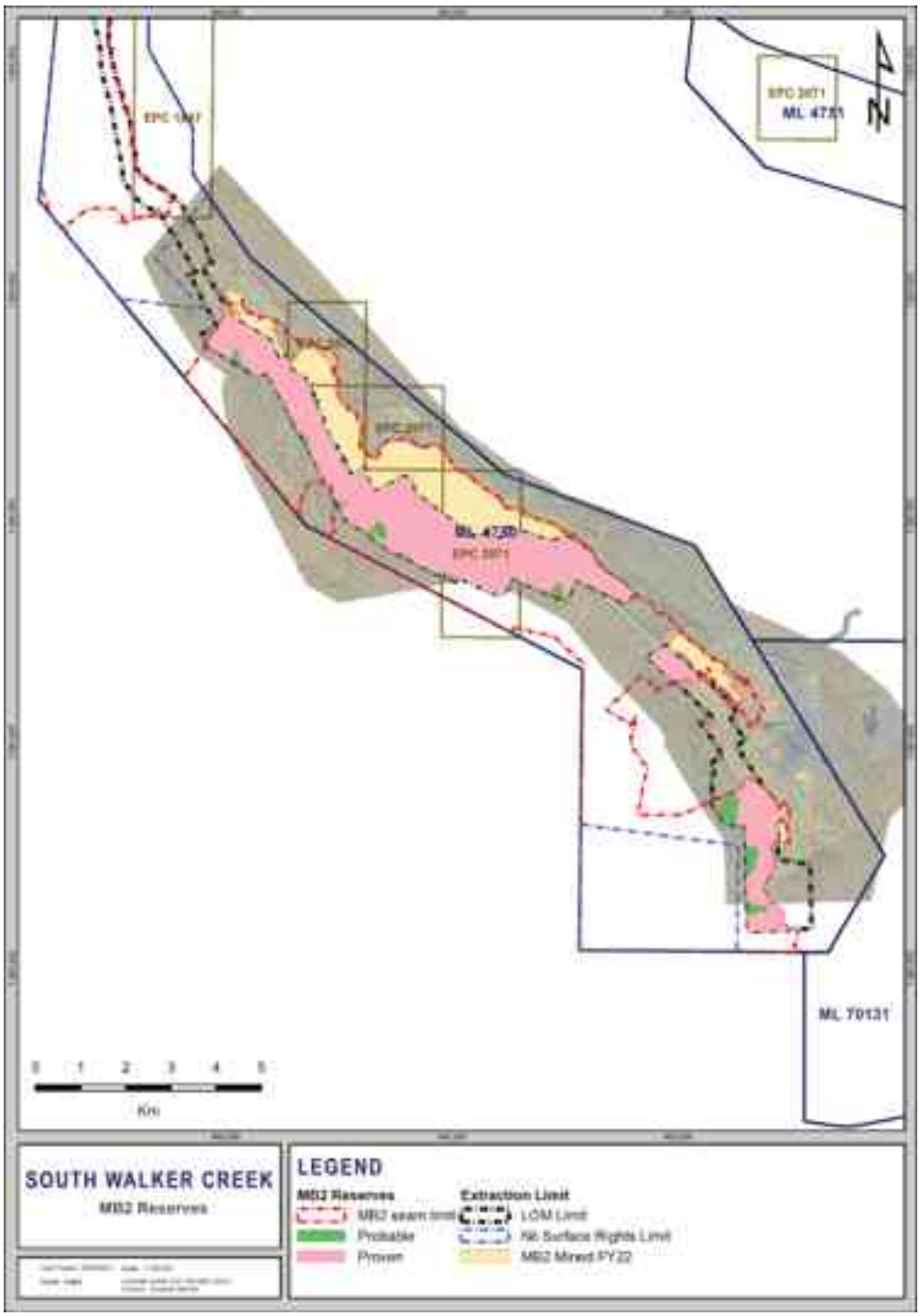

Figure C8 Reserve Categories – MB2 Seam

Appendix D Cross Sections

SECTION 1 - POITREL SECTIONS

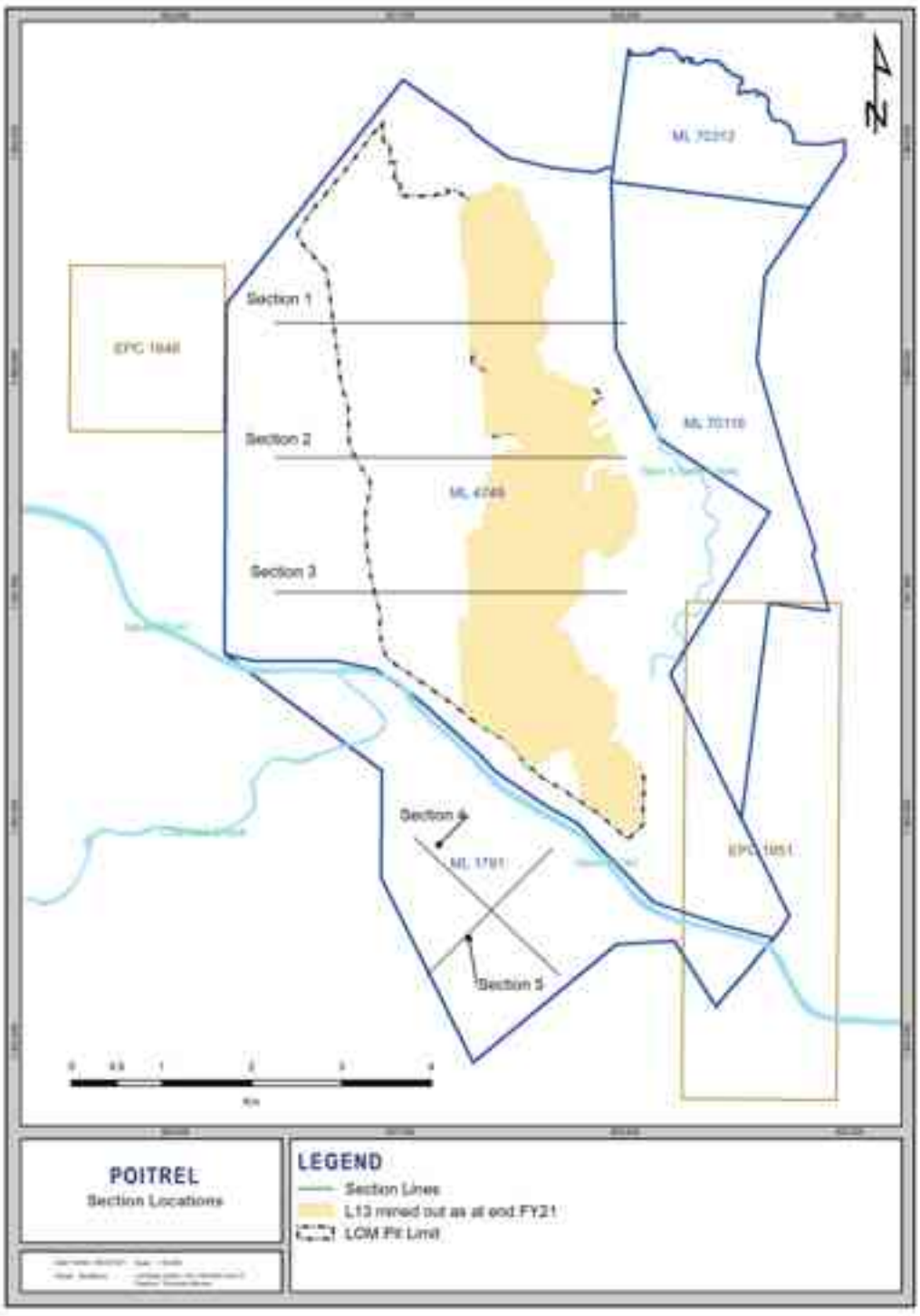

Figure D1 Poitrel Section Location Plan

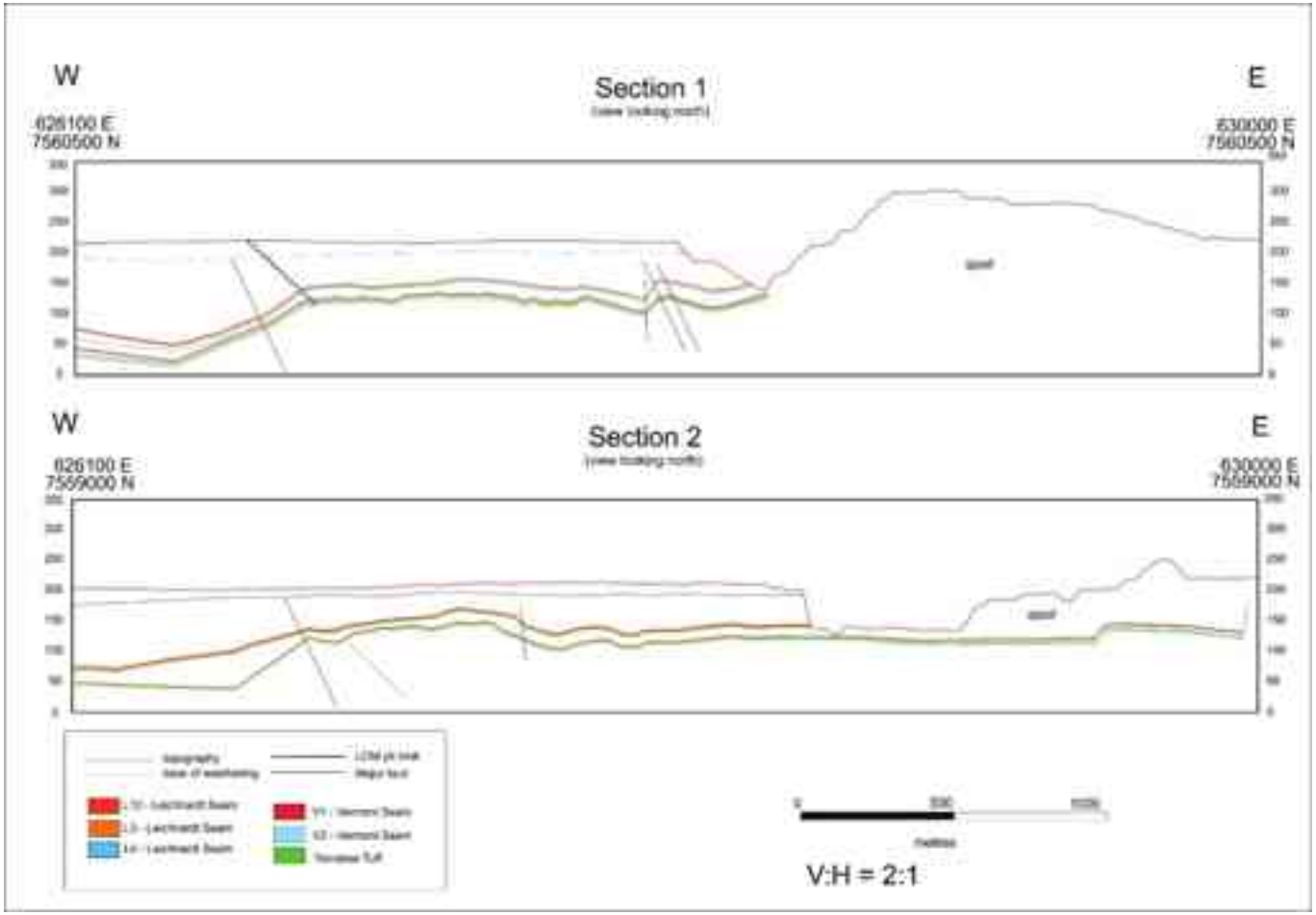

