

Issuer: Golden Energy and Resources Limited

Security: Golden Energy and Resources Limited

Meeting details:

Date: 28 April 2017

Time: 17:00H

Venue: Carpenter 29 Restaurant, (金禧楼) Corporate Room Level 4, 29 Carpenter Street, Singapore 059923

Company Description

Golden Energy and Resources Limited engages in the exploration, mining, and marketing of thermal coal in Indonesia. It operates through Coal Mining, Coal Trading, and Forestry divisions. The company holds interests in coal mining concession areas that covers an area of approximately 38,165 hectares located in South Kalimantan, Central Kalimantan, and Jambi. It owns the rights to mine approximately 2.1 billion tonnes of thermal coal resources with coal reserves of 639.8 million tonnes. The company is also involved in the forestry business, as well as in trading agricultural commodities, such as soya beans and wheat flour. It owns forestry concession rights of 265,095 hectares in 4 regents located in South Kalimantan, Indonesia. The company serves power plant operators, pulp and paper factory operators, cement industry, and coal trading companies. The company was founded in 1997 and is based in Singapore. Golden Energy and Resources Limited is a subsidiary of PT Dian Swastatika Sentosa Tbk.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=AUE)

Q1. As noted in the Chairman’s Message (page 2 of the annual report), Golden Energy and Resources Limited (GEAR) shares resumed trading upon its listing on the Mainboard of SGX-ST on 12 December 2016, with a 66.9998% stake in PT Golden Energy Mines Tbk (GEMS) as its main operating asset.

Currently, as shown in the Operations review (page 11), the group has three main divisions, namely coal mining, coal trading and forestry divisions and the details of the operations are shown on page 10 (Our areas of operations).

- a) Can management provide shareholders with an update on the group’s growth strategies for all three divisions? Please also include the plans for the group’s export sales and the development plans for the mines.**

In both the Chairman’s Message (page 2) and the CEO’s Message (page 7), it was said that the group will be actively looking out for more acquisitions. In September 2016, the group acquired the WRL Coal Mining Concession which had coal resources estimates of 183 million tonnes. In comparison, the BIB Coal Mining Concession has Coal resources estimates of 1.8 billion tonnes.

- b) Can the company help shareholders understand its acquisitions strategy? Other than price, what are the other key factors?**
- c) The WRL concession has coal resources that are just 10% of BIB’s 1.8 billion tonnes. What are the benefits to the group of adding small mines considering that developing a mine will usually involve high fixed costs?**

Q2. Specifically on the coal mining operations, shareholders would like to ask about:

- a) BIB:** The group has already sought approval from the Indonesian Government to raise BIB’s coal production output to 12 MT per annum for 2017, after the recent increase to 7.5 MT per annum in September 2016. **How much output can the existing infrastructure at BIB support? Would there be additional capital expenditure required to produce 12 MT a year?**
- b) KIM:** Production at KIM decreased slightly from 2.4 MT in 2015 to 2.0 MT in 2014. **Can shareholders understand what caused the lower output in 2016? Similarly, what is the maximum output at KIM based on the existing infrastructure?**
- c) WRL:** **How long would it take to develop WRL into a fully operational mine? What would be the capital expenditure required?**
- d) TKS:** TKS has been “placed under temporary care and maintenance whilst awaiting a sustainable recovery of the coal market” (page 11). **Can management elaborate further on the factors that led to TKS being placed under temporary care and maintenance?**

Q3. The average selling price of coal achieved by the group was US\$35/MT in 2016. The average selling price will have a huge impact on the profit/loss of the group since more than 80% of the group’s revenue is derived from coal production.

- a) Can the company help shareholders understand how it manages the commodity price risk of coal?**