Figure D2 Poitrel Sections 1 and 2

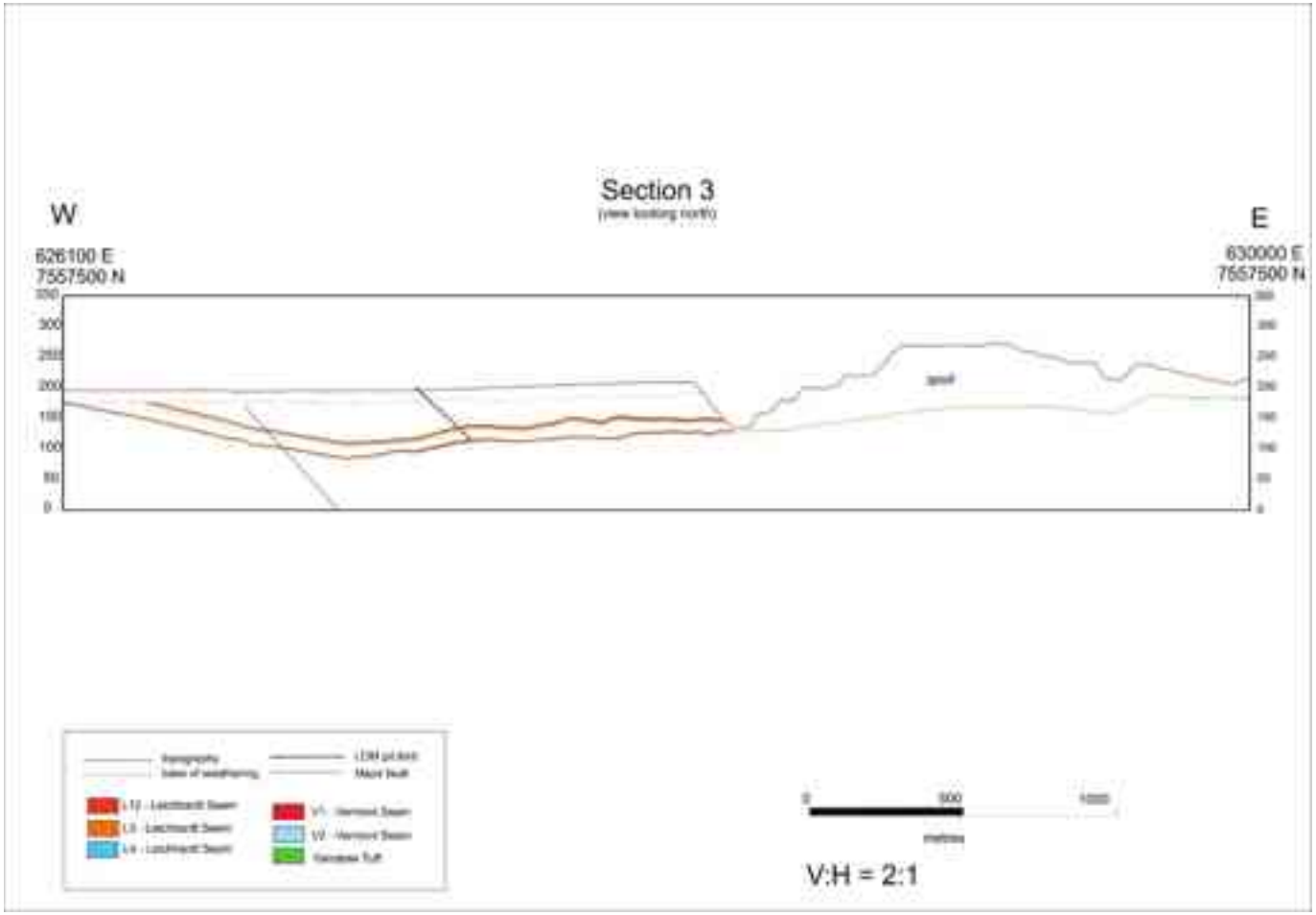

Figure D3 Poitrel Section 3

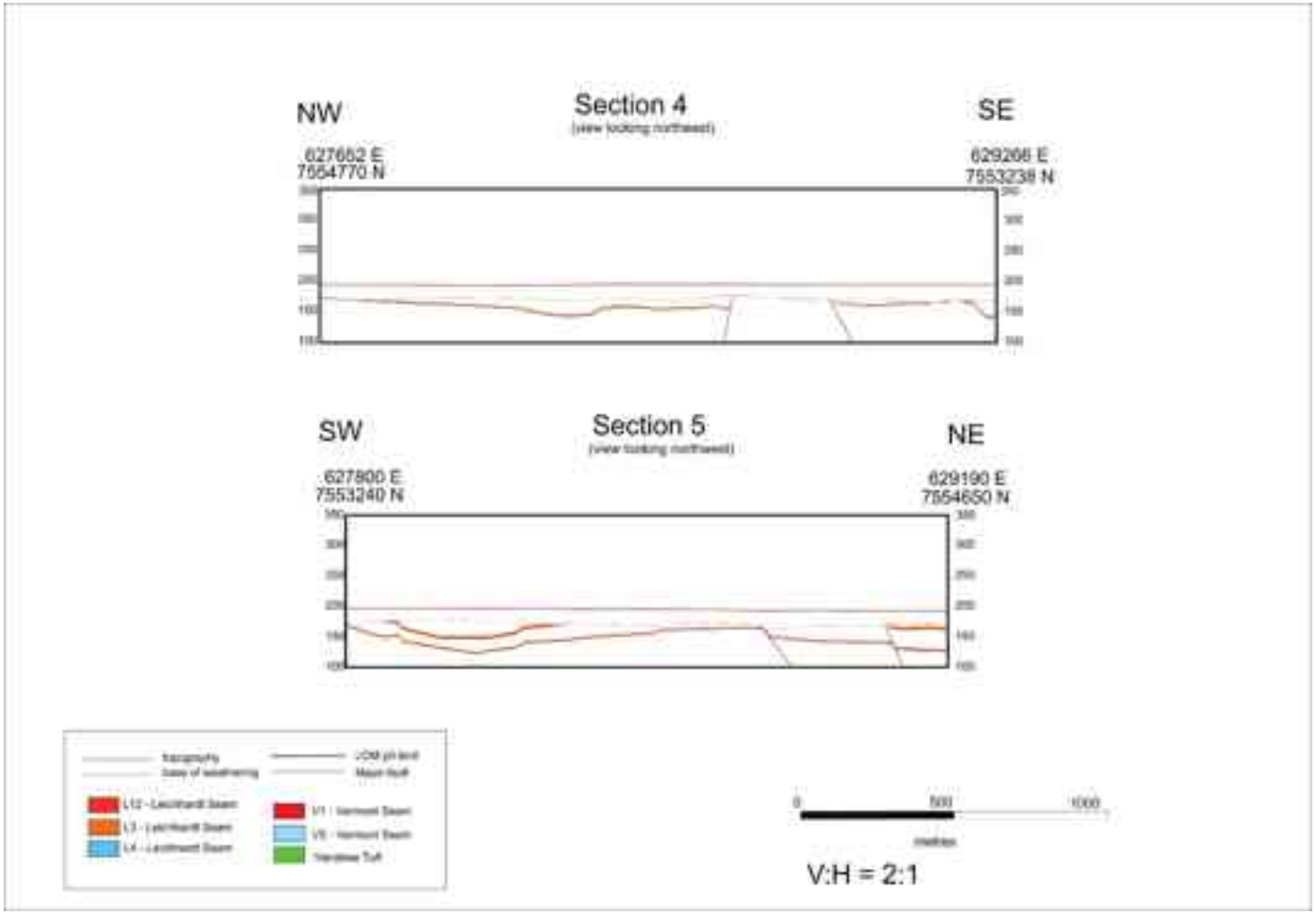

Figure D4 Poitrel Sections 4 and 5

SECTION 2 – SOUTH WALKER CREEK SECTIONS

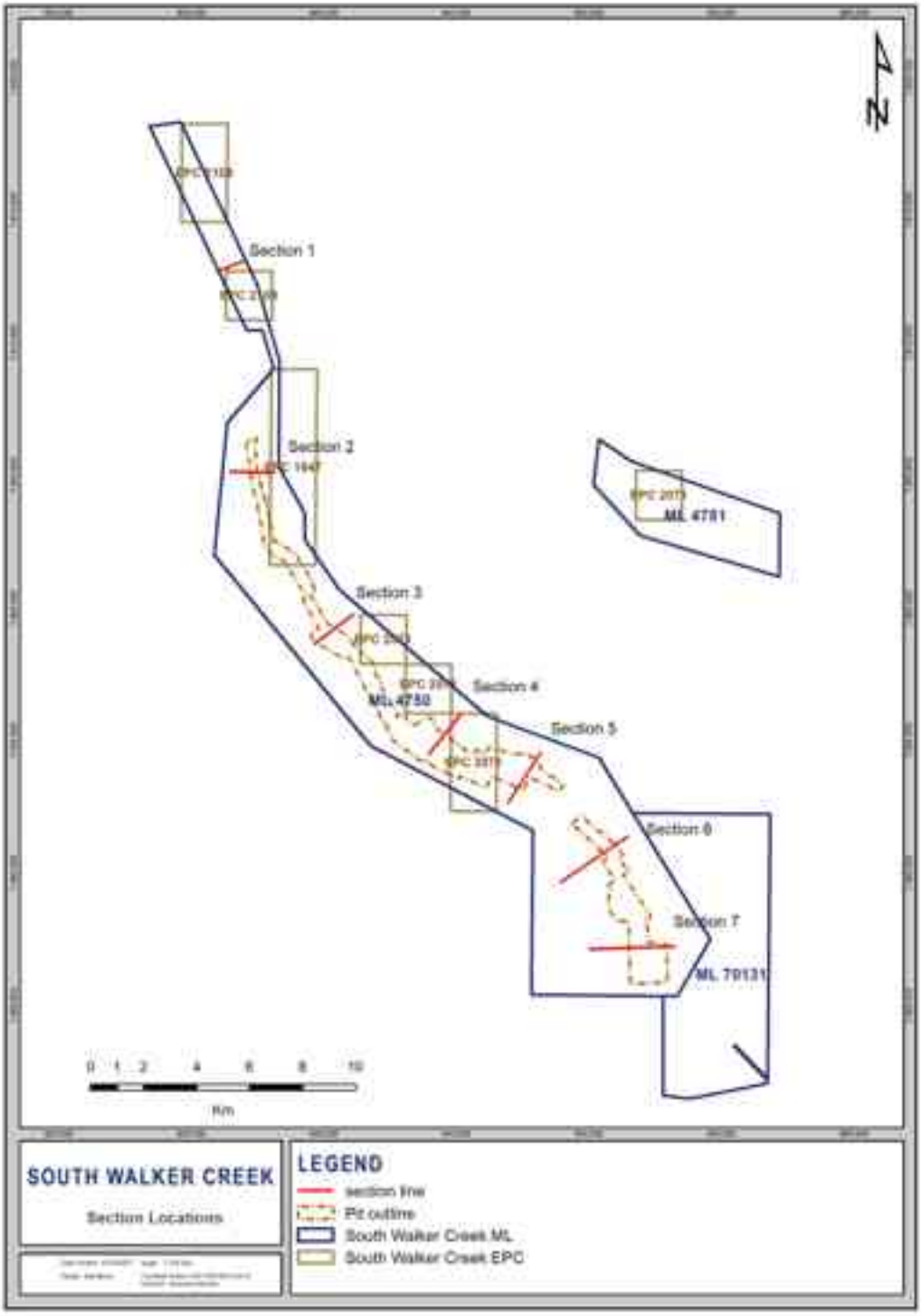

Figure D5 Section Location Plan

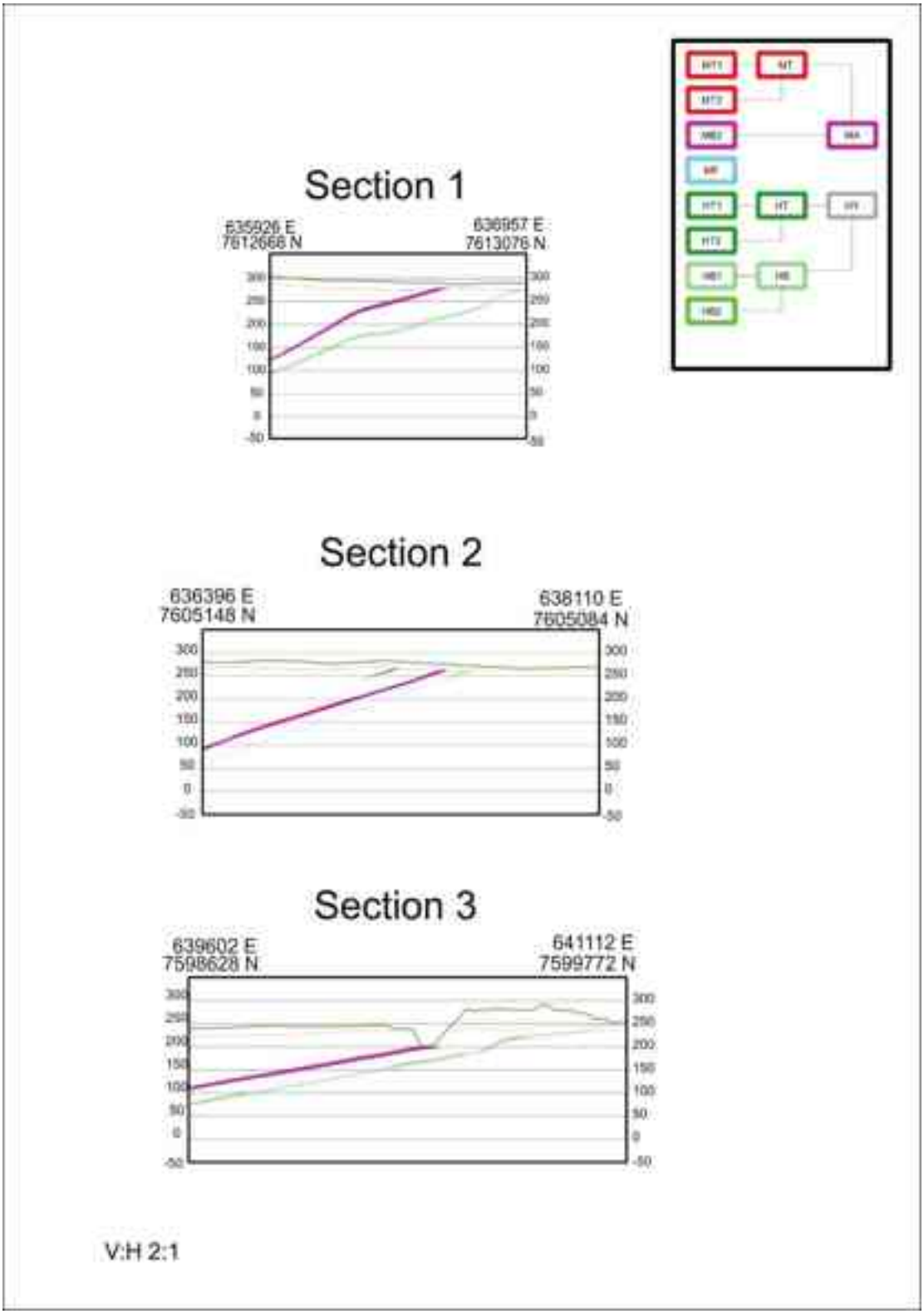

Figure D6 Sections 1 to 3

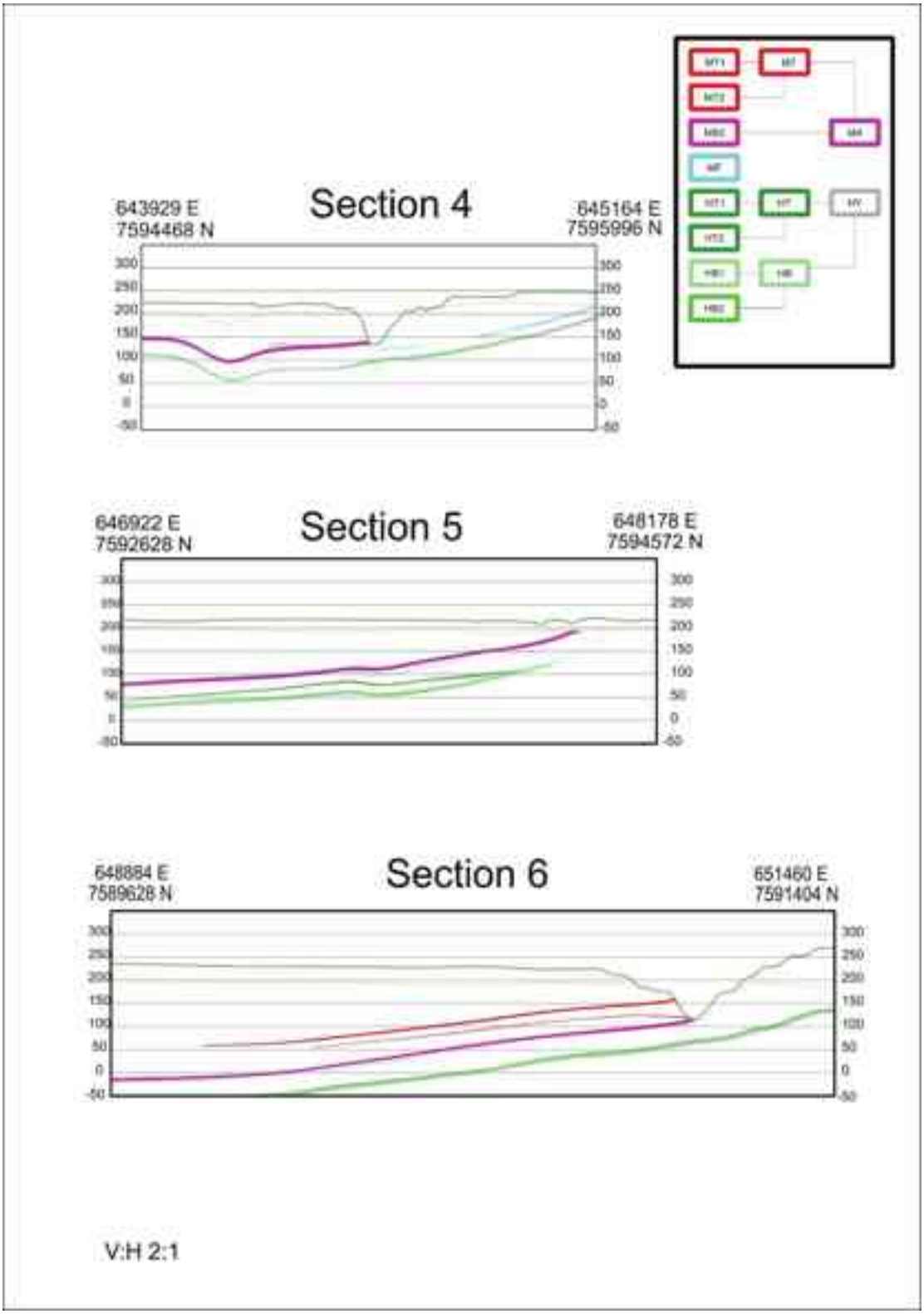

Figure D7 Sections 4 to 6

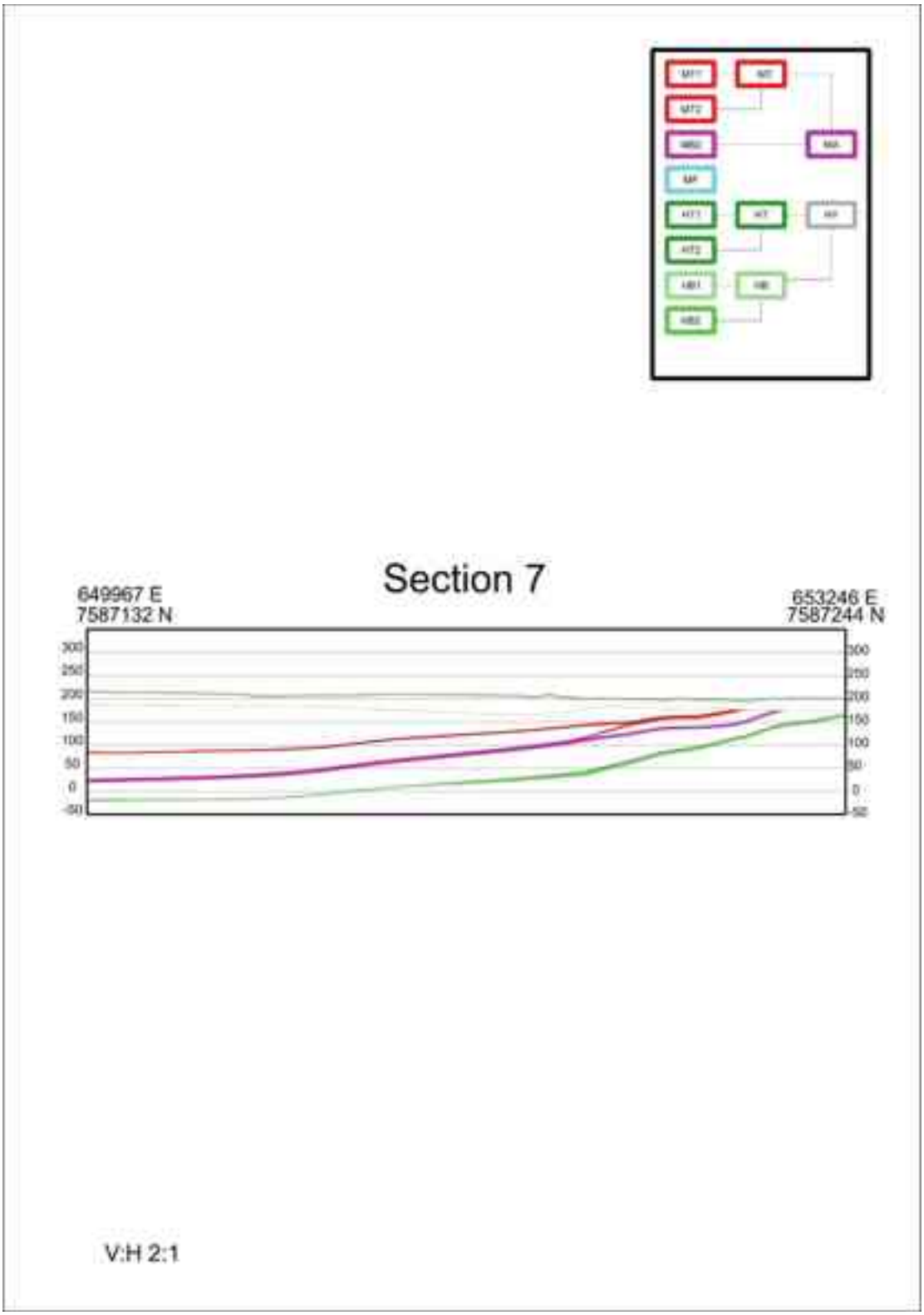

Figure D8 Section 7

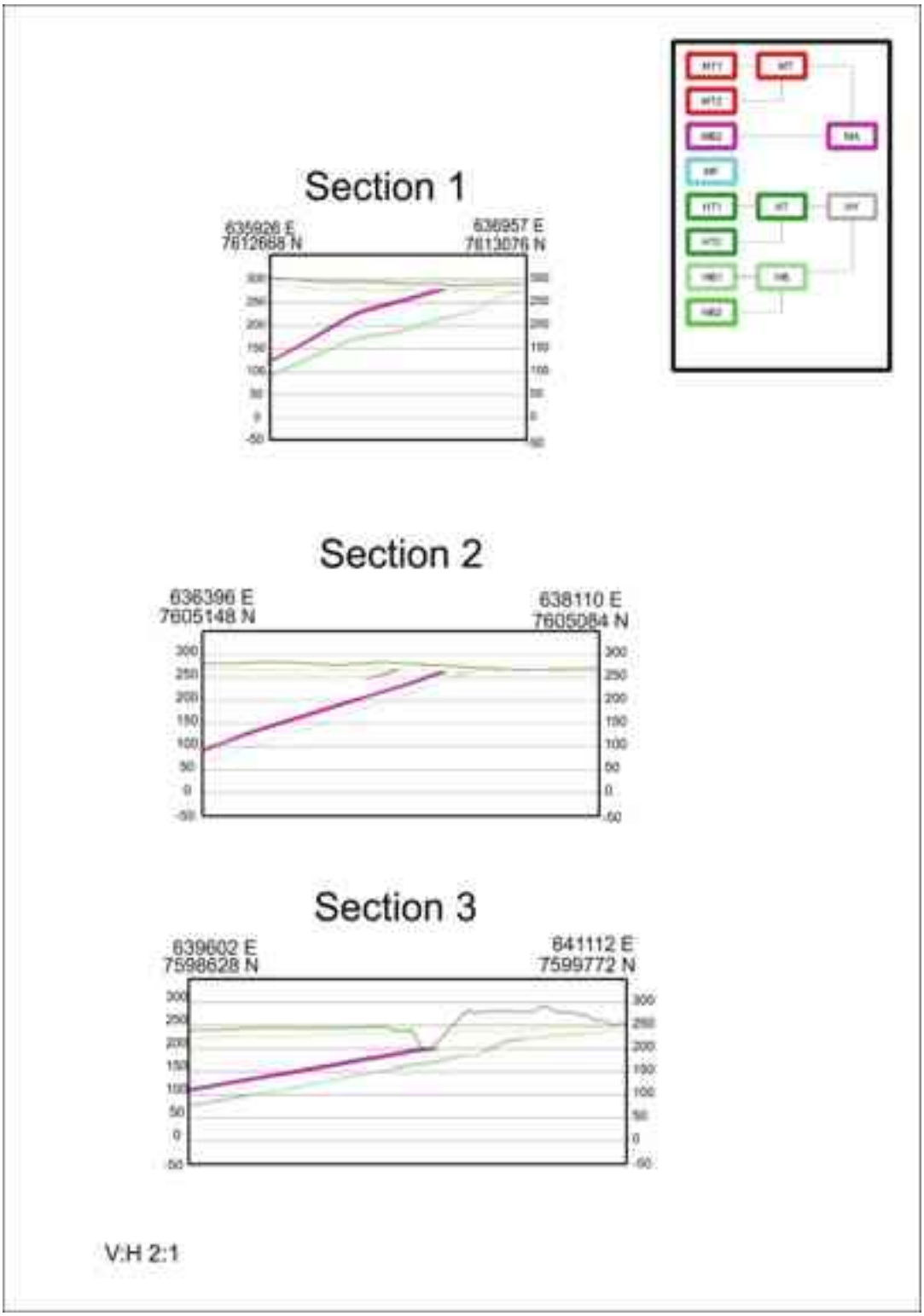

Figure D9 Sections 1 to 3

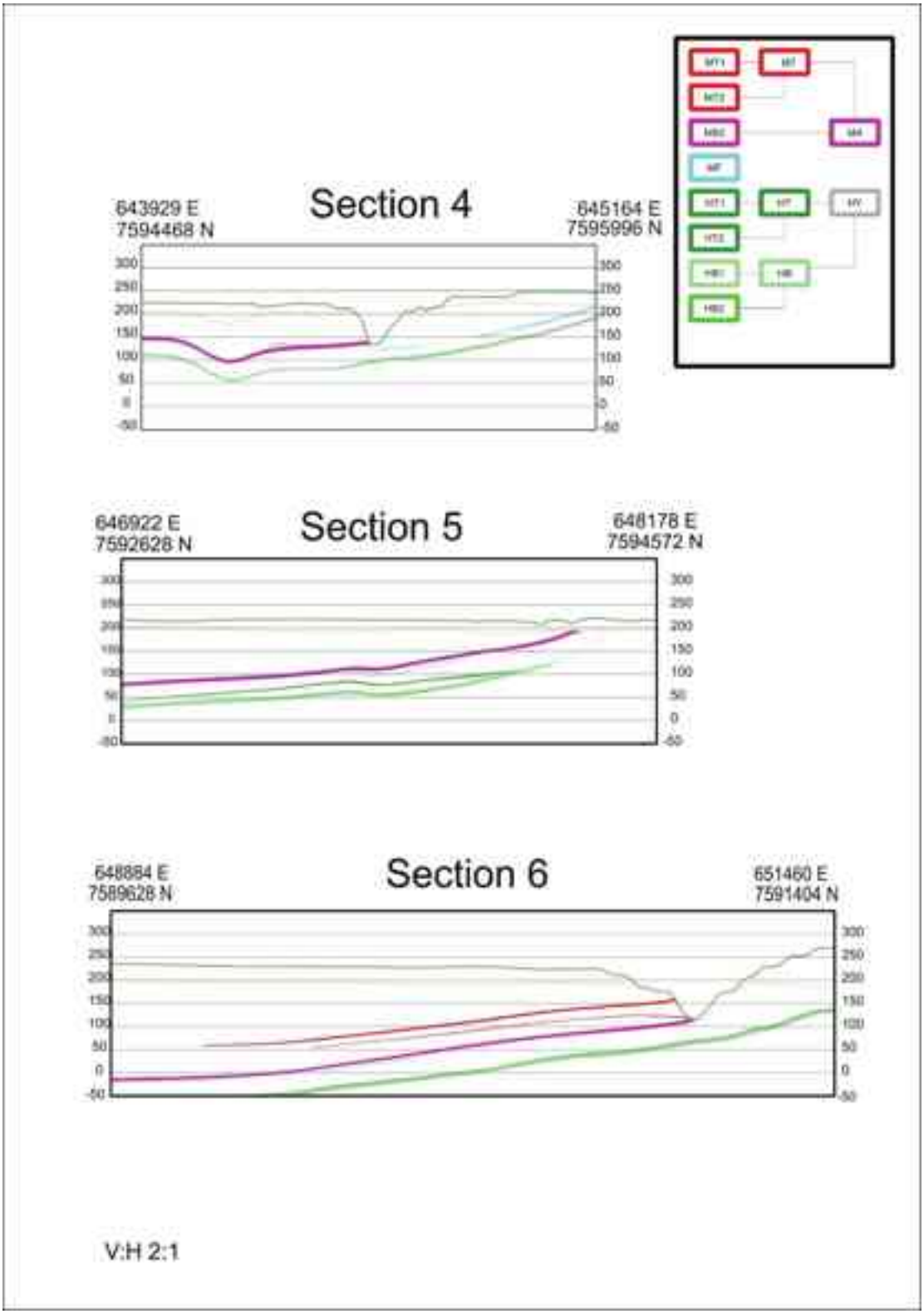

Figure D10 Sections 4 to 6

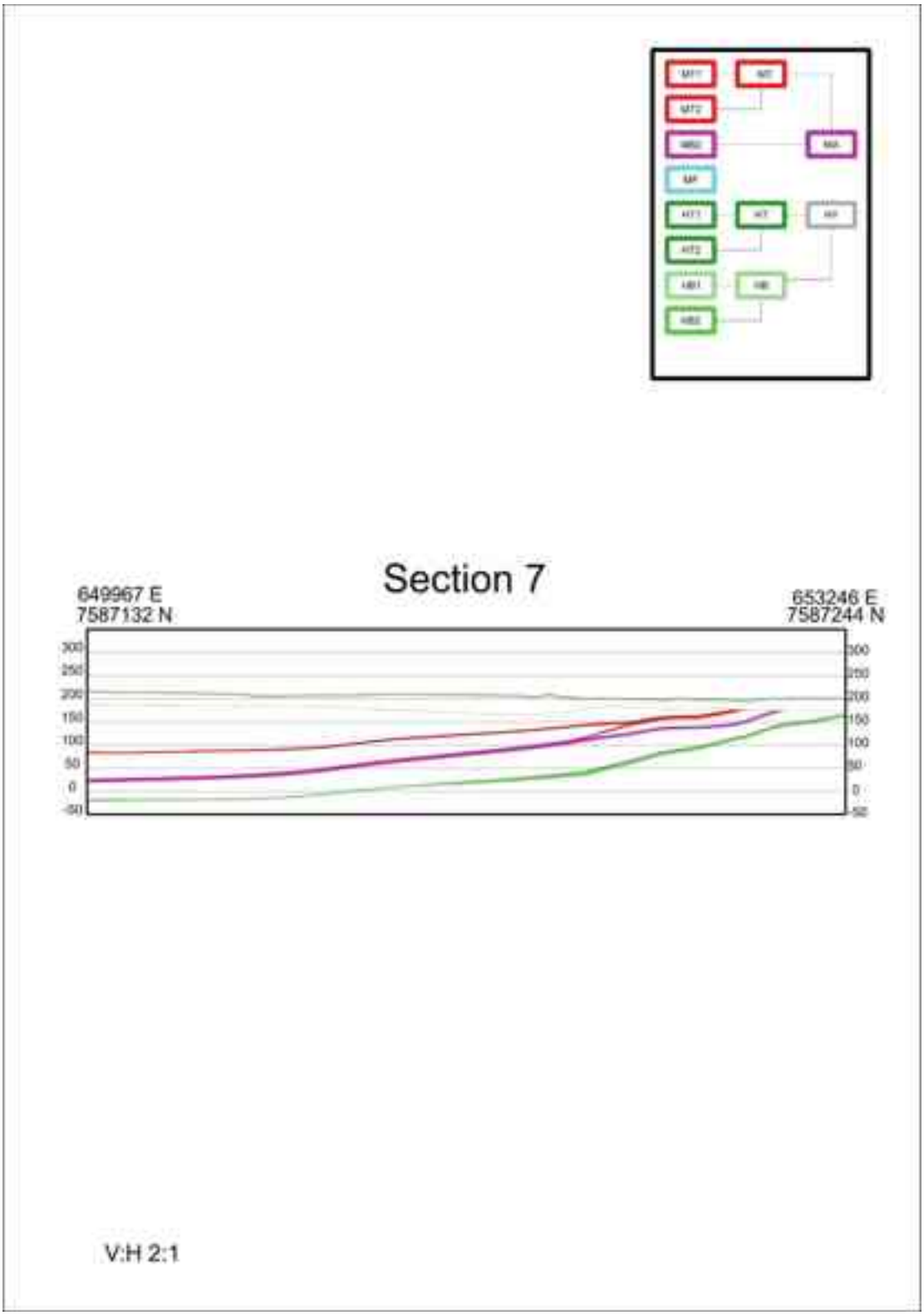

Figure D11 Section 7

Appendix E Isopach Maps

SECTION 1 – POITREL ISOPACH MAPS

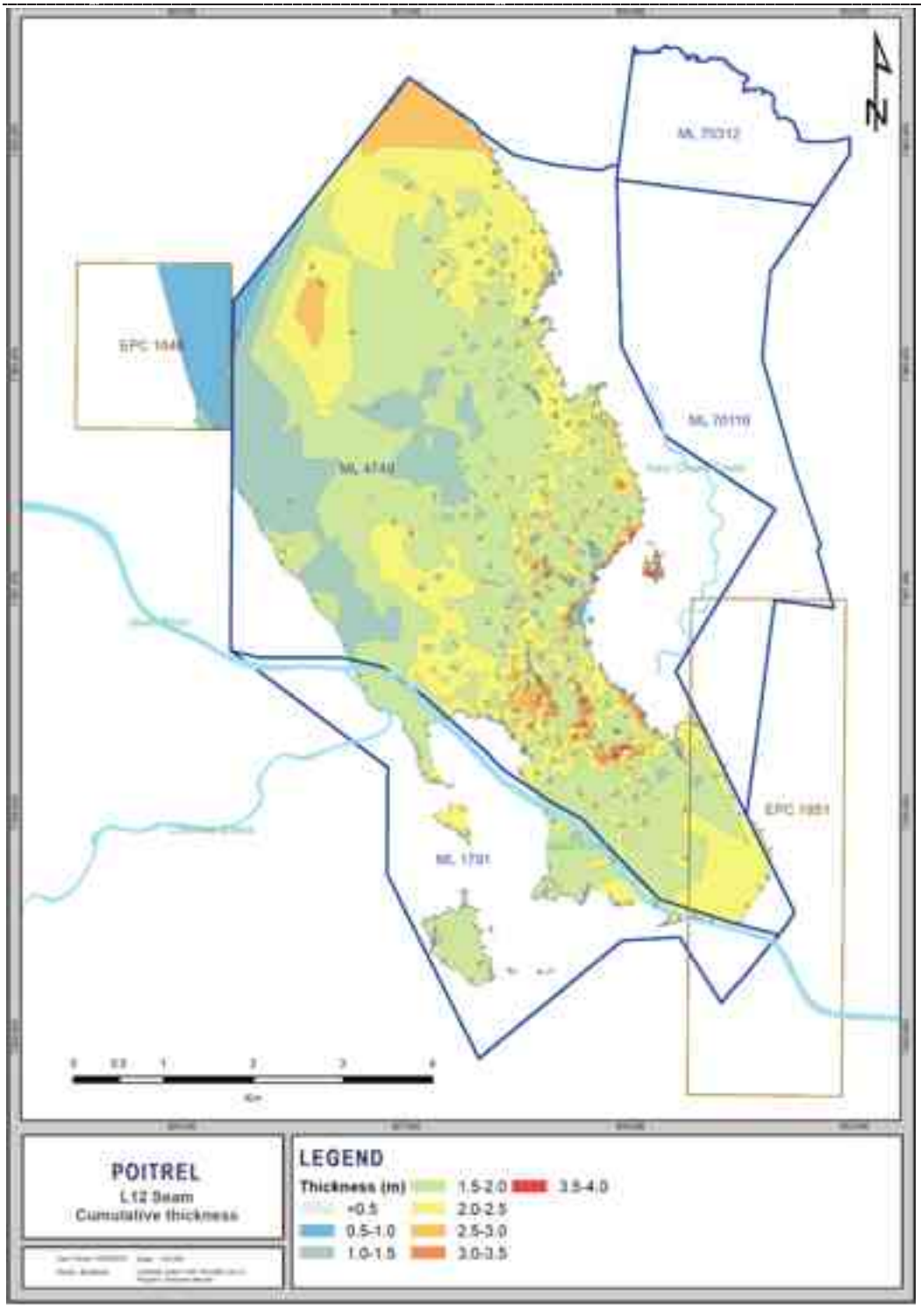

Figure E1 Isopach of the L12 seam

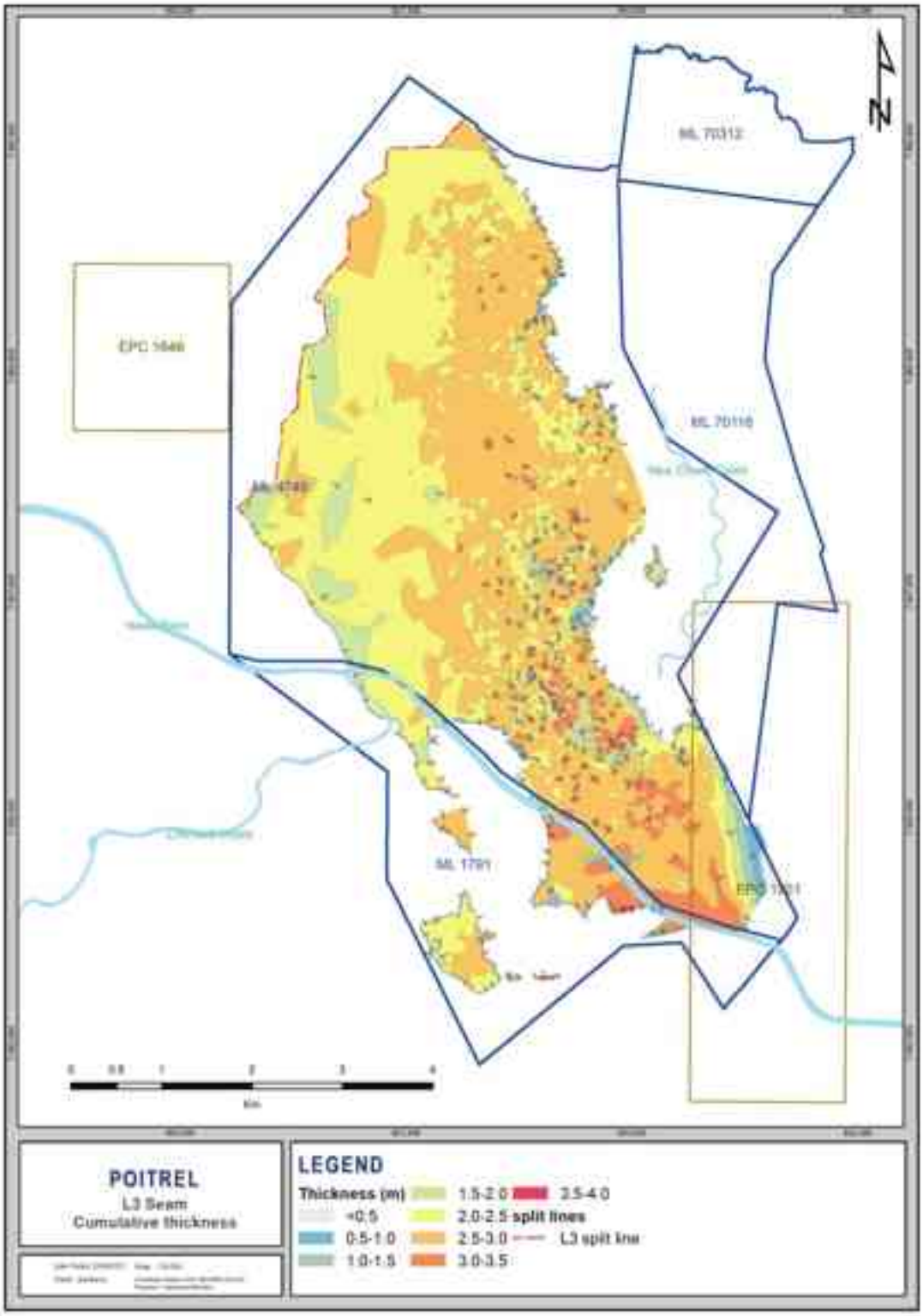

Figure E2 Isopach of the L3 seam

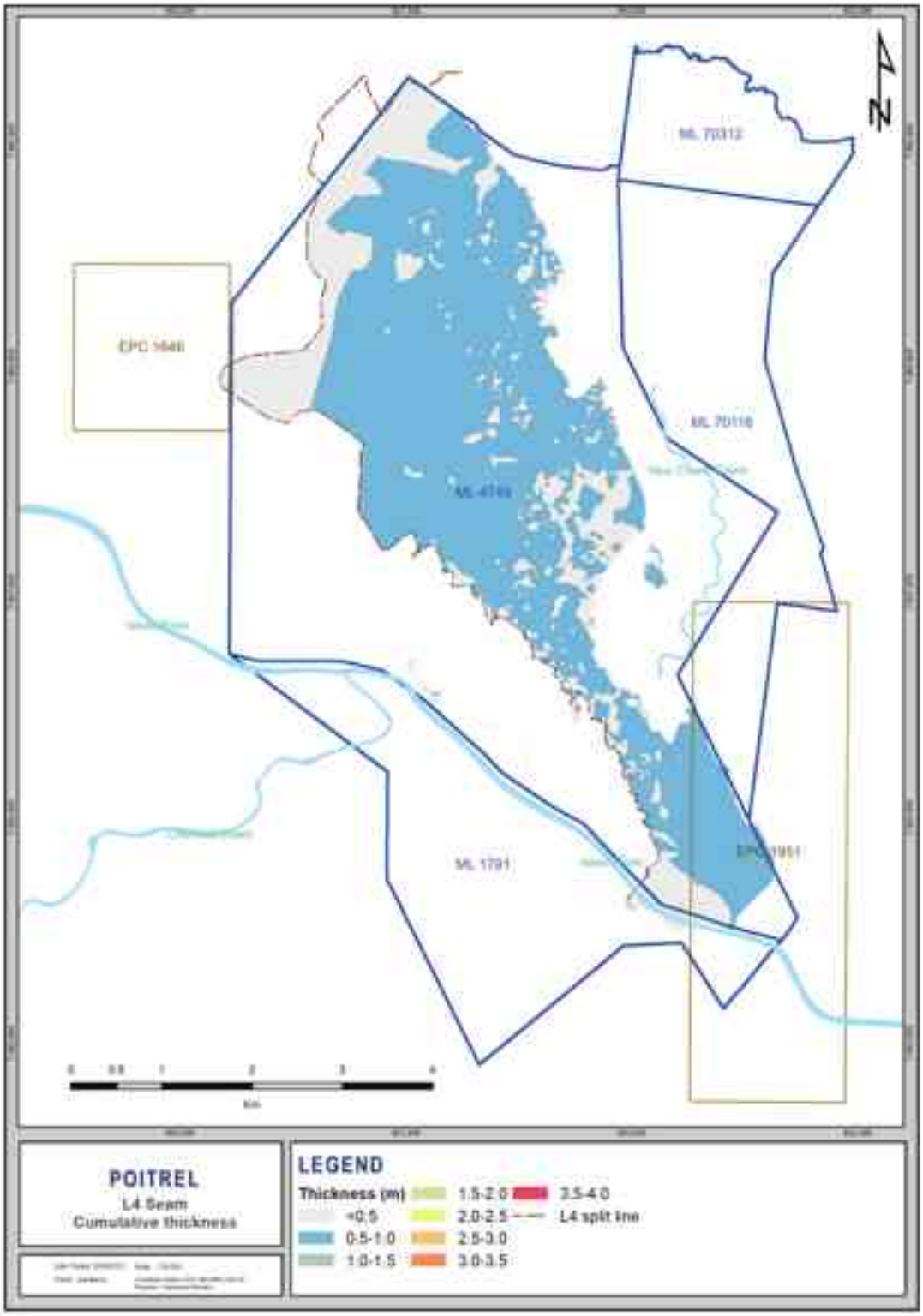

Figure E3 Isopach of the L4 seam

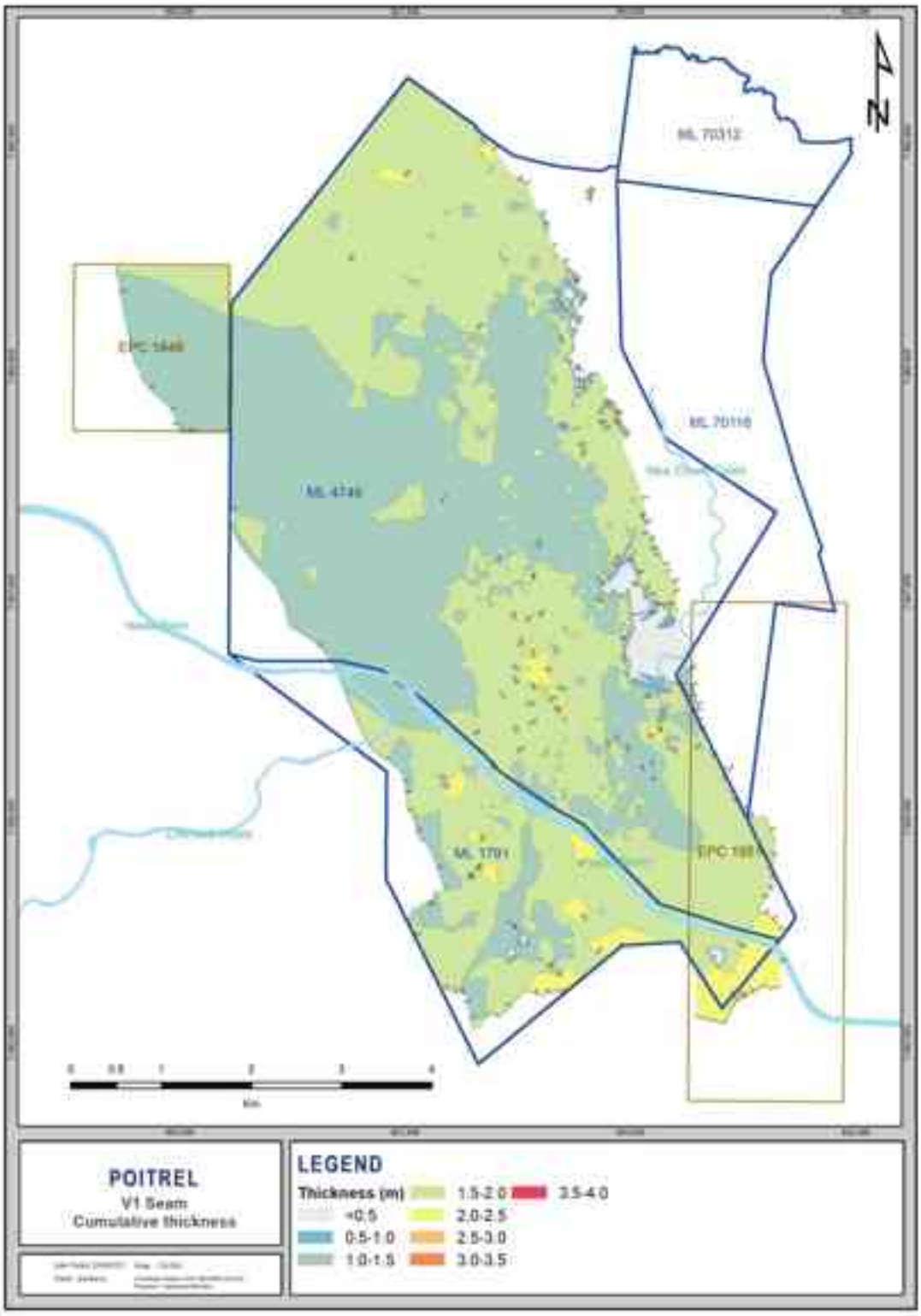

Figure E4 Isopach of the V1 seam

SECTION 2 – SOUTH WALKER CREEK ISOPACH MAPS

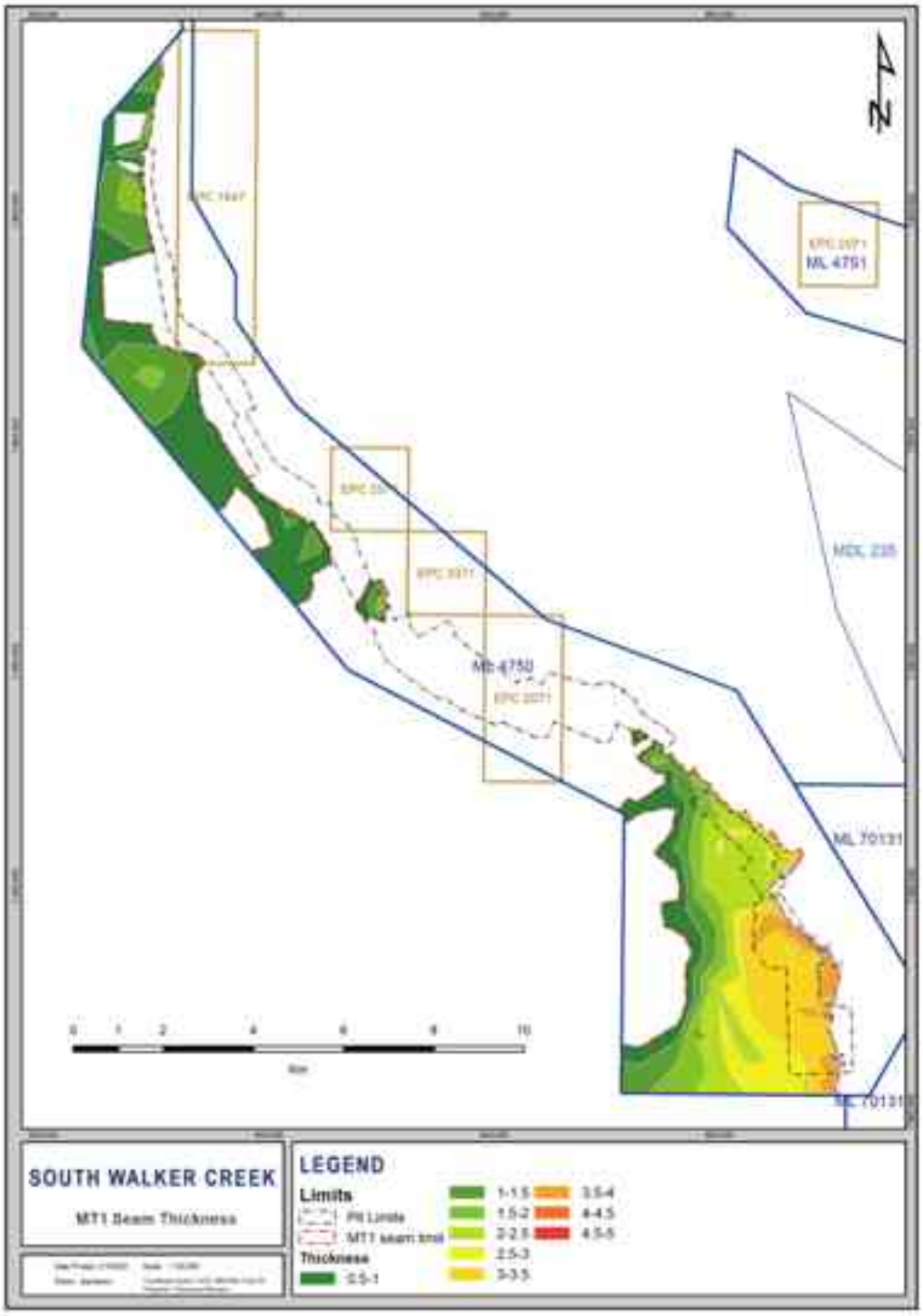

Figure E5 Isopach of the MT1 seam

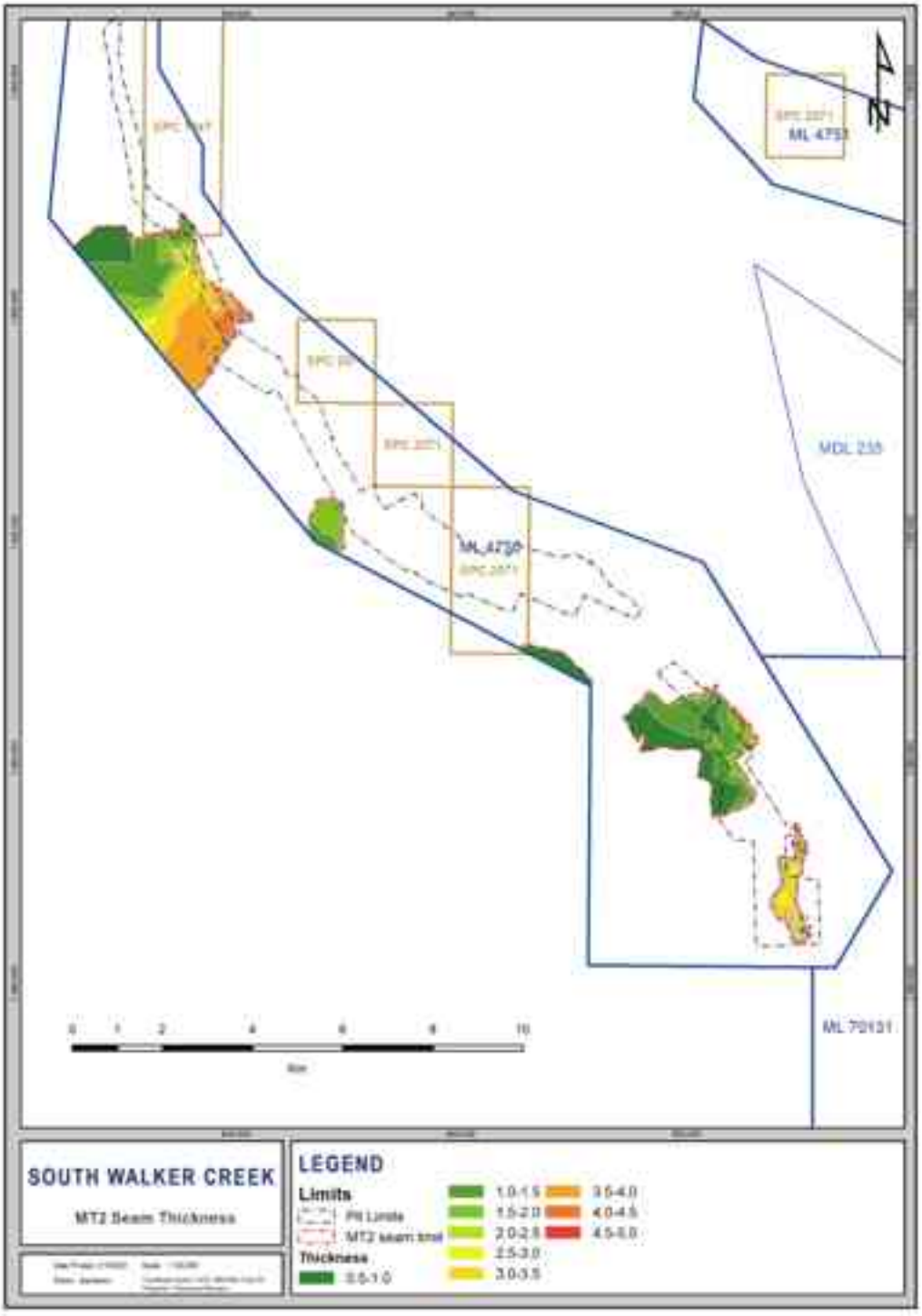

Figure E6 Isopach of the MT2 seam

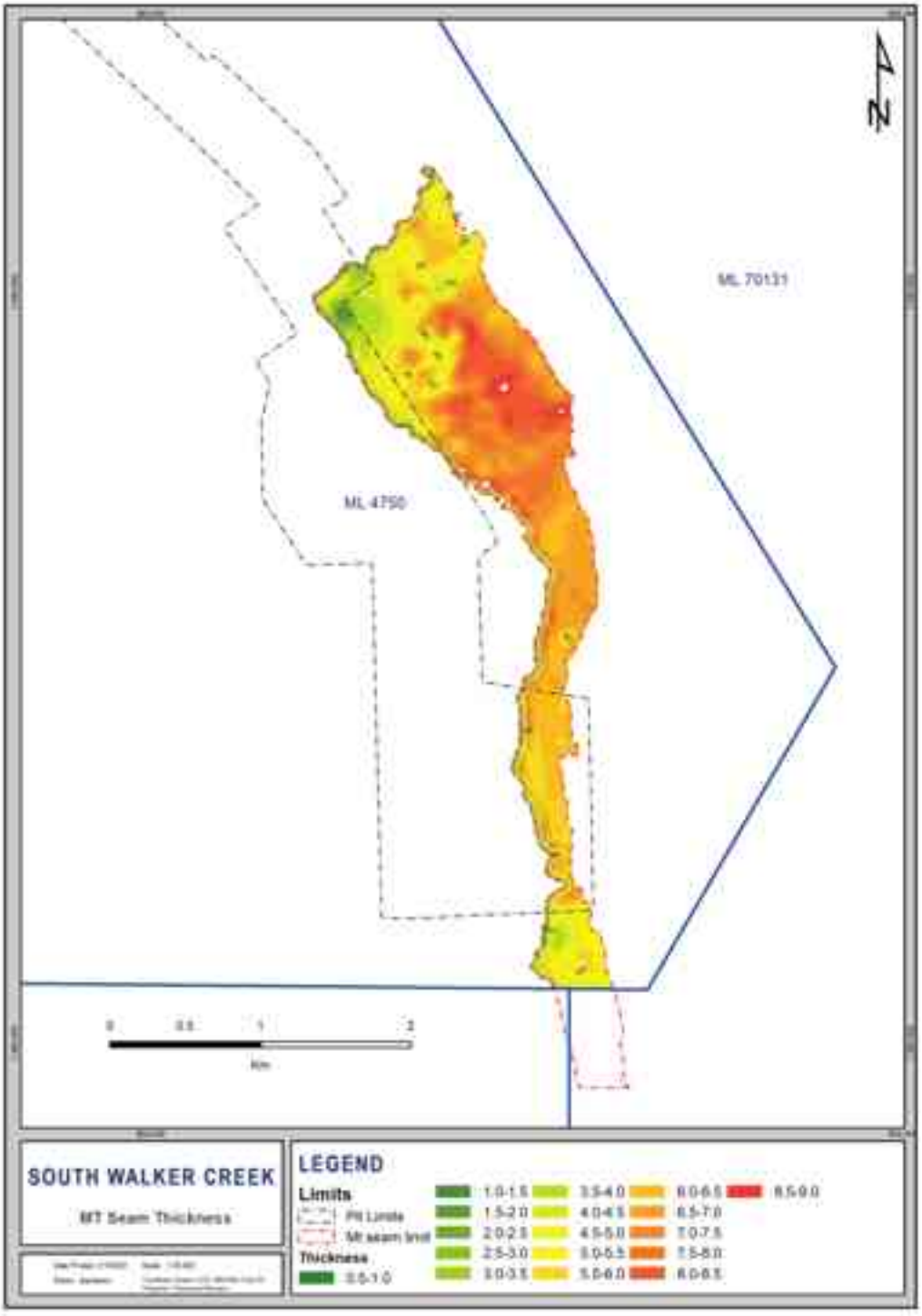

Figure E7 Isopach of the MT seam

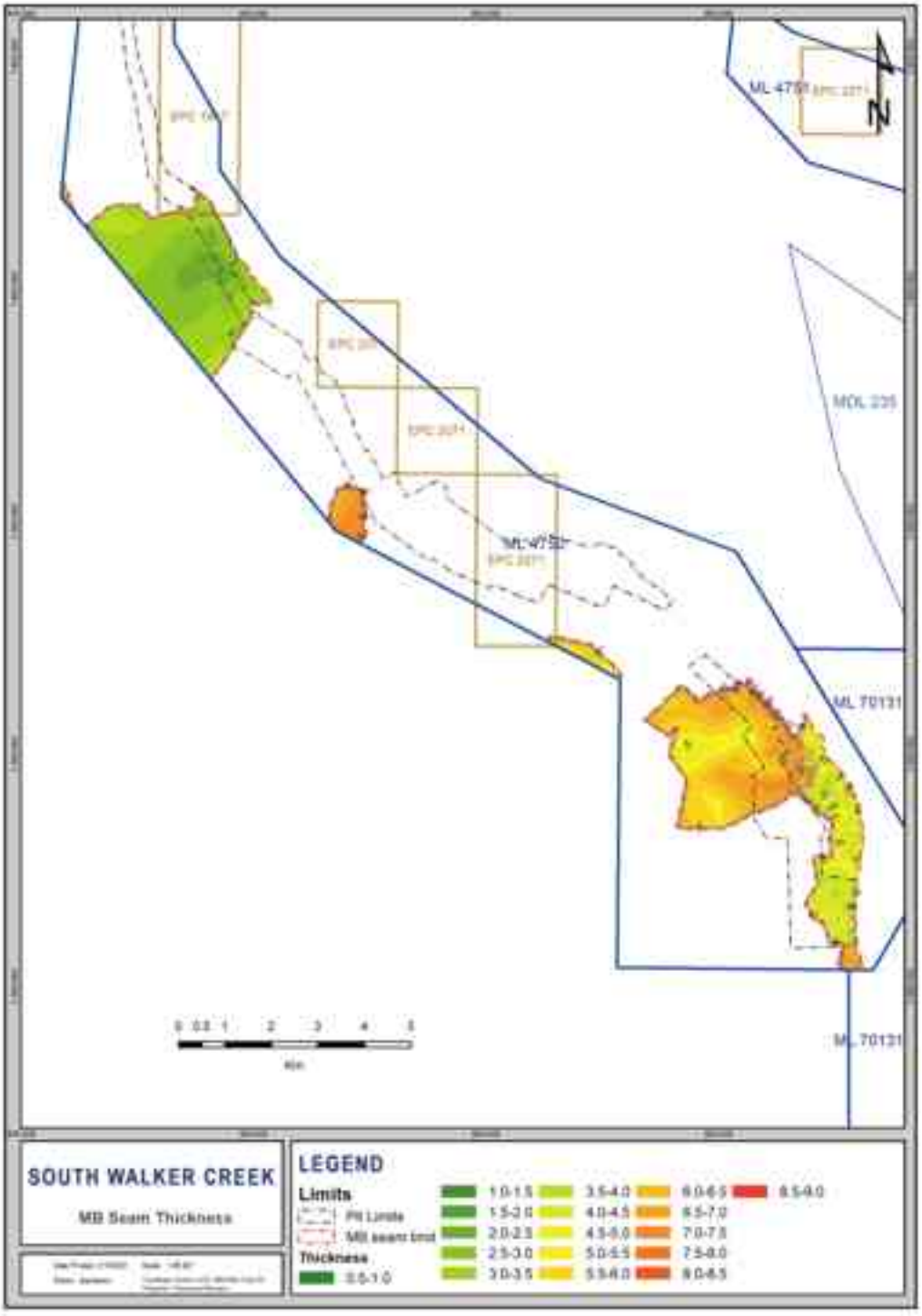

Figure E8 Isopach of the MB seam

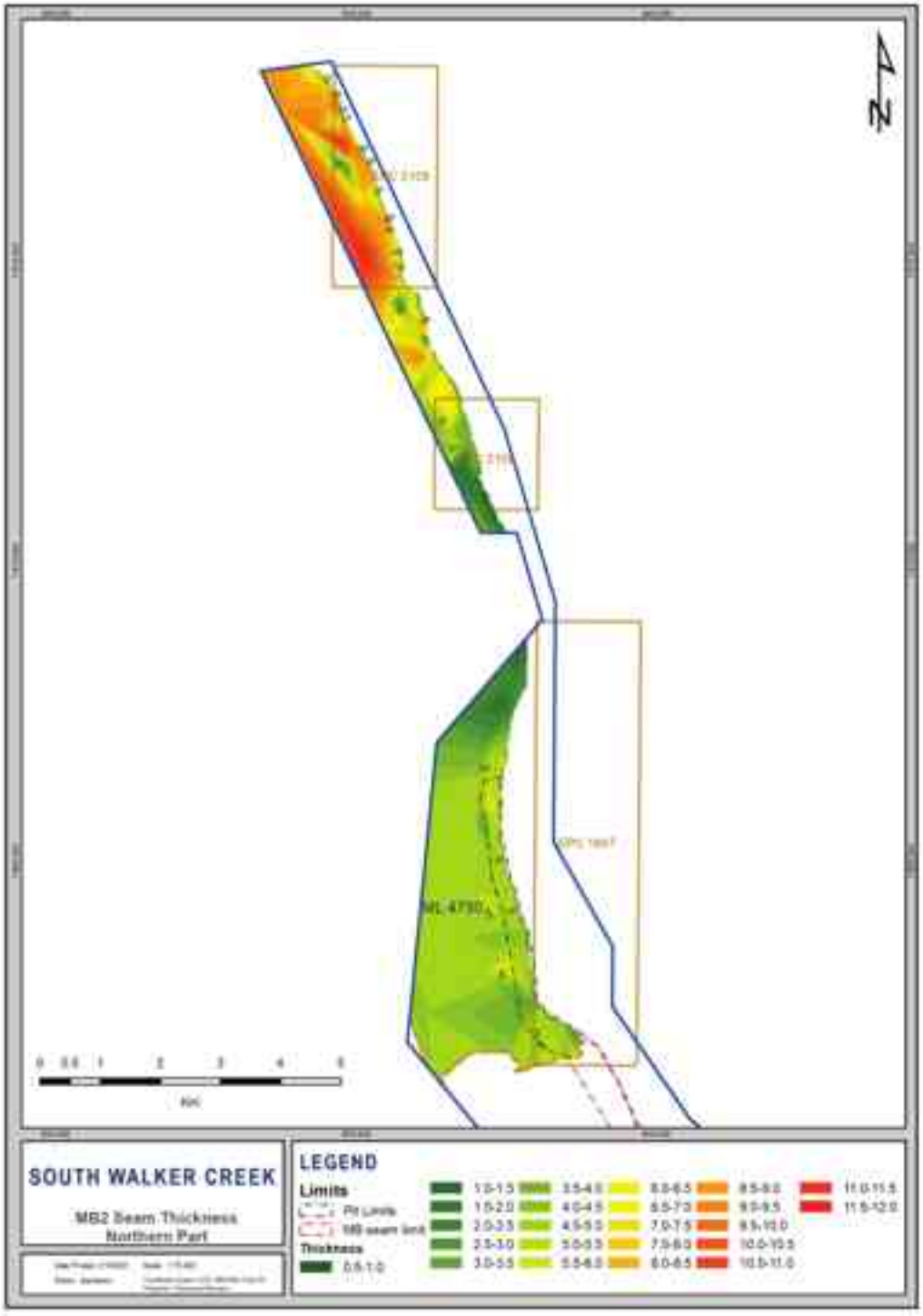

Figure E9 Isopach of the MB2 seam (northern area)

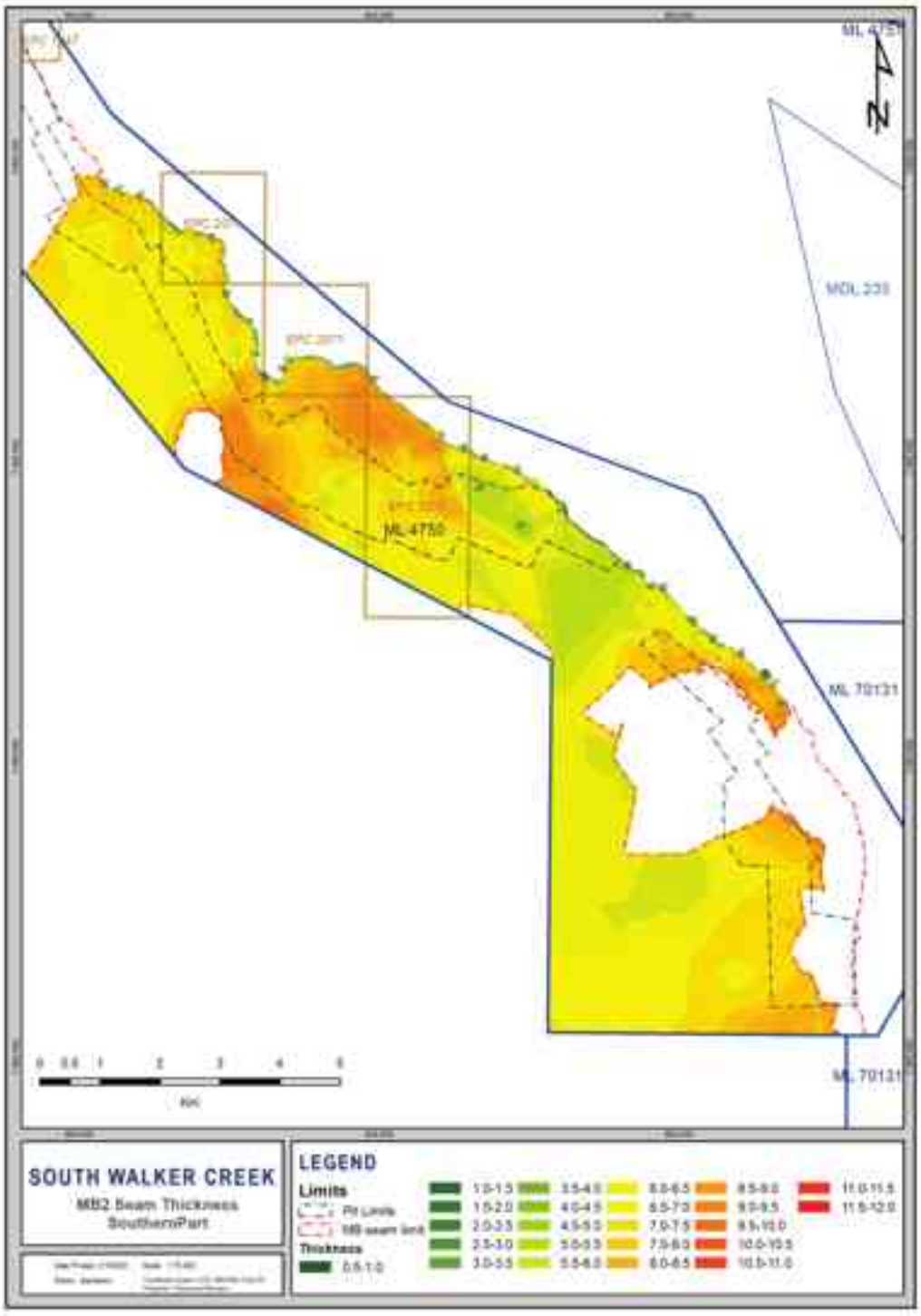

Figure E10 Isopach of the MB2 seam (southern area)

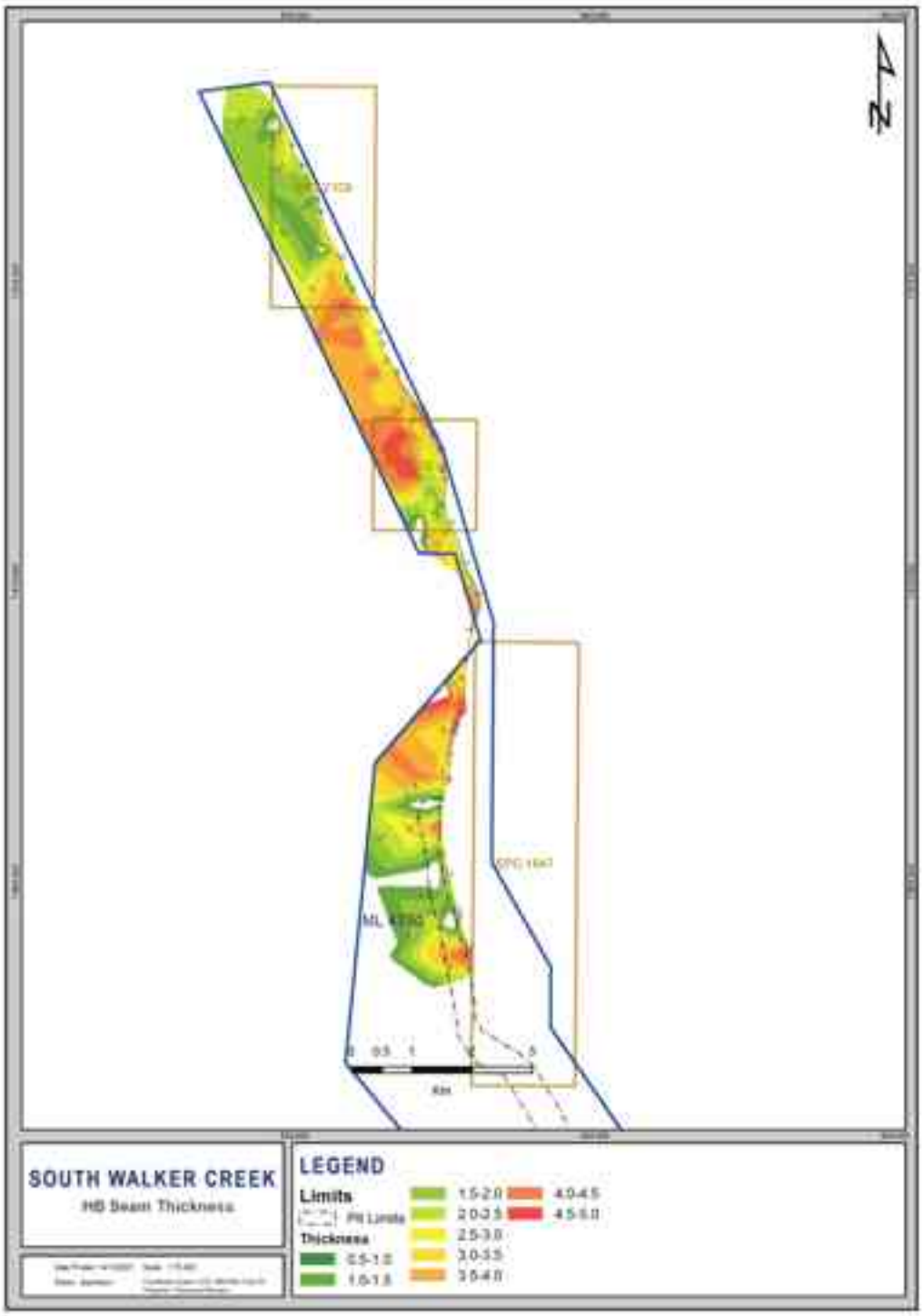

Figure E11 Isopach of the HB seam

SECTION 3 - WARDS WELL ISOPACH MAPS

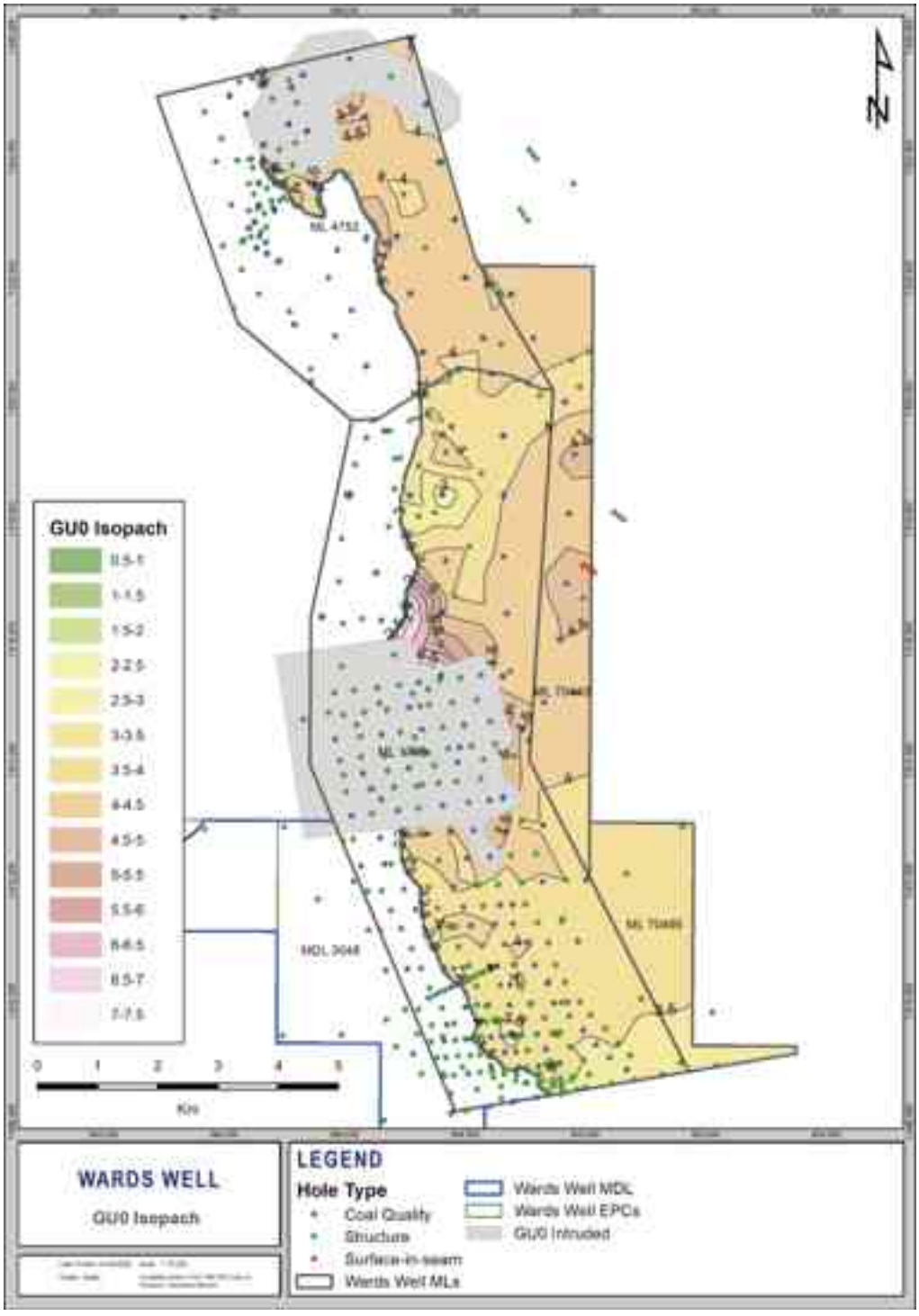

Figure E12 Isopach of the GU0

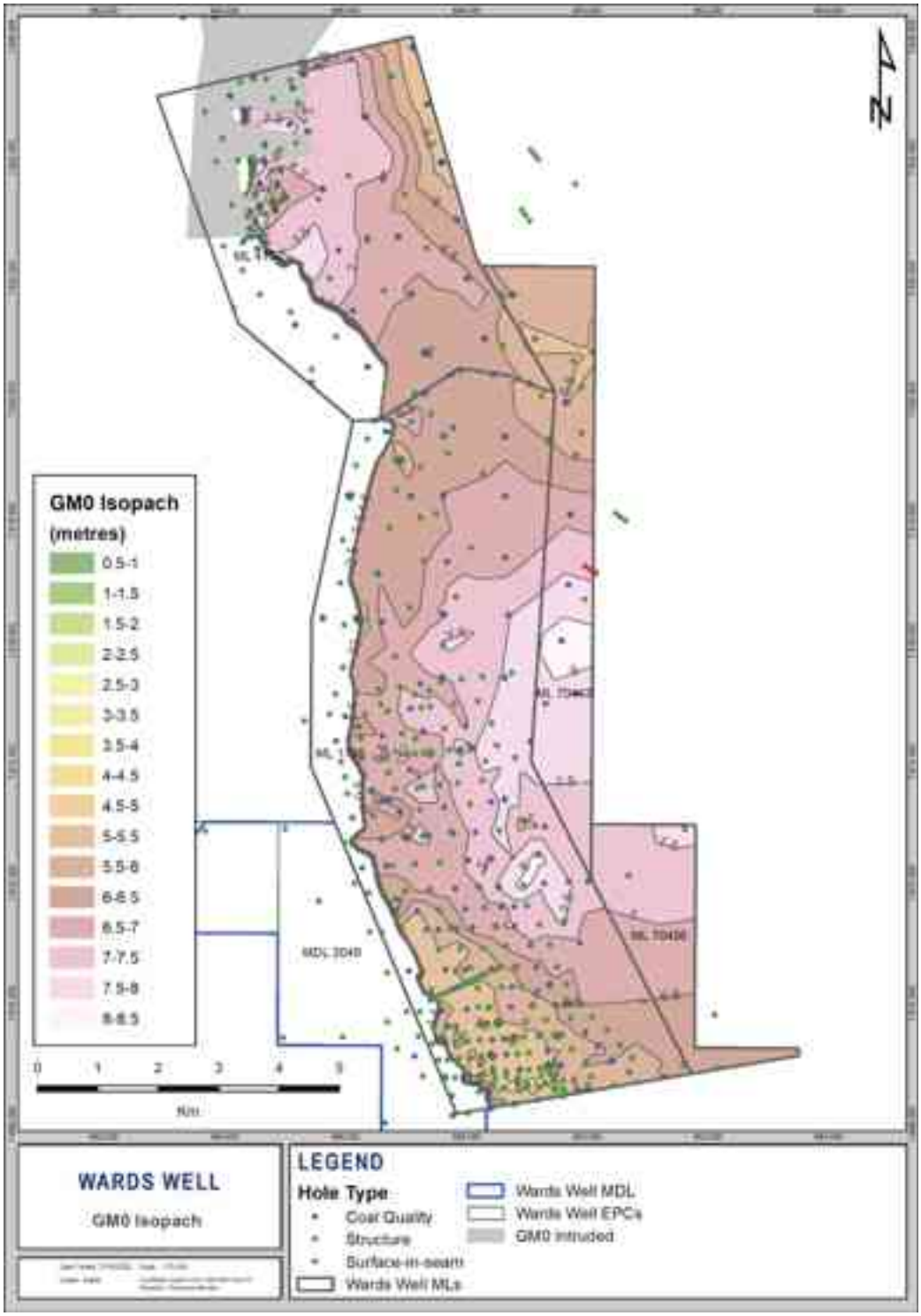

Figure E13 Isopach of the GM0 seam

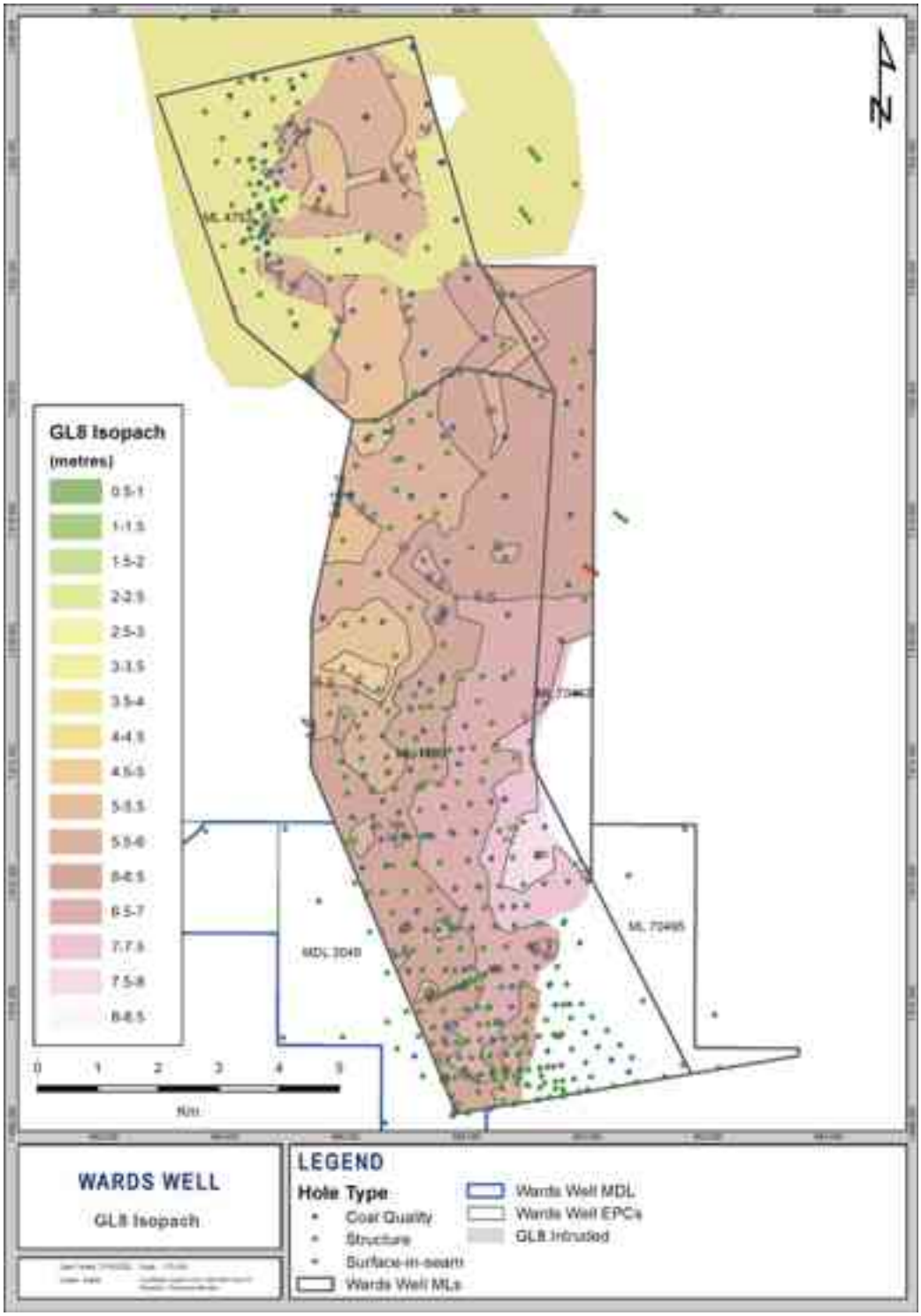

Figure E14 Isopach of the GL8 seam

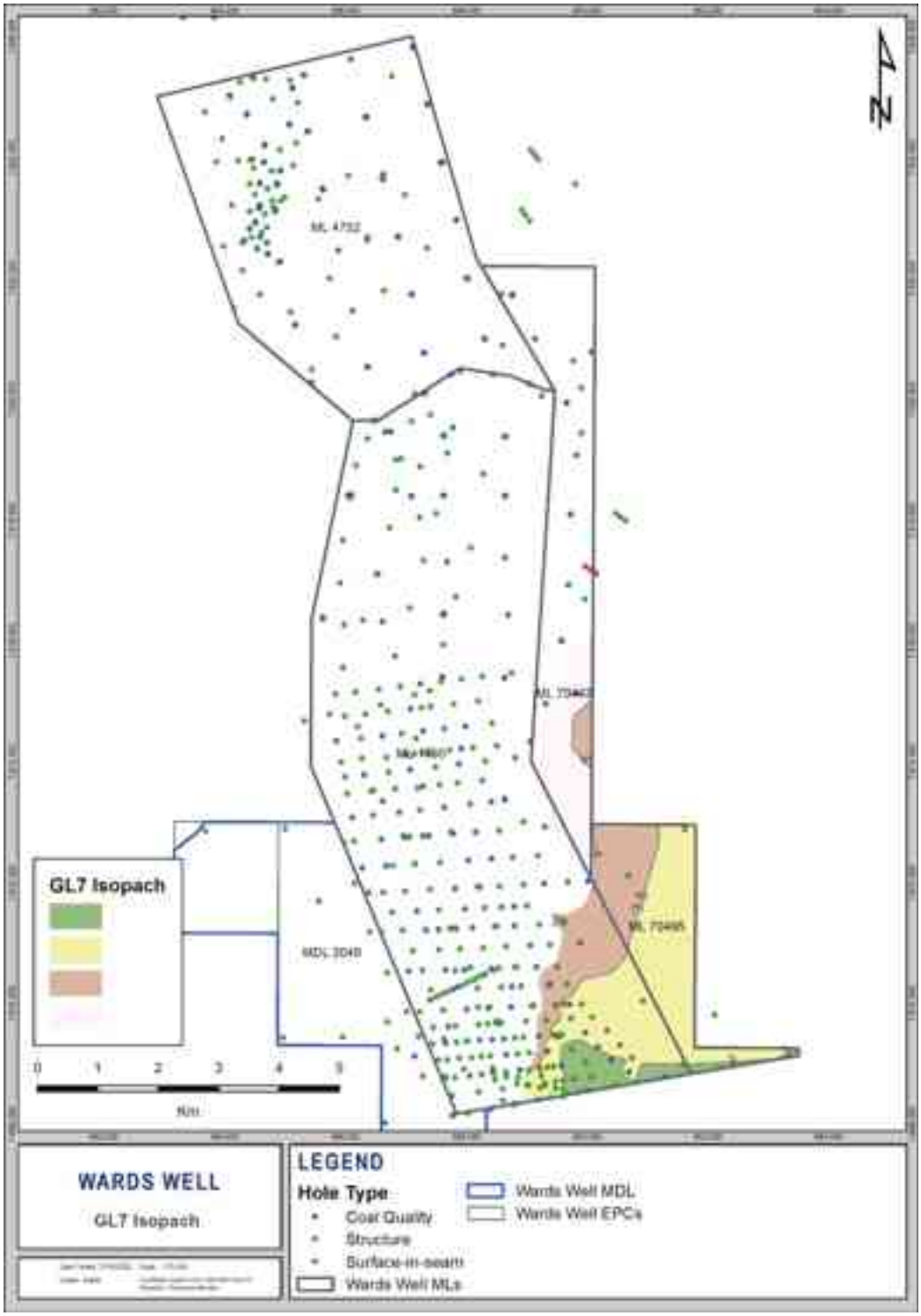

Figure E15 Isopach of the GL7 seam

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